

# CHAPTER 8

## Credit and collection letters

“Neither a borrower nor a lender be” might have been words Polonius could live by in Hamlet’s Denmark, but such philosophy simply doesn’t work in today’s society. In the United States, credit has become a standard way of doing business. We buy our homes and cars on credit, start businesses on credit, stock our stores on credit, and so on. In the world of credit, the lender has to be particularly careful about the borrower’s ability to pay back funds.

The letters in this chapter arm the lender with a variety of credit and collection letters that can be used to ensure that a solid relationship is built with a borrower. Should that relationship falter, the letters are here to help the lender recoup the money that was lent. There are letters here that can also be used to help any businessperson set up credit arrangements with a company with which it does business.

The letters in this chapter will not help a businessperson avoid being a borrower or lender. But they just may make the roles a little bit easier to handle.

Many companies will continue to handle credit and collection issues through formal correspondence. While most of the letters in this chapter would be sent in letter form, they could easily be adapted to emails or as attachments to emails. For those letters in this chapter that can be adapted to emails, it’s simple enough to copy the text of the sample letter into the text of your email.

### **Letter Requesting Commercial Credit**

Sample Letter 8.1 was written to a company with which the letter writer wanted to establish a business relationship. Fully aware that he will have to set up credit arrangements with the firm, he requests that the reader send him the forms that he will need to complete to establish commercial credit.

## Sample Letter 8.1. Letter requesting commercial credit.

[date]

Mr. Renato Kim  
Kim Metal Products, Inc.  
P.O. Box 3456  
Tuscany, WV 26039

Dear Mr. Kim:

After an extensive market survey, we have determined that your company's rolled steel products best meet manufacturing specifications required by our automobile factory. But before we begin placing orders—which we anticipate will occur on a quarterly basis—I am writing to inquire about your terms for granting commercial credit.

Since there is probably specific information that you require before establishing a credit account, perhaps it makes the most sense for you to send me the forms we should fill out.

I look forward to hearing from you, and to establishing a credit relationship with your company.

Sincerely,

Lee I. Larroquette  
Purchasing Manager

LIL:wlg

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## Credit Information Letters

Sample Letters 8.2 and 8.3 both involve credit information. The letter writer of Sample Letter 8.2 is writing to thank a customer for his order and to request that he fill out some standard credit information forms. The letter is courteous, brief, and clearly written.

Sample Letter 8.3 was written to send credit information that was requested. It could be sent as a response to Sample Letter 8.2. The letter writer wastes little space. He simply explains that he is enclosing the necessary materials.

### **Sample Letter 8.2.** Letter requesting credit information.

[date]

Mr. Morton P. Stovak  
VA Hospital  
177 Varoom Street  
Rockaway, NJ 07056

Dear Mr. Stovak:

Thank you for your recent order of prosthetic devices from Snug Fit Products, Inc. I note that this is the first order you have placed with our company, so let me take this opportunity to express our gratitude as well as to pledge our every effort to serve you in the future.

Before we can ship your order, however, there is some standard credit information we need. I have enclosed three forms that I would like you to complete. Once we have these completed forms, we can set up your credit account and expedite your order with the least possible delay.

Sincerely,

Carmine D'Amato

cd/wg

encls.

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### **Sample Letter 8.3.** Letter sending credit information.

[date]

Mr. J. Lee Jumbuck  
Matilda Corporation  
12 Swagman's Way  
Sydney, HI 96745

Dear Mr. Jumbuck:

Enclosed in triplicate is the credit information that you requested. I trust that this data will satisfy any concerns you may have about our creditworthiness, and that it will lead to the establishment of a credit account for our organization.

Cordially,

Gajan Matoussamy

gm/wg

encs.

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## **Letters Announcing Credit Policy Change**

Sample Letter 8.4 was written to announce a credit policy change. The letter writer clearly announces his letter's purpose in the opening paragraph and offers a reason for the change in credit policy. He goes on to explain the specific changes and expresses appreciation to the reader for his continued support.

**Sample Letter 8.4.** Letter notifying customer of credit policy change.

[date]

Mr. Hiram T. Louis  
Louis Construction Company  
43 Treadway Drive  
P.O. Box 4536  
Newport, CA 90065

Dear Mr. Louis:

After many years of service to you, we are forced to change our credit terms effective February 26. Because of the increase in the cost of capital, changes in manufacturers' terms, and the general cost of doing business, I'm afraid we have no choice.

Our new terms are: 2% discount if paid within 10 days from date of invoice and net 30 days from date of invoice. The terms for all contracts are net 30 days from date of invoice, no retainage. A late finance charge of 2% (minimum charge \$1.00) per month will be assessed on that portion of any account beyond 30 days. This is an annual percentage rate of 24%.

