

[Date]

[Borrower Name]

[Property Address]

[City, State, Zip Code]

Re: Loan Number: [Insert Loan Number]

Dear [Borrower Name],

This letter provides important information regarding your options for credit protection and the potential benefits of a short sale as an alternative to foreclosure.

What is a Short Sale?

A short sale occurs when a lender agrees to accept a payoff amount that is less than the total balance remaining on the mortgage. This allows you to sell your property and settle your debt without the property going through a formal foreclosure process.

Impact on Credit

While a short sale will appear on your credit report, it is generally considered less damaging than a foreclosure. Foreclosures can significantly lower your credit score and remain on your report for up to seven years, often making it difficult to obtain future financing for several years. A short sale may allow you to become eligible for a new mortgage in a shorter timeframe, depending on the lender and loan type.

Benefits of a Short Sale

- **Foreclosure Avoidance:** You can avoid the public record of a foreclosure.
- **Debt Resolution:** In many cases, the lender may waive the right to pursue a deficiency judgment (the difference between the sale price and the loan balance).
- **Relocation Assistance:** Some programs offer financial assistance to help with moving expenses upon a successful short sale.
- **Control of Sale:** You maintain more control over the sale process and the transition out of your home.

Next Steps

If you are interested in pursuing a short sale, please provide the following documentation:

- A signed hardship letter explaining your financial situation.
- Proof of income (recent pay stubs or tax returns).
- Recent bank statements.
- A signed listing agreement with a licensed real estate agent.

We recommend you consult with a tax professional or legal advisor to understand the specific implications of a short sale for your situation.

Please contact our Loss Mitigation Department at [Phone Number] to discuss your options further.

Sincerely,

[Name of Sender/Company]

[Title]

[Contact Information]