

# HOW TO WRITE A HARDSHIP LETTER

When you contact your lender about falling behind on your mortgage payments, they may ask you to write a “Hardship Letter.” A Hardship Letter explains why you are behind on your payments, what your income and expenses are, and what resources you have to contribute toward a workout agreement. It is important to be straightforward and provide accurate, current information, because lenders use this to determine what workout options may be available to you. Some lenders prefer that you fill out their hardship form instead of writing a letter – check with them first. Below are some basic instructions on writing the letter:

## **Contact Information:**

- Put your name, address, phone number, loan number, and date on the top of the letter.
- List the name and address of your lender.

## **Introduction:**

- Explain your hardship situation: Tell your lender the reason(s) you fell behind on your payments.
- Explain how your situation has changed so that you will be able to make future house payments. Include information about any money you have saved for a workout agreement.
- Tell the lender you are working with a foreclosure counselor and include their name and agency.

## **Income and Expenses:**

- *Note: Instead of putting all the details of your income and expenses in the content of the letter, you may want to attach a copy of your household budget. Some lenders may prefer to see a budget.*
- Outline your monthly net income (your take-home amount after taxes) from employment and/or other income sources (SSI, Child Support, Disability, etc.). Include net income for other people in your household if they help pay the monthly expenses.
- List your current monthly mortgage payment, property taxes, homeowner insurance and association dues (if any). If you have more than one mortgage include all monthly payments.
- Outline your other monthly expenses, including car payments, transportation, utility bills, phone/cable bills, health care, childcare, groceries, and anything else you spend on a regular basis.

## **Closing:**

- Ask the lender to contact you when they receive your letter.
- Sign your name(s).

## **Additional Documents:**

- If you used a separate budget to list your income and expenses, include that with the letter.
- Along with the letter, send copies of your last 2 bank statements, your paystubs or income documents from the last 2 months, and a copy of your W-2 from the most recent tax year (if employed). Make copies of these documents for your lender and keep the originals for yourself.
- Authorization form: your foreclosure counselor should have a form you can sign that allows them to talk with your lender on your behalf. You can include a copy with your letter.

## **Follow Up:**

- Keep a copy of the Hardship Letter and attachments for your own records.
- Work with your foreclosure counselor to collect any additional information your lender needs.