



Letter of Explanation for Anything

Any time a lender needs an explanation from you about anything in the file, you'll be asked to write your explanation in a signed and dated letter. This is so that the lender can record and file your explanation. You can provide the signed original to your lender, or scan and email it, or fax it. Either way, confirm they have received it and that it contains a thorough enough explanation to avoid processing delays.

Generally, most borrowers can expect to write at least two letters of explanation (LOX) in the mortgage process. The first will be the standard one that everyone must write. In that LOX, you will be asked to write an explanation of your relationship with addresses identified on your credit report and the result of any recent credit inquiries. A separate sample form for this type of LOX is found on the website labeled, *Model Letter of Explanation for Credit Inquiries and Known Addresses*.

The second LOX will likely have to do with your explanation of any employment gaps, movement of money in bank accounts, payments that are made by third-parties, nonpayroll deposits into your bank account, or any other number of things that are identified by your lender and need clarification to support their loan decision.

Copy and paste the below into a new document and follow the instructions listed in red. Enter your personal information where indicated in blue. Be sure to delete all instructions before printing. As most lenders will not accept unsigned emails as evidence of communication from a borrower, do not cut and paste into an email.

Today's Date

Borrower Name
Borrower current address
Borrower best contact telephone number

RE: loan application 00123456789, Borrower Last Name

To whom it may concern,

Below please find the explanations regarding (topics of discussion):

Sincerely,

Original borrower signature (print document, sign and fax or email to your lender)

Borrower full name, phone and email address