

# Hardship Letter Instructions

Your hardship letter that you complete as part of the application process helps us understand what type of assistance you need. The supporting documentation provided in your application package should validate the information in your hardship letter.

**Please include the following information in your letter as it applies to your situation for each hardship:**

- Name of the person with the hardship
- Type of hardship: unemployment, underemployment, military, medical, death
  - Date the hardship began
  - Information specific to the hardship
  - Unemployment – if unemployment benefits are being/were received
  - Underemployment – cause and if decrease in household income is temporary or permanent
  - Military - current copy of military orders and how that affected your financial situation.
  - Medical or death – **Do not** provide details of the medical problem or the type of medical care received. A form to give your doctor(s) to validate the length of the medical hardship is printed with the application; this must be returned with your application package
- How the hardship affected the mortgage
- If you are current or behind on your mortgage
- If you are behind, the month/year you became behind
- If you are in foreclosure, the scheduled foreclosure sale date

As only qualifying hardships – unemployment, underemployment, military, medical and death – are relevant to HomeSafe Georgia applications, please do not include any additional personal hardship information.

## **Personal finance**

### **How does the HomeSafe Georgia loan affect my credit score?**

The homeowner must determine if the benefits of assistance outweigh any risks; HomeSafe Georgia cannot make any guarantees that your credit score will not be affected. HomeSafe Georgia has no reporting authority or control for your mortgage loan or how your lender will treat assistance payments from HomeSafe Georgia. Please contact your lender if you have any concerns.

Other factors to consider:

A credit report is pulled as part of the application process

Mortgage delinquency will occur or increase if the homeowner is unable to make the payments during processing

Servicing transfers can disrupt assistance

The homeowner is responsible for understanding assistance coverage and making payments after assistance ends

**How does receiving government mortgage assistance through HomeSafe Georgia affect my taxes?**

You will receive a 1098MA form for each year of your participation, indicating how much HomeSafe Georgia paid to your lender on your behalf and how much you contributed (partial payments). The IRS has provided safe harbor instructions on what can be used as a deductible. Consult your tax preparer or tax attorney for more information.

**What happens if I need to move or refinance after receiving mortgage assistance?**

The HomeSafe Georgia loan is forgiven at 20% of the principal balance per year, starting one year and 30 days after the last assistance payment was made. If you sell your home or take equity out of the home prior to the full forgiveness period, the unforgiven portion of the balance will be due. HomeSafe Georgia will subordinate to no cash out refinance and consider a short sale under acceptable conditions.

**What happens if I file for bankruptcy?**

Applications submitted while the applicant is in an active bankruptcy will receive a Statement of Ineligibility. However, if the bankruptcy can be dismissed or discharged quickly and the participant meets all other requirements of the mortgage assistance program applied for, we can continue with the review and provide a conditional approval. Filing bankruptcy after closing on a HomeSafe Georgia loan can cause loss of assistance per lender requirements. Please discuss this with your lender.