We appreciate your past patronage and trust you will understand and support our decision. We look forward to continuing to satisfy your building material needs for many years to come.

Sincerely,

BIG-TIME BUILDING SUPPLY

Dean Wheton  
Credit Manager

dw/hs

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Sample Letter 8.5 was written to a customer not specifically to announce a credit policy change, but rather to gently inform him that the company is going to enforce its current credit policy. The letter writer takes the time to explain why it's important for the customer to shorten the length of time he takes to pay his bills.

### **Sample Letter 8.5.** Letter to valued customer who is a slow payer.

[date]

Mr. Stanley Orinski  
Accounts Payable Department  
Fortune Toe Spindle Works, Inc.  
43 Rye Place  
Sideline, NE 68098

Dear Stanley:

In an effort to make our business as efficient as possible, Dave Matthews, our chief financial officer, has been reviewing all of our books, including our customers' payment histories. Dave asked that I write you this letter because he noted that Fortune Toe Spindle Works' bills are typically paid in 90 days. I've been asked to see if we might be able to convince you to go to a payment schedule of 30 days, maybe slipping to 45 days when you need to.

As you can probably guess, not having the money owed us within a month makes it difficult for us to operate the business and pay our own bills on time. In addition to having to pay our vendors in 30 to 45 days, we need to be current with overhead costs and salaries. The amount you owe us that's 45 or more days past due is \$325,000. In another two weeks, it will jump to \$375,000. While our financial strength allows us to cover for receivables due to us, because you are one of our biggest customers the size of the outstanding receivables concerns Dave Matthews.

We really value our relationship with Fortune Toe Spindle Works and know that we can continue to flourish in the future. I trust that you'll find Dave's request for faster payments reasonable. Give me a call if you've got a question or need any clarification.

Sincerely,

Ron Paulus  
Regional Sales Manager

## Returned-Check Letters

Sample Letters 8.6 through 8.8 were written as a result of returned checks. Sample Letter 8.6 was written from the debtor to the creditor informing him that his check had been returned. After telling the creditor this fact, the letter writer apologizes, offers to reimburse the creditor for any penalty charges, and assures the creditor this will not happen again.

Sample Letter 8.7 was written to a debtor about a returned check. The letter writer states the facts in the first paragraph and explains what action he would like the debtor to take to resolve the problem.

Sample Letter 8.8 was written to address a returned check where the customer has an excellent credit history with the writer. The tone of the letter is comforting and helpful.

### **Sample Letter 8.6.** Letter to creditor about returned check.

[date]

R. R. Shirley  
Fly-By-Night Air Express  
7201 Parisite Boulevard  
Mesa, AZ 85034

#### NOTIFICATION OF RETURNED CHECK

Mr. Shirley, we were just notified that the check we made out to you on March 15 (check number 2237 for \$14,675) was returned by our bank for insufficient funds.

We are terribly sorry for the inconvenience this has caused you, and would like to reimburse you for any penalties you have incurred because of the returned check. We have subsequently made a deposit to our account sufficient to cover this draft, so please instruct your bank to redeposit the check.

Please be assured this will never happen again.

JASPERT. JONES  
CONTROLLER

JTJ:wlg

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**Sample Letter 8.7.** Letter notifying customer about returned check.

[date]

Ms. Joan B. Yennek  
56 Malden Place  
Medford, WY 82045

Dear Ms. Yennek:

New Bank of Medford has returned your check #454 made out to Kemper Office Supplies, Ltd., for \$565 to us. The check was stamped "NSF," indicating insufficient funds.

We have enclosed a postage-paid return envelope in which you can send us a certified check, money order, or cashier's check for the \$565. We ask that you do this as soon as you receive this letter.

If the lack of funds resulted from a mix-up at the bank, we encourage you to clear up this matter. If you are having some financial difficulty in meeting your monthly debt obligations, please call us to let us know. We'd like to work with you to come up with a solution. In either case, it's crucial that you call or write us immediately so that you can maintain your good credit standing.

Sincerely,

Alan T. Kicksad  
Credit Manager

atk:jls

enc.

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**Sample Letter 8.8.** Letter to customer indicating insufficient funds.

[date]

Ms. Judy Evans  
The Sewing Station, Inc.  
154 Lombard Avenue  
Akron, OH 43099

Dear Ms. Evans:

We have received your check (#681) in the amount of \$9,875.00 for our invoice #539-K-146. Thank you for your very quick payment.

Unfortunately, our bank has notified us regarding an overdraft in your account, and we are unable to accept your payment. Because your account is in such good standing, we have decided not to charge you for the error.

Please contact your financial manager as soon as possible. I am sure that this matter can be corrected. Don't hesitate to contact me if you have any questions.

