



SHORT SALE ADVANTAGE  
A MOTHER LODE COMPANY

## Hardship Letter Guidelines

Most lenders require the hardship letter for short sale approval. The homeowner should take this valuable opportunity to appeal to the lender(s) that the homeowner's situation is genuinely distressing and the lender(s) would be better off accepting the lesser amount in a short sale than to pursue a foreclosure. In the hardship letter, present the facts clearly and honestly. A well-written hardship letter will be able to explain the situation that caused you to fall behind and provide proofs of hardship. Situations such as divorce/separation, job loss or reduction of income, adjustment in mortgage payment, prolonged illness, or a death in the family are all acceptable hardships.

Here are some points to help when writing a hardship letter:

- Get personal; you should not feel embarrassed about the situation. This is your opportunity to state your case.
- A *handwritten* letter is recommended.
- Include details regarding the hardship. Detail your current and past hardships (for example, job loss, car accident, medical problems either personally or in your immediate family, etc.) and include specifics for each hardship.
- Be sure your letter conveys the following important messages to your lender(s):
  - Why you will not be able to bring your past due amount up-to-date
  - Your income is not enough to make the payments and you have no assets with which to continue paying the mortgage
  - You are leaving the property
- Any signed exemptions of documents should be included. If you do not have current bank statements, pay stubs or tax returns, you will need to explain in greater detail as to why those documents cannot be provided. For example: "I do not have pay stubs because I've been unemployed for 6 months and unable to find work." If you do not have tax returns, the lender(s) will want Extension Filings. If you do not have these to provide, explain why (i.e., "I haven't worked in over 2 years so I haven't filed taxes or extensions.").
- Bankruptcy could be addressed in the letter: "I don't want to have to file for bankruptcy."

### Sample Hardship Letter

To Whom it May Concern:

I have been unable to make my payments on my house and am now facing foreclosure. My inability to keep up with the monthly payments is the result of (loss of job, illness, disability of wage earner, etc.).

In spite of my current financial difficulties, I expect that it will only get (better/worse). I am not in a position to continue making my mortgage payments. This was not at all what I intended when I obtained financing for this home, but I have come to the conclusion that this is my only option.

Your help and consideration in this matter are very much appreciated.

(Signature)

(Date)

(Printed Name)