

Hardship Letter Guidelines

1. A hardship letter must be a story clearly depicting how you as a family failed to make your mortgage payments. Dates are very important to establish time line, if you cannot remember the specific date at least the month and year e.g. in August of 2004 I lost my job which I have been employed at for 4 years....."
2. Also it is very important to look at all the indirect factors that also made things financially difficult to maintain your mortgage payments e.g. family commitments, other bill payments, unexpected expenses related to home.
3. The factors that effected your ability to make mortgage payments must be factors beyond your control e.g. loss of job, injury, illness, divorce, death in the family, laid off, reduction in hours, increases in unexpected expenses either medical, funeral and car break down (which you need to get to work). These are examples there are obviously many more options to give you an idea.
4. At no point should you blame the bank for your problems because this will not help our case.
5. You must not indicate that you are trying to work out a solution to keep your home; when you do this the bank then is not obligated to work out a settlement.
6. You do not want to indicate that things are much better now and have improved, this letter should not be a solution it is strictly your hardship.
7. The letter must be dated and signed by all parties on the mortgage.
8. It is a good idea to indicate that you have exhausted all avenues of trying to pay back the bank, and that you have no choice but to sell the property in order for the bank to recuperate its mortgage monies. This is a very important statement because it clearly indicates that you are trying, even at the expense of losing your home to try and rectify the situation with the bank. This also collaborates with the message that we are sending them.
9. If you plan to file Bankruptcy please make note of that as well.
10. The length of the letter should be no more than 2 pages; most hardship letters are 1 page. The letter should be more than just one paragraph. Be as thorough as possible.

The list below is a list of HUD's acceptable reasons for financial "Hardship". Please use them as a guideline when writing your hardship letter.	
<p style="text-align: center; margin: 0;">Death of Principal Mortgagor</p> <ul style="list-style-type: none"> ▪ Death of Mortgagor's Family Member ▪ Illness of Principal Mortgagor ▪ Illness of Mortgagor's Family Member ▪ Marital Difficulties ▪ Curtailment of Income ▪ Unemployment ▪ Excessive Obligations ▪ Abandonment of Property ▪ Distant Employment Transfer ▪ Property Problem ▪ Inability to Sell 	<p style="text-align: center; margin: 0;">Inability to Rent Property</p> <ul style="list-style-type: none"> ▪ Military Service ▪ Business Failure ▪ Casualty Loss ▪ Energy-Environmental Costs ▪ Servicing Problems ▪ Payment Adjustment ▪ Payment Dispute ▪ Transfer of Ownership Pending ▪ Fraud ▪ Incarceration

Note: You must write a letter for each lender. The next page offers a sample of a Hardship Letter.

Hardship Letter Guidelines

HAND WRITTEN Hardship Letters Are The Most Effective

<Seller's Name>

<Seller's New Address>

<Today's Date>

<Lender's Name>

<Lender's Address>

Dear Sir or Madam,

I am writing to ask for your help. Circumstances beyond my control recently caused my life to change. **<X years ago>** when I bought my dream home, **<my kids and I>** were happy to be living in **<where you lived>** and everything was going well. A couple of months ago.....**<give them a story of what happened....lost job, somebody got sick, mom needed you in FL, business failed, kids having problems in school...needed help...the more details the better, you need to tell your story>**.

The bottom line is I cannot continue to make the payments on my house at **<property address>**. I have tried many different things to sell my house and pay off the money I borrowed from you. I talked with some real estate agents, but they said that since I owed more than what the house is worth that they would not list it for me. I called some investors that told me they couldn't buy the house because there was no equity in it and it required work. **OR** The house has been listed for x months and all the offers received were below the payoff of my loan. I was on my way to file bankruptcy when fortunately this buyer said that you might consider a "Short Sale" or reduced payoff. Please, please, please work with this buyer. **<They/he/she>** is the only person who has given me any hope and any reason not to file bankruptcy.

I am a responsible person who has always paid my bills and I am afraid of what will happen if this does not work.

Your consideration is greatly appreciated.

Sincerely,

<Your Name>