



What Does The Bank Consider a Short Sale Hardship?

Banks will read the hardship letter to assess why a borrower is having financial difficulties. What situation triggered the problem? When did the problem arise? How has the borrower attempted to cope with the resulting financial difficulties?

The underlying reason behind most delinquent mortgage payments is what the mortgage industry defines as a "hardship condition." A hardship is an unexpected financial crisis of some sort. Although it is the lender who ultimately determines whether a situation will be deemed a "hardship," HUD guidelines may help determine status. HUD recognizes the following situations as valid hardships and justification for default:

- *Death of principal mortgagor*
- *Death of mortgagor's family member*
- *Illness of principal mortgagor*
- *Illness of mortgagor's family member*
- *Marital difficulties*
- *Curtailment of income*
- *Unemployment*
- *Excessive obligations*
- *Inability to sell property*
- *Job Relocation*
- *Property problem (roof leaks, construction litigation, etc.)*
- *Incarceration*
- *Inability to rent property*
- *Military Service*
- *Casualty loss (such as a Hurricane, etc.)*
- *Energy-Environmental costs*
- *Servicing problems*
- *Payment adjustment (ARM Adjusting)*
- *Payment dispute*
- *Transfer of ownership pending*
- *Fraud*
- *Abandonment of property (due to condition of property, for instance)*



It is important to keep in mind that some scenarios may meet these criteria and yet not be viewed favorably by a lender. Additionally, the more proof of the hardship which a borrower is able to produce, the better.