

The last paragraph should indicate the preferred times and methods for contacting the homeowner and the counselor.

Documents to attach:

- Financial statement
- Income and expense verifications
- Verification of hardship
- Verification for anticipated changes to income and expenses.
- Other documents requested by servicer

Sample Hardship Letter

Date: January 9, _____

To: Whom It May Concern

Re: CLIENT'S NAME
Reason for My Delinquency

At the time we bought our home I was working for Disney. I worked for this company for more than 15 years. However back in May of 2006 I was let go from Disney without cause. I disputed the case and I won and I am back at work however in a different department. During the time that I was out of work I was not paid and I could not receive unemployment this caused me to not be able to pay my mortgage. In addition to the fact that I was fired, my husband has also had medical problems.

We do want to save our home and do not want to lose it into foreclosure. We are accustomed to paying our bills. Both my wife and I realize that our delinquency is early in our contract, however the circumstances which have brought us to this juncture in our life we could not control. We are pleading for your help us.

Although we are not in a position to bring our mortgage current, things have stabilized. We are seeking your assistance under the loss mitigation program. We are requesting consideration for a loan modification or other loss mitigation options. We have gone for counseling and we are seeking counseling from _____. We have been advised by our counselor to continue to save all dollars pending your decision.

Thank you in advance for your time and consideration in this matter.

Financial Hardship Letter

A financial hardship results from an involuntary reduction in income or an unavoidable increase in expenses.

Common Involuntary Reductions of Income

- Unemployment
- Mandatory reduced hours or hourly wage
- Under employment after loss of previous job
- Death of a borrower
- Decline in business earnings if self employed
- Permanent or short term disability
- Serious illness of a household member
- Divorce

Unavoidable Increases in Expenses

- Major medical expenses
- Disaster
- Urgent property repairs
- Increase in child care expenses

Hardship Letter Contents

A hardship letter is a succinct overview of the homeowner's situation. It is ideally only four paragraphs and no more than two pages.

The first paragraph should include:

- Loan number
- Homeowner's name(s), address and phone number(s)
- Other relevant details about the loan or the property, such as the number of months delinquent, property value, etc.

The second paragraph should include:

- A matter of fact description of what caused the default
- Avoid blaming others for what occurred

The third paragraph should provide an overview of the homeowner's financial situation.

- Actions the homeowner has taken to reduce expenses and increase income.
- Financial counseling or other steps the homeowners have taken to resolve the situation,
- The amount of money the homeowner has to pay to pay off the delinquency.

The fourth paragraph should briefly outline the proposal.

- Synopsis of the facts of the plan
- Reasons why the homeowners believe this proposal will be successful
- Demonstration of their commitment to see it through to its end