Thank you,

Even Chadbourne  
CCA Stationary Limited  
Account Manager

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## Credit Reference Letters

Sample Letters 8.9 through 8.11 were written to get credit information from references. Sample Letters 8.9 and 8.10 clearly ask for the information they need, providing blank spaces for the recipient to fill in.

### Sample Letter 8.9. Letter sent to credit reference.

[date]

Ms. Beverly J. Coleman  
Pink Flamingo Trading Co., Inc.  
88 Latin Academy Road  
Fenway, MA 02132

Subject: Credit Reference for Amlemper, Inc.

Dear Ms. Coleman:

Ambrose L. Kemper, president of Amlemper, Inc., has given us your company's name as a credit reference. Mr. Kemper has requested credit privileges for his company at Wharton Office Supply, Ltd.

Would you kindly answer a few questions for us about Mr. Kemper? There are two copies of this letter enclosed. Please complete, sign, and return one copy in the postage-paid envelope provided.

What kind of credit terms did you give Mr. Kemper? \_\_\_\_\_

How punctual was Mr. Kemper in making his payments? \_\_\_\_\_

Do you have any reservations about Mr. Kemper's financial responsibility or stability? \_\_\_\_\_

Thank you for your time. We will make sure that your comments are treated confidentially.

Sincerely,

Alan L. Shoester

als/jls

encs.

**Sample Letter 8.10.** Letter requesting employment information for credit applicant.

[date]

Ms. Trudy P. Reindollar  
 Director of Personnel  
 Farout Enterprises, Inc.  
 45 Trustme Lane  
 Far West, FL 32045

VERIFICATION OF EMPLOYMENT OF MAXWELL L. SIDNEY

Ms. Reindollar, Mr. Sidney has made an application for a charge account. He has used you as a credit reference. Your prompt reply will be appreciated by us and your employee. It will be held in strict confidence.

1. Is the applicant employed by your company? \_\_\_\_\_  
 If answer is no, please complete the following:
  - a. Date applicant left: \_\_\_\_\_
  - b. Reason for leaving: \_\_\_\_\_
2. Base salary per hour \_\_\_\_\_ per week \_\_\_\_\_ per month \_\_\_\_\_ per year \_\_\_\_\_  
 Is all or part of salary in the form of a bonus or commissions? \_\_\_\_\_  
 Overtime earnings? \_\_\_\_\_
3. How long has the applicant been employed by your company? \_\_\_\_\_
4. What position does the applicant hold? \_\_\_\_\_
5. Are the applicant's services satisfactory? \_\_\_\_\_
6. What is the probability of the applicant's continued employment? \_\_\_\_\_  
 Other remarks? \_\_\_\_\_  
 \_\_\_\_\_

Please sign and date the enclosed copy and return it to me. Thank you for your assistance.

RACHEL A. GRIMES  
VICE PRESIDENT

rg/lg

enc.

Acknowledged by: \_\_\_\_\_

Date: \_\_\_\_\_

Signature and Title: \_\_\_\_\_

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Sample Letter 8.11 was written as a brief but direct request for information on a prospective client's credit history. After a short explanation, the writer politely and specifically asks for potentially helpful details and indicates the inclusion of a more detailed form.

### **Sample Letter 8.11.** Letter asking for client's credit history.

[date]

Account Management Representative  
Nouveau Riche Bank  
1010 Scott Boulevard  
Monserat, MI 48029

Dear Sir or Madam:

Mutual Machine Cast, of 88 Sanders Street, Detroit, has listed your bank as a reference on a recent application for a company card. Their business indicated that they kept accounts with you from January 18, 199X, through November 30, 200X.

Their request for a credit limit was for \$50,000. Can you give us any information as to Mutual Machine's credit history, promptness in payment, average monthly balance, and particulars surrounding the termination of their account? Specific information about the terms of your lending contract with them would be especially helpful. We have enclosed a copy of Mutual Machine's credit application, as well as our company's form for you to complete. We will keep any and all information you provide us strictly confidential.

Thank you for your cooperation. Please call me at 706-607-9934 if you have questions.

Sincerely,

Tess Collegian

enc.

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## Letter Denying Credit

Sample Letter 8.12 was written to deny credit to someone who had requested it. The letter writer acknowledges the request for a credit line, but then informs the customer why it cannot be set up. The writer clearly explains the reason credit has been denied and suggests that the customer reapply at a later time, should the circumstances change.

### Sample Letter 8.12. Letter denying credit.

[date]

Mr. Alan T. Hinsdale  
Hinsdale, Hinsdale, and Wanda, Inc.  
43 Turnstable Road  
Elmira, NY 16032

Dear Mr. Hinsdale:

Thank you for taking the time to apply for credit at Square Office Supplies, Ltd.

I'm sorry to inform you that we are unable to grant you the credit line you requested. We are grateful for your interest in our office supplies store and welcome your business, but I am afraid that your current debt situation suggests that your ability to take on additional monthly payments could put you in difficult financial straits.

