

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

[Date]

[Lender Name]
[Loss Mitigation Department]
[Lender Address]
[City, State, Zip Code]

RE: Request for Debt Forgiveness / Principal Reduction

Account Number: [Your Account Number]

To whom it may concern,

I am writing this letter to formally request a partial or full forgiveness of the outstanding balance on my home equity line/loan. I am currently experiencing a severe financial hardship due to a significant loss of income.

On [Date of Income Loss], my financial situation changed because of [Reason: e.g., Job loss, medical disability, business closure]. As a result, my household income has decreased by [Percentage or Dollar Amount] per month. Despite my best efforts to manage my finances and seek new employment, I am no longer able to sustain the monthly payments on this secondary lien while covering basic living expenses and my primary mortgage.

I am committed to staying in my home and wish to avoid foreclosure or bankruptcy. I am requesting that [Lender Name] consider a one-time principal forgiveness or a significantly discounted payoff to settle this debt. Attached to this letter, you will find documentation verifying my loss of income, including [List documents: e.g., termination letter, tax returns, or bank statements].

Please let me know what options are available to me or if there are specific loss mitigation forms I need to complete. I look forward to your response and hope we can reach a mutually beneficial resolution.

Sincerely,

[Your Signature]

[Your Printed Name]