

Sample of Personal Hardship Letters - Examples of Hardship Letters - for a loan modification, forbearance or repayment

"Think of a hardship letter as homework.. you have to do it to keep from getting a zero..."



Definition of Hardship

"Hardship" (regarding a mortgage) is any situation beyond the borrower's control that causes the borrower to default or to become excessively late on his or her mortgage payment obligation. Examples of specific hardships are listed at the bottom of this page.

This page also contains a **sample of personal hardship letters**. Feel free to use a copy of a hardship letter from our list and change it to better describe your unique situation. From the info on this page, you should be able to learn how to write mortgage hardship letter. Letters that appear here are intended to give an **example hardship letter to stop foreclosure** by:

- initiating loan modification,
 - requesting forbearance,
 - discussing repayment of overdue amounts, or
 - submitting a qualified written request (defined later)
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We are frequently asked to give examples of a hardship letter. This page fulfills your request for a sample letter of hardship. The first three letters are examples of loan modification financial hardship letters. The others address additional options available to distressed homeowners.

One of the letters below may be easily adapted to your situation, or you may want to cut and paste different sections from several of the samples we have given and piece them together - sort of a "mix and match" approach.

You do not have to use a specific format for a letter of hardship. Just make sure it is clear, brief, honest, respectful, and positive in tone. And make sure to give your names as they appear on your loan account, the account number, a daytime phone number, your signature(s) and date.

Always follow up on your letter

Make a phone call to your lender to confirm the letter of hardship was received and to keep the ball rolling. You may want to send it by registered mail. When you make your phone call, ask your lender if they can tell you the next step you need to make in the process to avoid foreclosure.

Maintain communication with your lender. This is the only way to drive the process forward. If they haven't received your letter yet, ask them when would be a good time for you to check back with them. Get the name of the person with whom you are speaking, so you can begin to build a relationship.

Maintaining contact with one or two people at your lender's office keeps things less complicated. It is frustrating to have to explain your situation to a new person every time you call your lender.

To stay organized, start a file of your own

The file you keep at home should contain a copy of a hardship letter that you sent to your lender, copies of the documents you included with your letter, and all other written communication between you and your lender.

Along with the file, **KEEP A JOURNAL** that lists every phone call you have with your lender. Include the name of the person with whom you spoke, the date, and a brief account of what was discussed.

One word of caution:

Facing financial hardship can cause desperation, and **sometimes folks can be tempted to make dishonest statements. RESIST that temptation!!!** The lender will verify your financial information. If you are caught in an inconsistency, the lender will not want to work with you.

Sample Hardship letter-Requesting Forbearance

A quick explanation of Forbearance. Forbearance is an agreement between the bank and the borrower in which the borrower is granted temporary reduction of mortgage payments or is allowed to skip mortgage payments altogether for a set period of time. Forbearance may be a good option for homeowners who:

- are already in a good, fixed rate mortgage
- have not had a problem making the payments before
- are experiencing a temporary financial setback

Injury, illness, or loss of employment are good reasons to request forbearance. Be advised that unpaid amounts add up during forbearance and will be added to your loan balance. When forbearance ends, your regular payments will be reinstated but will likely increase slightly because of the new higher loan amount.

Here is a list of situations that lenders accept as "hardships" :

- * Adjustable Rate Mortgage Reset-- Payment Increase—Payment Shock
- * Business went under
- * Damage to Property or Loss of Property (natural disaster like hurricane, or unnatural like accidental fire)
- * Death of Individual Borrower * Death of Spouse or Co-Borrower

- * Divorce * Incarceration * Job Relocation/Transfer
- * Loss of Employment * Medical Expenses
- * Medical Illness or Injury * Pay Cut
- * Physical/Mental Disability * Separated from Spouse
- * Sent Overseas/ Military Duty * Single Parent With Little or No Child Support

Here is a sample letter of hardship requesting forbearance.

We are writing to inform you of a financial hardship we are experiencing. On [Date of cause of hardship], My husband was injured in a car wreck on his way home from work. He sustained severe injuries and was in ICU for two weeks. For a while, we did not know if he would survive. He is out of the woods now, but is still hospitalized. Since the accident My husband has, of course, been out of work; and we are struggling financially.

My husband will need a lot of care once he is discharged from the hospital. He will require extensive physical therapy, and the doctors do not expect My husband to be able to return to work for up to a year. I will have to cut back on my hours at my job as a chef in order to provide the care he will require and drive him to doctor appointments and physical therapy sessions. We are preparing ourselves for the difficult year ahead.

Part of that preparation includes getting our finances in order. Our income will be drastically reduced, so there is much concern about our ability to stay current on our bills, especially our mortgage. We are

requesting forbearance of our mortgage payments for a period of one year – [Dates requesting forbearance for].

My husband is expected to recover fully from his injuries. His employer, [Employers Name], has agreed to hold his position for him until he is able to return. My employer, [Employers name], has agreed to allow me to reduce my hours for the next year. We are confident that this setback is temporary and that we will be physically and financially healthy within a year.

To illustrate our financial hardship we are enclosing our monthly budget along with copies of medical bills, bank statements, our last two years' income tax returns, etc. Even with help from family and friends and using credit cards, we will not be able to pay our mortgage. Forbearance will give us the help we need during this temporary setback.

We take our financial commitment to you very seriously. That is why we are writing to you now before we get further behind. This letter and the enclosed documents enclosed are true and accurate to the best of our knowledge.

We hope to hear from you soon.

Signed,

Here is a Sample of Hardship letter-Requesting Repayment Plan

Date:

Borrower's Name:

Co Borrower's Name:

Property Address:

Re: Repayment Plan: Loan #:

We are writing to open a dialogue with you regarding a repayment plan for our missed mortgage payments. My husband was laid off from his job at [Employers name] just before [Date] (copy of pink slip is enclosed). We have been struggling financially ever since. My husband's search for other employment has not been successful.

We just received notice that My husband can return to work at [Employer's Name] on [Date] (copy of notice enclosed). Once he is back at work, we will be on our feet again financially.

We would like to repay our missed payments over time. We owe for three house payments as well as late fees. The total comes to \$[Amount past Due]. We can pay an extra \$[Amount you can pay] a month over the next [# of months] months. Our concern is that more late fees will accrue while we are making the added payments.

We fully intend on paying what we owe. We are not contesting the late fees for the three missed payments, but would like to request that no further charges be assessed while we work to repay you.

We are very serious about making good on our financial commitment to you as evidenced by our excellent payment record up until My husband's layoff. Hopefully, we can work together for the benefit of all parties.

Thank you for your time and attention in this matter.

Signed

Dated

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