When you have paid down some of your outstanding debt, or your cash flow situation changes, we would be glad to reconsider your credit application. We will, of course, welcome the opportunity to provide you with quality products and services and continue to do business on a cash basis.

Cordially,

William W. Donohoe  
Credit Manager

wwd:jls

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## Letters Granting Credit

Sample Letter 8.13 was written to inform a customer that he has been granted credit. The letter writer welcomes the customer, announces that his credit line has been approved, and then goes on to describe his company's services, the amount of the credit line, and the name of the reader's account representative. The letter's tone is enthusiastic and helpful.

### Sample Letter 8.13. Letter granting credit.

[date]

Mr. Bertrand R. Levine  
Levine's Lumber Land  
P.O. Box 567  
Richmond, SD 57001

Dear Mr. Levine:

Welcome! Your account at Nilges Wood Supply has been approved. We are proud to have you as a customer.

Nilges Wood Supply is a 50-year-old company, with 85 stores in nine Midwestern states. We supply a complete line of building products to our customers, including millwork, plumbing, electrical, paint, kitchen supplies, bath supplies, hardware, and tools. As a leader in this industry, we strive to provide the best service possible to our customers. Our goal is to be your most valuable supplier. Customer satisfaction is our number-one priority.

Your approved credit line is \$2,000. Monthly statements are mailed on the first or second working day each month. A service charge is added to past-due balances that are not paid by the 25th day of the billing month.

We at Nilges Wood Supply welcome the opportunity to serve you and look forward to a long and prosperous relationship.

Your branch manager is Sheila McGulicuty. Her telephone number is 890-555-8765.

Yours very truly,

Larry E. Nilges  
Vice President—Credit Sales

len/jls

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Sample Letter 8.14 was written to offer retail credit to a customer who had filled out an application when she was in one of the company's stores.

### **Sample Letter 8.14.** Letter offering retail credit to a customer.

[date]

Ms. Michaela Edwards  
44 School Street  
Latin, MD 20687

Dear Ms. Edwards:

Thank you for taking the time when you were in our Dover, Delaware, store to fill out a credit card application. We wanted you to know that just before Thanksgiving a new Stationery Plus superstore will open at the Dunkin Shopping Mall near you. At the new location, you'll be able to purchase all of the stationery and office products you need, often at deep discounts for our preferred credit card holders.

We're enclosing your credit card so that you can use it for immediate savings on opening day of our new Stationery Plus store in your area. All you need to do is sign the back of the card, read over the booklet we've enclosed on how the card works, and present it to any cashier at the store for your purchases. Your card number will automatically qualify you for any special sales.

We'll notify you with the exact day of the opening and specific sales information as we get closer to the date. Your credit card account is open now and can be used at any Stationery Plus location. We look forward to doing business with you.

Sincerely,

Bo Divise  
Founder and President

Enc.

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Sample Letter 8.15 was written to clearly outline the terms of a rental arrangement. After a cordial introduction, the author moves to the specific terms of the rental agreement, concluding with an explanation of the special conditions being imposed.

### **Sample Letter 8.15.** Letter outlining credit terms of rental arrangement.

[date]

Pastor Ronnie Doyle  
First Baptist Church of Carrollton  
136 Oglethorpe Street  
Carrollton, GA 30088

Dear Pastor Doyle:

Thank you for your recent decision to let Lackey Audiovisual handle the audiovisual needs for your “Revive Us, O Lord” conference this coming March. We share your optimism that this gathering will help bind members of our community closer together during these trying economic times.

The equipment listed on the attached sheet is being rented to you for the full two-week duration of the revival. At the end of that time, you may purchase the equipment outright. Credit terms will be as follows. There will be no interest charged for the first three months. Thereafter, the interest rate will be 14.9%, provided that you pay the minimum current due by the stated deadline. Should you ever fail to make the minimum monthly payment by the stated deadline, the interest rate will revert to 19.8%.

Enclosed you will also find a credit application form. I suggest that you complete and return it now. That way, if you decide to purchase the audiovisual equipment at the end of the revival, your approval will already be in place. We ask that at least two of the deacons of the church—who are not related to you or to each other—co-sign the credit application.

I apologize for any inconvenience this may cause. We look forward to serving you.

Yours truly,

Harlan Lackey

2 encs.

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## Letter Raising Credit Limit

Sample Letter 8.16 is a brief letter informing a credit card customer that his credit limit has been raised. The letter writer makes the announcement in the first paragraph and thanks the customer. Then she closes the letter.

### **Sample Letter 8.16.** Letter extending higher credit limit.

[date]

Mr. Loren T. Hinsdale  
45 Alabama Place  
Indian River, CO 80021

Dear Mr. Hinsdale:

Congratulations! Your credit card line has been increased to \$2,600. Thank you for using our credit card. We have increased your line of credit so you can make more convenient credit card purchases.

