

Writing a mortgage letter of explanation can be crucial in the home buying process, providing clarity on specific financial situations or discrepancies. This guide includes a template for a mortgage letter of explanation, an example, a variation, and key components and tips for writing effectively.

Purpose of a Mortgage Letter of Explanation

A mortgage letter of explanation is written to:

Clarify any uncertainties or discrepancies in a mortgage application.

Provide context to specific financial situations, such as gaps in employment, credit issues, or large deposits.

Assist lenders in understanding the borrower's financial history and stability.

Key Components of a Mortgage Letter of Explanation

Personal Details: Include your name, address, and other contact information.

Lender's Information: Address the letter to your mortgage lender or underwriter.

Explanation Subject: Clearly state what financial issue or discrepancy you are explaining.

Detailed Explanation: Offer a clear and concise explanation for the situation.

Supporting Documentation: Reference any attached documents that support your explanation.

Professional Closing: Conclude with a polite closing and your signature.

Tips for Writing a Mortgage Letter of Explanation

- **Be Honest:** Provide truthful and accurate information.
- **Be Precise:** Clearly explain the situation without unnecessary details.
- **Stay Professional:** Maintain a formal and respectful tone.
- **Keep It Brief:** Stick to the facts and keep the letter concise.
- **Proofread:** Ensure there are no errors in the letter.
- **Provide Evidence:** Attach any relevant documents that support your explanation.

Mortgage Letter of Explanation Template

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

[Lender's Name or Mortgage Underwriter]
[Lender's Company Name]
[Company Address]
[City, State, Zip Code]

Dear [Lender's Name or 'To Whom It May Concern'],

I am writing to provide an explanation regarding [mention the specific issue or discrepancy, such as a gap in employment,

credit inquiry, or large deposit] as requested for my mortgage application.

[Provide a detailed explanation of the situation. Be clear and concise, offering any relevant details that will help the lender understand the context. If applicable, reference any supporting documents attached.]

I appreciate your attention to this matter and am happy to provide any additional information if needed. Thank you for your consideration during my mortgage application process.

Sincerely,

[Your Signature (if sending a hard copy)]

[Your Printed Name]

Example Letter Using the Template

John Doe
123 Main Street
Anytown, AT 12345
johndoe@email.com
(555) 678-1234
April 1, 2024

Jane Smith
Mortgage Underwriter
ABC Mortgage Company
456 Finance Way
Anytown, AT 12345

Dear Ms. Smith,

I am writing to provide an explanation regarding the recent large deposit of \$10,000 into my account, as requested for my mortgage application.

This deposit was a gift from my parents to assist with the

down payment on my new home. I have attached a gift letter from my parents, along with a copy of the check and my bank statement showing the deposit.

I appreciate your attention to this matter and am happy to provide any additional information if needed. Thank you for your consideration during my mortgage application process.

Sincerely,

John Doe

Mortgage Letter of Explanation Template Variation

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

[Lender's Name or Mortgage Underwriter]
[Lender's Company Name]
[Company Address]
[City, State, Zip Code]

Hello [Lender's Name or 'To Whom It May Concern'],

I am reaching out to clarify [mention the issue, such as a discrepancy in income or an unusual bank transaction] that was flagged in my mortgage application.

The reason for [describe the situation briefly and clearly]. I have included [mention any supporting documents] to corroborate my explanation.

Thank you for reviewing this information. Please let me know

if there are any further questions or documents required.

Best regards,

[Your Signature (if sending a hard copy)]

[Your Printed Name]