Hardship Explanation Letter instructions:

The hardship explanation is a letter which provides a precise overview of the homeowner’s situation. It should be clear and concise and no longer than one page. Be aware that the audience for this letter is you loan servicer.

The letter should include the following elements:

- Date
- Servicer’s name:
- Servicer’s address:
- Loan number:
- Homeowner’s name(s):
- Homeowner’s address:
- Homeowner’s phone number:
- Reason for submitting a loss mitigation package:
  - State one of the following
    - Keep my home
    - Pursue a short sale
    - Request a deed in lieu of foreclosure
- Reason for hardship:
  - Discuss all of the following that apply to your situation and be specific about relevant dates:
    - Unemployment
    - Underemployment
    - Medical crisis
    - Disability
    - Death
    - Divorce
- Hardship status:
  - Discuss which of the following that apply to your situation:
    - Hardship has been resolved
    - Hardship has not been resolved
    - Working with a counseling agency to address budgetary issues
- Explanation should:
  - Be a matter of fact description of the reason for default, with no blaming of others for what has occurred
  - Mention other relevant details about the loan or the property, such as the number of months delinquent
  - State the actions you have taken to reduce expenses and increase income
  - Describe how the reason for default has been resolved or addressed
- Your signature
  - Your letter is not valid without a signature

See the enclosed sample.
January 1, 2013

Your Bank
123 Main St,
NYC, NY  12345

Loan #: 001122334455
John and Jane Doe
321 Main St., Somewhere, NY  98765
(518) 123-4567

RE: Hardship Explanation

To whom it may concern:

I am submitting a loss mitigation package because I am interested in keeping my home. My hardship was caused by unemployment. However, my hardship has been resolved as I started a new job on December 15, 2012.

In June of 2012, I lost my job. Over the months of July, August, and September I struggled to make my monthly payments. In October I no longer had any savings and even with cutting my expenses, I was unable to make my mortgage payment. I have finally found new job with a salary somewhat lower than what I was earning in my last job. I am certain I can return to making monthly payments but need assistance with my monthly payment and past due amount.

Thank you for your consideration

Sincerely,

John Doe

Jane Doe