Sample letter to creditors

Use this example below as a guide when writing to or talking with creditors. Replace the blanks with your own information.

_____

(Creditor/Company name)

_____

(Company Address)

_____

(City, State, Zip)

Attention: Account Representative

Date: _____

Name(s) on account: _____

Account number: _____

Date loan/account opened: _____

Total amount due: _____

Monthly payment amount: _____

This letter is to let you know that Iôm currently having some financial difficulties. Iôm not able to pay the complete monthly payment on my account because

_____

(List your personal reason here ï job loss, illness, etc.)

Looking at my financial situation, I have set up a budget for my basic living expenses and have come up with a debt repayment plan based on my reduced income. Iôm contacting all of my creditors to explain my situation and to ask for a reduced payment until my situation improves.

I would like to offer a reduced payment of $_____ per month. This is the most that I can pay regularly at this time. You can expect this amount as soon as possible until the debt is totally repaid.

I hope you find this repayment amount acceptable. I look forward to your letter of acknowledgement. Thank you.

Sincerely,

(Sign your name)

(Include your address, City, State, Zip)

Tips to negotiate with creditors

Not all creditors will accept payment plans, but theyôll be more likely to work with you if you have been a good customer and if you contact them before they contact you. Before you contact each creditor, make sure youôll be able to pay the monthly amount in your agreement. If you fail to follow the new plan, your creditor will be less likely to work with you again.

Here are some options you could request from your creditor:

Reduce your monthly payment amount

Reduce or drop charges for late payments

Refinance the loan at a lower interest rate

Pay interest only on the loan until you can resume making monthly payments

Request permission to sell the item and use the cash to repay ï or partially repay ï the debt.

Extension
UNIVERSITY OF WISCONSIN–MADISON