We appreciate your business and hope you enjoy this extra purchasing power.

Sincerely,

Carla B. Torsolini  
Credit Manager

cbt:jls

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## Letter Clearing Disputed Items

Sample Letter 8.17 was written to inform a debtor that items he disputed in his credit file have been deleted. The letter writer offers to send the debtor or any of the debtor's creditors a copy of the corrected report, and closes.

### **Sample Letter 8.17.** Letter informing customer that disputed items have been deleted from his credit file.

[date]

Mr. Jaime Chin  
36 Levittown Place  
Hopscotch, NY 10045

Dear Mr. Chin:

We have deleted the information you disputed about your credit rating from our files. We have put a copy of your letter disputing these items in our files.

You have the right to make a written request that we send a copy to anybody you specifically designate who has received a consumer report containing the deleted or disputed information within the preceding two years for employment purposes or within the preceding six months for any other purpose.

Yours truly,

Colman Ling  
Credit Manager

cl/bl

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## Stop-Payment Letter

Sample Letter 8.18 was written to a bank to ask it to stop payment on a check. The letter writer clearly indicates to whom the check was made out and how much it was made out for. He asks that the bank debit his company's account for the penalty charge.

### **Sample Letter 8.18.** Stop-payment letter.

[date]

Mr. Leonard R. Coshatt  
Large Bank  
2666 Barbour Lane  
Lugo, AL 35045

Dear Mr. Coshatt:

Please issue a stop-payment order on our company check number 722-311, written on June 30, 20X4, to Earle B. Lockwood Sod Farm for \$2,545.

Please debit our account for the \$15 fee assessed for issuing this stop-payment order.

Sincerely,

Ernest T. Bream

etb/wlg

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## Collection Letters

Sample Letters 8.19 through 8.29 are examples of collection letters.

Sample Letters 8.19 through 8.23 are a series of letters that can be used in sequence for collection purposes. This series features a first, second, third, fourth, and final overdue notice for payment due. While maintaining a level of decorum, the letters become increasingly less patient, until the final notice that the account will be turned over to a collection agency.

Sample Letter 8.24 is a brief collection letter that was sent along with a bill. The letter writer clearly explains to the reader how to figure out the amount due. This letter was written from a wholesaler to a retailer that purchased goods.

Sample Letters 8.25 and 8.26 are also examples of a series of collection letters. Sample Letter 8.25 was written as a second notice on charges due on an account. The letter writer states the amount overdue and expresses concern that the reader appears to be having financial difficulty. The writer offers to help the reader deal with the overdue payment problem. Sample Letter 8.26 was written to the same person after no response was received to Sample Letter 8.25. The writer is less sympathetic and explains that he has had to notify various credit agencies about the delinquency. He offers some hope to the reader by explaining he can clear up his credit rating by filling out the enclosed reply card and making payment arrangements.

### **Sample Letter 8.19.** Letter serving as first reminder after monthly statement.

[date]

Mr. Kyle T. Reading  
Bolivian Import Merchants, Inc.  
56 Trinity Place  
Detroit, IL 60065

Dear Mr. Reading:

This is to inform you that we have not received the payment of \$650 that appeared on our billing statement of June 8, 20X7. If you have already made the payment, please disregard this notice.

If there is any question about your bill, please call my office immediately.

Thank you for giving your prompt attention to this matter.

Sincerely,

Mark Hoddlecock  
Credit Manager

jl

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**Sample Letter 8.20.** Letter serving as second overdue notice.

[date]

Mr. Kyle T. Reading  
Bolivian Import Merchants, Inc.  
56 Trinity Place  
Detroit, IL 60065

Dear Mr. Reading:

We are still waiting for the payment of \$650 due since June 8, 20X7.

Failure to resolve this matter may result in the suspension of your credit privileges and can jeopardize your credit rating.

Sincerely,

Mark Hoddlecock  
Credit Manager

jl

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**Sample Letter 8.21.** Letter serving as third overdue notice.

[date]

Mr. Kyle T. Reading  
Bolivian Import Merchants, Inc.  
56 Trinity Place  
Detroit, IL 60065

Dear Mr. Reading:

Your account is overdue for \$650, as we previously noted in our correspondence. We have had a long and pleasant business relationship in the past and hope to continue this relationship in the future.

If there is any reason you cannot make full payment on this account, please call my office immediately to discuss a new payment schedule.

Unless we hear from you, we will be forced to take other steps to remedy this problem. You will thereby be jeopardizing your credit rating.

I look forward to hearing from you this week.

Sincerely,

Mark Hoddlecock  
Credit Manager

jl

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**Sample Letter 8.22.** Letter serving as fourth overdue notice.

