FINANCIAL HARDSHIP LETTER FOR LOAN NUMBER\_\_\_\_\_

This Financial Hardship Letter will summarize our current financial situation, explain how we got here and support the request to enter into a deed in lieu of foreclosure with the bank to avoid a foreclosure lawsuit with nothing to gain for either side.

Our present difficulties arise from a combination of two factors – recent job loss [or medical problems] and the deterioration of the housing market and our resulting underwater mortgage.

Because of my recent unemployment [or medical problems], our household income has been significantly reduced. In fact, our income has been reduced from $\_\_\_\_/month in 2010 to $\_\_\_\_\_/month currently with monthly expenses exceeding $\_\_\_\_\_\_\_including the mortgage payment. Although I hope to return to work as soon as possible, there’s nothing imminent and I have no real idea how long it will take. Until that time, we have little or no income and simply can’t continue to make loan payments.

Further complicating matters, because we have an underwater mortgage typical relief avenues like opening a home equity line or getting a second mortgage are simply unavailable when there’s no equity in the home.

As a result of our reduced income and uncertainty as to when it will improve combined with the unavailability of equity based credit, we have no option but to convey our property back to you through a deed in lieu of foreclosure. By agreeing to waive any resulting deficiency balance, which is not collectable anyway, you’ll make the transaction feasible for us and avoid the need to simply walk away or declare bankruptcy to reach the same result.

The alternative in light of our dire financial condition is a long and expensive foreclosure lawsuit for the bank with the same inability to collect any deficiency balance. Both a decision to defend the lawsuit or file bankruptcy would greatly delay the process and increase your costs, as would simply walking away without working with you.

As you can see, a deed in lieu of foreclosure is clearly the best option for all involved as the bank gets the same result without cost and delay.

Please let us know if you need any additional financial information and thank you for your time and assistance.

Sincerely,

(Your Name)