

[Your Name]  
[Your Address]  
[City, State, Zip Code]  
[Phone Number]  
[Email Address]

[Date]

[Lender Name]  
[HELOC Department Address]  
[City, State, Zip Code]

**RE: Request for HELOC Principal Forgiveness / Settlement**  
**Account Number: [Your Account Number]**  
**Property Address: [Property Address]**

To Whom It May Concern,

I am writing to formally request a partial or full forgiveness of the principal balance on my Home Equity Line of Credit (HELOC) for the property mentioned above. I am currently facing significant financial hardship and the property is significantly "underwater," meaning the current market value is less than the total debt owed across all liens.

Current financial circumstances prevent me from maintaining the current payment schedule. Based on a recent valuation, the property is worth approximately \$[Current Market Value], while the combined total of my first mortgage and this HELOC is \$[Total Debt Amount]. Because your lien is in a junior position and the property has no remaining equity, the loan is currently unsecured by any actual value.

I am requesting that you consider one of the following options:

- A discounted lump-sum settlement to release the lien.
- A partial principal reduction to bring the total debt in line with the property value.
- Full forgiveness of the balance due to extreme financial hardship.

Enclosed are the following documents to support my request:

- Recent pay stubs and tax returns.
- A detailed monthly budget/financial statement.
- Comparable sales data showing the current property value.

I would like to resolve this matter to avoid more drastic measures such as foreclosure or bankruptcy. Please contact me at your earliest convenience to discuss potential terms.

Sincerely,

[Your Signature]

[Your Printed Name]