

Loan Default Explanation

Date: [Insert Date]

[Your Name] [Your Address] [City, State, Zip] [Email Address] [Phone Number]

[Lender's Name] [Lender's Address] [City, State, Zip]

Dear [Lender's Name],

I hope this letter finds you well. I am writing to formally explain my current financial situation regarding the secured loan with account number [Insert Account Number] which has unfortunately defaulted.

Due to [brief explanation of circumstances leading to default, e.g., sudden job loss, medical expenses], I have been unable to meet my payment obligations. I recognize that this has affected our agreement and sincerely apologize for any inconvenience this may have caused.

To address this issue, I am actively seeking [mention any actions taken, e.g., employment opportunities, financial counseling, other income sources]. Additionally, I would like to discuss potential options for bringing my account back into good standing, including a possible payment plan or deferment.

I value my relationship with [Lender's Name] and hope to find a solution that is mutually beneficial. Thank you for your understanding, and I look forward to your guidance on how to proceed.

Sincerely,

[Your Name]