

Sample Hardship Letter

One of the items your lender will ask for during the short sale process is a hardship letter. A hardship letter is a written explanation of what has caused you, or will soon cause you, to fall behind on your mortgage.

This letter acts much like an outline of your current “life” issues that are affecting your ability to meet your financial obligations.

Please keep in mind that you are composing the hardship letter for your lender, and because of the foreclosure crisis, they are extremely busy and backlogged. So with that in mind, keep it short and to the point. Usually 1 page is sufficient.

Your goal is to elicit a sympathetic, emotional response from the person reading your letter. If their eyes well up with tears by the time they finish reading your letter, then you have done a good job!

Here is a sample list of hardships that lenders consider:

- Adjustable Rate Mortgage Reset – Unaffordable New Payments
- Illness
- Loss of Job
- Reduced Income
- Failed Business
- Job Relocation
- Death of Spouse or Co-Borrower
- Incarceration
- Divorce
- Marital Separation
- Military Duty
- Medical Bills
- Damage to Property (natural disaster or unnatural)
- Other (Please Specify)

Now that you have a better idea of what the lender is looking for, it is time to sit down and write your hardship letter. Attached is a sample. **Make sure to describe your own story and customize it for your own unique situation.**

To: (Name of Lender)
From: (Name of borrower)
Date: (Date)
RE: Hardship Letter

To Whom It May Concern:

It is with great sadness that we write this letter to explain the unfortunate set of circumstances that have caused us to become delinquent on our mortgage.

When our mortgage rate adjusted, we became financially stressed and I tried to refinance my house with several lenders, but the market value of the house had dropped too much, and no bank would refinance the house.

Our income has dropped due to a decrease in hours at my work. I got another job with a security company to supplement my income, but it still was not enough to make the rising bills.

With our income not nearly enough, we are falling further and further behind. Our financial situation has become extremely desperate and we just cannot afford the mortgage and our other bills anymore. We are very stressed about the situation, and feel like we are drowning everyday in all these bills.

We have done everything in our power to make ends meet but have not been able to do so. We are trying to sell the house through a short sale to avoid foreclosure. We humbly ask for the bank's cooperation with the short sale.

Sincerely and Respectfully,

Borrower Name (Sign above)

Date

Borrower Name (Sign above)

Date