[date]

Mr. Kyle T. Reading  
Bolivian Import Merchants, Inc.  
56 Trinity Place  
Detroit, IL 60065

Dear Mr. Reading:

Despite three previous reminders about the \$650 overdue on your account since June, we have received no response from you.

As previously noted, we will be pleased to discuss a revised payment schedule in order to help you resolve this matter. Unless we have heard from you within 5 days, however, we will find it necessary to turn your account over to a collection agency.

We thank you for turning your attention to this matter immediately.

Sincerely,

Mark Hoddlecock  
Credit Manager

jl

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**Sample Letter 8.23.** Letter serving as final overdue notice.

[date]

Mr. Kyle T. Reading  
Bolivian Import Merchants, Inc.  
56 Trinity Place  
Detroit, IL 60065

Dear Mr. Reading:

As of this writing, we have received no response to correspondence about payment of \$650 due since June 20X7.

Therefore, we must send this final notice to inform you that your account will be turned over to a collection agency if full payment is not received by November 15, 20X7.

We urge you to give your prompt attention to this matter.

Cordially,

Mark Hoddlecock  
Credit Manager

jl

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**Sample Letter 8.24.** Short initial collection letter.

[date]

Mr. Peter T. Nobless  
Nobless Hardware Store  
P.O. Box 5432  
Roanoke, GA 30021

Dear Mr. Nobless:

Enclosed you will find a statement with your September 20X7 charges. Please subtract any payments you have made that are not reflected on this bill, and remit the remainder promptly.

If you have any questions concerning your bill, I will be glad to help.

Sincerely,

Lois T. Handley  
Credit Manager

lth:ltg

enc.

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**Sample Letter 8.25.** Letter serving as second notice on charges due.

[date]

Mr. Thomas T. Dialon  
76 East Coast Drive  
Sudbury, VT 05056

Subject: Credit Charges Due

Dear Mr. Dialon:

Is something wrong? A few weeks ago we sent you a notice that your charge account payment was past due for \$575. In spite of this notice, we have received no payment from you. You should be acting now to preserve your good credit rating.

We will be understanding if there is a reason why you have not been able to make the payment. Call me to explain the circumstances. We always make every effort to accommodate our customers who are encountering financial difficulties, as long as they cooperate with us.

If you fail to either bring your account up to date or contact us to make some new arrangements, however, we will be forced to turn the matter over to our collection department and instruct them to inform the various credit reporting bureaus about your delinquent status.

Sincerely,

Simon L. Gree  
Credit Manager

mls

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**Sample Letter 8.26.** Follow-up to no response to second-notice collection letter in Sample Letter 8.25.

[date]

Mr. Thomas T. Dialon  
76 East Coast Drive  
Sudbury, VT 05056

Subject: Credit Charges Due

Dear Mr. Dialon:

The payments on your charge account have become seriously delinquent. The credit manager of Bixley Department Store has turned your account over to us, the Collections Department.

You have already been sent a late payment notice, followed by a letter from our credit department requesting payment. Both of these polite requests have remained unanswered. We have also attempted to reach you by telephone, but have had no success.

Because you have been unresponsive to those efforts to bring your account up to date and to preserve your good credit rating, we have notified various consumer credit reporting agencies of your present delinquent status. We now intend to take every legal recourse we can to collect from you the entire amount you owe, plus whatever late charges and legal fees we incur.

It's still not too late to clear up this matter. You can still pay the amount you owe and start restoring your credit rating at Bixley Department Store by coming in personally, calling us, or using the enclosed postage-paid reply card to make arrangements for payment.

You must respond immediately or we will have to take corrective action against you.

Sincerely,

H. N. Hart  
Supervisor, Collections Department

mls

enc.

Sample Letter 8.27 was sent as a follow-up collection letter to a debtor who had sent in payment, but was still delinquent on his account. The letter writer thanks the reader, but explains the delinquency that remains. He asks that the reader call to arrange an equitable payment schedule.

**Sample Letter 8.27.** Follow-up collection letter.

[date]

Mr. Carl D. Weaver, Controller  
Busalami Department Stores  
28 Huntington Avenue, Suite 507  
Brookline, MI 48056

Dear Mr. Weaver:

Thank you very much for sending March's payment on Purchase Order #0254. However, payments for January, April, May, and June are still outstanding. Copies of the outstanding invoices are enclosed.

Could you please call us with a proposed payment schedule? It is important that we be able to anticipate our cash flow situation.

Sincerely,

Maxwell L. Nitten

mln/jls

encls.

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Sample Letter 8.28 is a collection letter that was sent by a law firm after the creditor failed to collect money due from the debtor. The writer is clear and pointed in his language. He recaps the delinquency problem and closes by giving a payment due date, after which he will take legal action against the debtor.

