

## Example Hardship Letter

One of the items your lender or servicer will ask for during the loan workout or loan modification process is a hardship letter. A hardship letter is a written explanation as to what “event” has caused you to fall behind on your mortgage and it is vital in helping you stop foreclosure.

This letter acts much like an outline or biography 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 or servicer and because of the foreclosure crisis, they are extremely busy and back logged. So, with that in mind, do not write a book because most likely it will not get the attention of an over worked, \$12 an hour loss mitigation employee. Keep it short and to the point. Usually 1 or at the maximum 2 pages is more than enough to get your point across.

Here is an example list of hardships that lenders consider during the loan workout process:

- Adjustable Rate Mortgage Reset – Payment Shock (uncommon, but we will see more lenders accept this in the future)
- Illness
- Loss of Job
- Reduced Income
- Failed Business
- Job Relocation
- Death of Spouse or Co-Borrower
- Death
- Incarceration
- Divorce
- Marital Separation
- Military Duty
- Medical Bills
- Damage to Property (natural disaster or unnatural)

Now that you understand what your lender or servicer is looking for, it’s time to sit down and write a hardship letter. I made it easy for you by giving you a couple of templates below that you can use as a boiler plate for your own letter. **Make sure you make it unique to your situation.**

Remember that your hardship letter is only one piece of the loan workout process, but key in helping you avoid foreclosure. You will still need to jump a few hurdles with your lender before they will approve you for any kind of work out plan.