

[Date]

[Borrower Name]
[Property Address]
[City, State, Zip Code]

RE: Notice of Default - Loan Number: [Loan Number]

Dear [Borrower Name],

This letter serves as a formal follow-up to the Notice of Default recently filed regarding your property. As you evaluate your options to resolve this delinquency, it is important to understand the differences between a Short Sale and a Foreclosure.

1. Short Sale

A short sale occurs when the lender agrees to accept less than the full balance owed on the mortgage to facilitate a sale to a third party.

- **Credit Impact:** Generally less damaging than a foreclosure; may show as "settled for less than full balance."
- **Future Financing:** Typically eligible for a new mortgage in 2 years.
- **Deficiency:** Possible waiver of the remaining balance (deficiency judgment) depending on the agreement.
- **Control:** You remain in the home during the process and participate in the sale.

2. Foreclosure

Foreclosure is the legal process where the lender takes possession of the property due to non-payment.

- **Credit Impact:** One of the most negative marks possible on a credit report; remains for 7 years.
- **Future Financing:** Typically ineligible for a new mortgage for 5 to 7 years.
- **Deficiency:** The lender may pursue you for the difference between the sale price and the debt.
- **Control:** The lender dictates the timeline and you are forced to vacate the property.

We encourage you to contact us at [Phone Number] or [Email Address] to discuss which path is best for your current financial situation. Delaying action may limit your ability to pursue a short sale.

Sincerely,

[Name/Company Name]
[Title]
[Contact Information]