**Sample Letter 8.28.** Collection letter from a law firm.

[date]

Querilous Office Supply, Inc.  
43 Rustballic Road  
Simondale, KS 66025

Attention: Mrs. Evelyn Z. Querilous

Subject: Balance Owed to Welan Rubber Stamp Company, Inc.

Dear Mrs. Querilous:

This law firm has been hired by Welan Rubber Stamp Company, Inc., to collect the balance that you owe it. We understand that as of November 25, 20X7, the balance owed was \$2,354.65, reflecting charges for products sold by Welan Rubber Stamp Company, Inc. to Querilous Office Supply, Inc. We further understand that you wrote a check to our client dated November 10, 20X7, in payment of the balance; payment was subsequently stopped on the check; and the check was returned to our client for insufficient funds.

This letter is being written to demand that you make full payment of the balance by Wednesday, January 18, 20X8. If payment is not made by that time, we will take appropriate legal action to collect the amount due.

Cordially,

Wesley T. Harding, Jr.

wth/wlg

cc: Mr. Simon B. Welan  
R. Stephen Levitz, Esq.

Sample Letter 8.29 was written to a customer who was sent a collection letter by mistake. The letter writer apologizes and quickly takes responsibility for the mistake.

**Sample Letter 8.29.** Letter to customer who received collection letter by mistake.

[date]

Mr. Brisbane T. Hackett  
34 Lowell Avenue  
Tarrytown, MI 48024

Dear Mr. Hackett:

Thank you for calling us earlier this week to let us know that we had incorrectly sent you a collection letter last week. We've checked our records and you are indeed correct. We made a mistake.

We're so very sorry. We have corrected our records and will work hard to ensure that no similar mistakes occur in the future. We will also make sure that your credit rating has not been adversely affected by our mistake. I apologize for any inconvenience our mistake caused you.

Sincerely,

Barbara Landau  
Collections Manager

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## Credit-Suspension Letter

Sample Letter 8.30 was written to suspend a customer's credit after no response was received to earlier collection efforts. This letter could be written as a follow-up to the collection letters featured in Sample Letters 8.19 through 8.23. The letter writer informs the debtor that he has had to turn the account over to a collection agency and that his credit privileges have been suspended. He offers hope that credit privileges may be reinstated if the matter is resolved.

### **Sample Letter 8.30.** Letter suspending further credit. Follow-up to Sample Letters 8.19–8.23.

[date]

Mr. Kyle T. Reading  
Bolivian Import Merchants, Inc.  
56 Trinity Place  
Detroit, IL 60065

Dear Mr. Reading:

We regret to inform you that the Hoodle Company has found it necessary to turn your account over to the Coin Collection Agency for collection of the \$650 you have owed since June 20X7.

We must further inform you that all of your credit privileges with the Hoodle Company have been revoked.

Please resolve this matter immediately so that we may reinstate your credit privileges and continue our business relationship.

Cordially,

Mark Hoddlecock  
Credit Manager

jl

## Letter Reinstating Credit

Sample Letter 8.31 was written after a delinquent customer paid the amount due on his account. The letter writer thanks the customer for his payment and announces that credit has been restored. This letter could be written as a follow-up to any of Sample Letters 8.19 through 8.23 after delinquent payment has been received.

### **Sample Letter 8.31.** Letter reinstating credit. Follow-up to Sample Letters 8.19–8.23.

[date]

Mr. Kyle T. Reading  
Bolivian Import Merchants, Inc.  
56 Trinity Place  
Detroit, IL 60065

Dear Mr. Reading:

Thank you for payment of \$650 on your account. We are pleased to inform you that the Hoodle Company has reinstated your credit privileges.

We look forward to continuing our business relationship and providing you with all of your office supply needs.

Best regards,

Mark Hoddlecock  
Credit Manager

jl

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## Letters Accepting Partial Payment

Sample Letters 8.32 and 8.33 are acknowledgments of partial payment on a delinquent account.

Sample Letter 8.32 thanks the debtor for payment, tells him how much is still due, and reminds him that the remainder must be received for credit to be reinstated.

Sample Letter 8.33 is written to acknowledge partial payment and confirm that a new payment schedule has been arranged.

### **Sample Letter 8.32.** Letter accepting partial payment.

[date]

Mr. Kyle T. Reading  
Bolivian Import Merchants, Inc.  
56 Trinity Place  
Detroit, IL 60065

Dear Mr. Reading:

Thank you for partial payment of the \$650 owed on your account. Please note that your balance is now \$500, overdue from June 20X7.

While we appreciate this partial payment, it is essential that complete payment be received by November 15 in order for us to reinstate your credit privileges and continue our business relationship.

Sincerely,

Mark Hoddlecock  
Credit Manager

jl

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**Sample Letter 8.33.** Letter accepting partial payment.

