

Variable Interest Rate Explanation

Date: [Insert Date]

To: [Recipient's Name]

Address: [Recipient's Address]

Dear [Recipient's Name],

We are writing to explain the nature of the variable interest rate applied to your loan account with us. A variable interest rate can fluctuate over time based on changes in the market or specific indices.

The current interest rate on your account is [Current Interest Rate]%, and it is tied to [Specify Index, e.g., LIBOR, Prime Rate]. This means that as the index rate changes, your interest rate may also increase or decrease. We typically review and adjust the rate [Frequency of Adjustment, e.g., annually, semi-annually].

For your reference, here is a brief outline of how your variable interest rate works:

- The base interest rate is determined by [Explain how the base is set].
- Your specific rate is calculated as follows: [Explain formula, if applicable].
- Adjustments to the rate will be communicated via [Method of Communication].

Please feel free to contact us at [Your Contact Information] if you have any further questions regarding your variable interest rate or any other inquiries.

Sincerely,

[Your Name]

[Your Position]

[Company Name]

[Company Address]

[Contact Information]