

**SHORT SALE ADDENDUM TO LISTING CONTRACT**

The following is part of an Exclusive Right to Sell Listing Agreement dated \_\_\_\_\_, by and between \_\_\_\_\_ (“Seller”) and \_\_\_\_\_ (“Broker”) concerning \_\_\_\_\_ (“Property”).

**1. SHORT SALE DEFINED:** The term “short sale” is used to describe a sale where the debt owing against a property combined with the costs associated with the sale exceeds the property’s market value. In a loan default situation (pre-foreclosure), lender(s) may be willing to agree to allow the property to be sold for less than the loan amount and/or accept less than (or “short”) the amount owed, and may or may not accept the net proceeds of sale as payment in full of the debt. Seller acknowledges there may be disadvantages to a short sale. Seller is advised to explore other options with lender(s) other than a short sale, such as loan modification, revised payment plan, refinance or entry into a lender(s) mitigation plan, if available.

**2. CREDIT CONSIDERATIONS:** A short sale may adversely affect Seller’s credit rating. Further, even if lender(s) agree to a short sale, lender(s) may not agree to forgive the debt entirely, and may require Seller to pay the difference as a personal obligation. If the loan is insured by the FHA or guaranteed by the VA, these entities may also require payment of the difference. Seller is strongly advised to consult independent legal counsel regarding the advisability of entering into a short sale agreement to be certain of the terms of any short sale before making a decision, and to obtain any debt forgiveness agreement in writing.

**3. TAX CONSIDERATIONS:** A short sale in which a portion of the debt is forgiven is considered a relief of debt and may be treated as income for income tax purposes. A lender who forgives a debt may submit a 1099 form to the IRS indicating the amount of the debt that has been forgiven. Seller is advised to obtain professional tax advice immediately regarding the tax implications and the advisability of entering into a short sale agreement.

**4. BROKER NOT LIABLE FOR LENDER(S) DECISIONS:** Seller is aware that lender(s) are not within the Broker’s control. Broker shall not be liable for any loss, damage or harm to the Seller resulting from: (a) Broker’s communications with a lender; (b) a lender’s rejection of the short sale terms; (c) failure of a lender to make a decision in a timely manner; or (d) imposition of terms or conditions by a lender. “Broker” includes Broker’s salespersons and real estate agents.

**5. SELLER IS AWARE THAT BROKER CANNOT PROVIDE TAX ADVICE OR LEGAL ADVICE.**

**6. AUTHORIZATION TO DISCLOSE SHORT SALE STATUS:** Seller hereby authorizes Broker to identify the property as a short sale in marketing materials and in the listing of Property with BCAR (Branch County Association of Realtors) and SWMRIC (Southwest Michigan Regional Information Center). Broker is further authorized to disclose to prospective buyers and their agents that terms of the sale may be subject to lender approval and that the transaction is likely to be a short sale. Broker shall have no liability for any loss, damage or harm to Seller from any such communication.

**7. AUTHORIZATION TO CONTACT LENDER(S) REGARDING SHORT SALE:** Seller hereby authorizes Broker to communicate with Seller’s lender(s) regarding the details of Seller’s loan and the possibility of lender(s) accepting less than the total amount owed in exchange for a release of the lien.

**8. SELLERS DUTIES:** Seller hereby agrees to cooperate with the Broker’s efforts to negotiate a reduced payoff amount by executing or providing any documentation required by Seller’s lender(s) in order to review or process the short payoff request. Such documentation may include, but is not limited to, the following: appraisal, copies of tax returns, pay stubs, bank statements, statement of assets, medical statements, or documentation to establish a hardship. Seller agrees to respond to Broker’s requests promptly, accurately and fully. Broker shall not be responsible to verify any information provided by Seller; and Seller agrees to indemnify, defend and hold Broker harmless for same.

Seller has read and understands this Addendum and acknowledges receipt of a copy of the same.

AGENT

SELLER

BROKERAGE FIRM

SELLER