[date]

Mr. Kyle T. Reading  
Bolivian Import Merchants, Inc.  
56 Trinity Place  
Detroit, IL 60065

Dear Mr. Reading:

We received partial payment of \$150 after you called us about your account and arranged a new payment schedule. We trust that this mutually agreed upon schedule will result in complete and timely payment of the \$500 still due on your account.

Thank you for the partial payment. Please call my office if you have any questions about your account.

Sincerely,

Mark Hoddlecock  
Credit Manager

jl

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## Letter Acknowledging Payment

Sample Letter 8.34 was written to a customer after he had paid up all past invoices. The letter writer acknowledges payment, then recounts the new payment schedule he has arranged with the customer.

### **Sample Letter 8.34.** Letter acknowledging payment.

[date]

Mr. Carl E. Twonby  
The Riverboat Steakhouse  
654 Pacific Avenue  
Carlsbad, IA 50032

Dear Mr. Twonby:

I received payment for all of the past invoices. Thank you very much.

We have two months left on our initial contract. Beginning with August, I will bill you at the end of each month. That way, I'll be able to adjust our fee to the work performed. The figure will not exceed the \$1,700 we agreed upon earlier. Let me know if this meets with your approval.

Sincerely,

Mark L. Blinke

rp

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## Letter About Deposit Due

Sample Letter 8.35 was written to a prospective hotel guest to remind him that a deposit is due on a room he has reserved.

**Sample Letter 8.35.** Letter reminding customer that deposit is due.

[date]

Mr. Simon T. Harsdale  
45 Trustworthy Drive  
Penobscot, IL 60021

Dear Mr. Harsdale:

Please refer to our acknowledgment of your request for reservations dated November 7, 20X6. As you will note, a \$125 deposit per room is required to secure your reservation. This deposit was due within 10 days of the date of the acknowledgment of your reservation.

To date, we have not received your deposit and are eager to make your reservation definite. Please forward your remittance by return mail in the postage-paid envelope provided or telephone immediately to let us know your plans. Our toll-free number is 800-555-4545.

We are looking forward to hearing from you.

Cordially,

Beverly G. Krauss  
Reservations Manager

bgk:lls

enc.

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## **Letter to Lender to Renegotiate Payment Terms**

In Sample Letter 8.36, the letter writer writes to the bank from which he has borrowed money to renegotiate repayment terms. The letter writer is clear and lays out a proposed repayment plan tied to the unexpected cash-flow needs of the business.

**Sample Letter 8.36.** Letter to bank when payment is past due on loan balance.

[date]

Mr. Max Nilges  
Vice President  
County and State Bank  
6 Tristram Place  
Montclair, MA 02104

Dear Mr. Nilges:

Last year, we were granted a loan from County and State Bank for \$250,000. We agreed to pay back the loan in 48 monthly payments. For the past 12 months, we've met our payments without exception. We work hard to stay current with all of our financial responsibilities and to keep our credit rating as strong as it is.

Now, I must ask your assistance in helping us meet some unexpected costs. Two months ago, our building was involved in a freak traffic accident in which a city bus crashed into the building and damaged the outside structure and most of our interior reception area. Our insurance covers most, but not all, of the repair expenses. On top of that, one of our key customers is being hurt by the current downturn in the economy and has stretched its payments out to 60 days for the next several months.

Our own business is very healthy and we continue to be both profitable and well regarded for our quality customer service. To help us pay for the building repair and to redouble our collections efforts, would you consider allowing us to postpone our payments for the next three months, after which time we'll get back on schedule?

We've appreciated your commitment and support to our business over the years and trust that you will understand and accommodate our request. Thanks very much.

Sincerely,

Jerry Oloff  
President

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## Letter from Customer About Billing Error

Sample Letter 8.37 was written by a customer to clear up an error in billing. The writer's tone is polite and not accusatory, and the mention of the company's original price, as quoted on the enclosed fax, lends support to her claim that the company, not the customer, is in the wrong. The writer closes with a request for further contact and an expeditious solution to the problem.

### **Sample Letter 8.37.** Letter from customer about billing error.

[date]

Asher Tameling  
SupraTRAX Incorporated  
129 Portland Street  
Wheaton, IL 60192

Dear Mr. Tameling:

On July 5 I placed an order for 50 SupraTRAX Ho Hiawatha boy train sets and was told that the total cost came to \$3,560.00.

I just received an invoice from your company requesting a payment of \$4,180.00. There must be some error. I have enclosed a copy of the fax from your Customer Service Department that quotes the lower price.

Please contact me as soon as possible so that we can clear up this matter. The train sets are in wonderful condition. We will be happy to supply you with a check as soon as you provide us with an accurate invoice.

Sincerely,

Sarah Costner  
Store Manager

enc.

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