

Tips on how to write a letter of hardship

In your letter you should:

- Keep it brief and to the point.
- Do not be too vague in your explanation, or too technical.
- Write with feeling and emotion. (Make them cry when they read your letter).
- Identify the reasons for hardship and how you can keep current with your monthly payments with reduced terms.
- State your offer to resolve your debt.
- Show them you are willing to participate in a Workout Solution.
- Thank them for their time and consideration.
- Don't forget to leave your current contact information.

(Your name)
(Address)
(City, State and Zip)
(Phone #)

(Collection Agency or Creditor's Name)
(Address)
(City, State and Zip)

RE: Account #: (account or reference number)

Dear Mr./Ms. (Creditor's or Collection Agency's Name)

As a Federal Employee my income has been reduced by 20% per pay period. I am now experiencing financial hardship due reduced income.

Because my income has dropped considerably I can no longer afford the terms of the original loan.

As a loyal customer of your financial institution, I'd like to ask for the following:

- A lower interest rate amount of NO MORE THAN 6%
- Accept lower payments of \$ _____ per month.
- No late fees assessed during this period.
- Accept this offer for no more than 12 months from this month.

I am sure this is only a temporary condition and very soon I will be able to make my payments in full again.

If you have any questions, please feel free to contact me at (your phone # with area code.)

I/We, ask that you consider this request as a matter of urgency.

Thank you for your consideration and I'd really appreciate any help you can offer me.

Sincerely,

Your Signature
Printed Name

Things to keep in mind when negotiating debt settlement:

- *Avoid negotiating over the phone with your creditor.*
- *Don't look too eager to settle.*
- *Make it clear to the creditor that you intend to pay the debt.*
- *Explain that you are unable to pay the debt due to (detail your hardship).*
- *Begin your negotiation outrageously low, the creditor will counter your offer or, if you are lucky, might accept it.*
- *Get your terms in writing before you send any payments.*
- *Send your debt hardship letter via Return Receipt Requested*
- *Keep a copy for your records.*
- *Agree to send them a cashier's check only after you receive their letter of agreement.*
- *Request a deletion of their statement to your credit company.*
- *If the information is not deleted it really does not help your score to pay the debt off.*