

## The Hardship Letter

**The central document in the Short Sale package that will be submitted to the mortgage lenders that will be taking a loss is the Hardship Letter. The Hardship Letter provides the homeowner with an opportunity to state their case as to why they can no longer afford to make their mortgage payment.**

### **OUTLINE**

**The Hardship Letter should be an honest, heartfelt statement outlining the circumstances that have created the problem. It should include these components:**

1. A brief apology for having to ask the lender to take a loss
2. A description of the steps the homeowner has taken (used credit cards, borrowed from family, borrowed from retirement accounts) to stay current on the mortgage
3. A clear statement that the homeowner has extended all available options to stay current on the mortgage and that a Short Sale is the only remaining option, other than foreclosure.
4. Keep it to one page and a hand written letter is always better than a computer generated letter.

**While it is important for the home owner to provide a complete picture of their hardship, it is also important to avoid a letter that is excessively long. In order to get a loss mitigator to understand the hardship, the loss mitigator needs to read the letter and connect with the writer. Try to limit the length to 1 page.**

### **ATTACHMENTS**

**If possible, attach to the Hardship Letter any documents, receipts or notices that support the homeowner's hardship.**

### Examples:

- Layoff notice
- Letter from employer outlining a reduction in pay or a reduction in hours
- Cancellation notices for medical insurance or auto insurance due to non payment
- Delinquency notices from creditors and/or service and utility providers
- Letters from doctors regarding injury or illness
- Disability benefits letter
- Divorce or separation papers
- Receipt for excessive payments for medications or emergency payments
- Any documents supporting a family crisis hardship

### HARDSHIP Examples

- Family illness or injury
- Disability
- Job Relocation
- Job loss/unemployment
- Forced Relocation
- Property equity deficient
- Failed business
- Income Loss
- Separation/Divorce
- Adjustment in mortgage payment
- Increase in living expenses
- Death

### BORROWER HARDSHIP LETTER EXAMPLE #1

RE: NAME/ADDRESS/LOAN #'s

To Whom It May Concern:

I am unable to keep current with my mortgage due to divorce. I am receiving no financial support from my husband and I have been a homemaker for the past 12 years. I am employed, but because of my lack of skills, I am unable to earn much more than minimum wage.

I have two children at home ages 7 and 9. With the cost of daycare and my other obligations there is just no way to make the mortgage payment. I have used up any available credit just to keep food on the table.

I cannot keep up my home and must sell it. The real estate market is such that I owe more than my home is worth. My only other option would be to file bankruptcy.

I am an honest, hardworking person and it is devastating for me to find myself in this awful position.

I would deeply appreciate any help you can offer.

Sincerely,

### BORROWER HARDSHIP LETTER EXAMPLE #2

RE: NAME/ADDRESS/LOAN #'s

To Whom It May Concern:

My wife has recently suffered a devastating illness. She is unable to continue working and it may be years before she is well enough to work. She has been the primary wage earner in our family for the past 10 years.

My income cannot come close to covering our monthly expenses. We find ourselves deeper in debt every month with no relief in the foreseeable future. I have sold our second car and anything else that we do not absolutely need. Our home is large and the minimum monthly expenses for the upkeep, electricity, gas, etc. are very high.

Our only hope at this time is to sell our home. Unfortunately, if we sell our home in the present slow real estate market, we will be upside down about \$30,000.00. Our only other alternative is bankruptcy.

We would appreciate any help you are able to provide.

Sincerely,

BORROWER HARDSHIP LETTER EXAMPLE #3

RE: NAME/ADDRESS/LOAN #' s

To Whom It May Concern:

As a result of upward adjustments to our monthly mortgage payment, my wife and I are unable to afford our mortgage. As I sit here today it' s not clear to me how I ever thought that we could afford the mortgage once payments started adjusting. I wish my loan officer would have explained to us where our monthly payments were going to be when they adjusted.

We have borrowed money from family and we have taken cash advances on credit cards, but we are falling further and further behind with no real hope of affording the payment. At this point, we can' t do it any longer.

Both my wife and I are very sorry that this has happened. We are losing our dream house, and we know you are losing too. We just don' t have any other options.

Please work with us on a Short Sale. We don' t want to go through foreclosure, but if we can' t do a Short Sale we will not be able to avoid it.

Thank you for your consideration.

Sincerely,