

[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 / Settlement of HELOC Account

Account Number: [Your Account Number]

Property Address: [Property Address Subject to Foreclosure]

To Whom It May Concern,

I am writing to formally request a total forgiveness or a discounted settlement of the outstanding balance on my Home Equity Line of Credit (HELOC) for the property mentioned above. As you are aware, this property is currently undergoing foreclosure proceedings.

Due to severe financial hardship, including [mention reason: e.g., job loss, medical emergency, or market devaluation], I am unable to satisfy the full balance of this secondary lien. Since the primary mortgage holder has initiated foreclosure, it is my understanding that the equity in the home is insufficient to cover the secondary debt owed to your institution.

I am requesting that [Lender Name] consider one of the following options:

- A full cancellation and forgiveness of the remaining HELOC balance.
- A one-time cash settlement in the amount of \$[Insert Amount] to release the lien and satisfy the debt in full.

In exchange for this forgiveness or settlement, I request that the bank report the account as "Settled for less than full balance" or "Paid in full" to the credit bureaus and waive any right to pursue a deficiency judgment against me.

Attached are my financial documents, including [mention documents: e.g., recent pay stubs, bank statements, or hardship letter], for your review. I look forward to your written response regarding this proposal.

Sincerely,

[Your Signature]

[Your Printed Name]