

**ADDENDUM TO LISTING
AGREEMENT—SHORT SALE**



This Addendum is hereby made a part of the Listing Agreement between _____ as Seller and _____ as Broker, dated _____ regarding the real property at _____ ("the Property").

1. Acknowledgement of Short Sale. Seller acknowledges that Broker has informed Seller that the current fair market value of the Property may be less than the amount of Seller's loan(s) and other debts against the property due and owing to one or more lender(s), lienholder(s) and/or others with a financial interest in the Property (collectively, "Lender"). This situation is called a "short sale." Lender may be willing to accept an amount less than what is owed on the Property. Seller understands that any sale of the Property will be contingent upon Lender approval, and the terms of such approval may not be known until Close of Escrow. Furthermore, such terms may or may not be favorable to the Seller. Seller acknowledges that Lender is not required or obligated to accept a short sale. **Broker has no control over Lender approval, or any act, omission or decision by any lender in the short sale process. Seller understands that Lender's approval may take several weeks or months to obtain, and Broker cannot guarantee the timeliness of Lender's review, approval or rejection.** Seller Initials [_____] [_____]

2. Seller Options. Seller understands that there may be disadvantages to a short sale. Seller is advised to explore other options with Lender (and other appropriate professionals, such as attorneys, accountants, and qualified housing and credit counselors) such as loan modification or revised repayment plan; refinancing with Lender or another lender; bankruptcy; or voluntary deed-in-lieu of foreclosure. These options may have adverse consequences and the Seller must decide what option is best for his/her individual situation. If Seller decides to pursue another option, Seller agrees to immediately inform Broker. **Seller Initials** [_____] [_____]

3. Consequences of Short Sale. A short sale may have legal, tax and credit consequences. A short sale may be reported to credit reporting agencies and may adversely affect Seller's credit score. Even if Lender agrees to a short sale, Lender may not agree to forgive the entire debt. Seller may be required to pay the difference as a personal obligation (judgment). Where a portion of a debt is forgiven, the relief of debt may be considered as taxable income. Lender may issue a 1099 form to Seller and provide that information to the Internal Revenue Service. Seller acknowledges that Broker cannot provide legal, tax or credit advice. **Therefore, Seller agrees to seek advice from an attorney, a certified public accountant or other professional regarding the credit, legal and tax consequences of a short sale.** Seller Initials [_____] [_____]

4. Amount Owed. Seller agrees to cooperate with Broker, escrow and title companies and Lender to determine the amount of debt against the Property including, but not limited to, purchase money loans, home equity loans, homeowner association fees and/or fines, property taxes and other liens. Seller Initials [_____] [_____]

5. Foreclosure. Seller understands that failure to make loan payments may result in foreclosure of the Property by Lender. Seller represents that a Notice of Default and Election to Sell **has not -OR-** **has (date: _____)** been recorded against the Property. **If a Notice of Default has not been recorded against the Property as of the date of this Addendum, Seller agrees to notify Broker**

within five (5) business days of receipt of such a notice. Seller understands that the recording of a Notice of Default begins a statutory foreclosure period, which lasts a minimum of three (3) months and twenty (20) days. Seller understands that if the Property is not sold to a buyer before a foreclosure sale of the Property, Seller will lose all rights and interest in the Property. Seller understands that Broker cannot stop a foreclosure.

Seller Initials [_____] [_____]

6. Seller's Duties. Seller shall reasonably cooperate with Broker and Lender in the short sale process by providing documentation as may be required by Lender to review and approve the short sale request. Such documents may include (but are not limited to): current appraisal, tax returns, pay stubs, bank statements, financial statements, broker/agent authorization, medical records or other evidence of a financial hardship. Seller authorizes Broker to communicate with Lender regarding the details of Seller's loan and the approval of the short sale. Seller agrees to respond to Broker timely, completely and accurately. **Broker shall not verify any information provided by Seller and Seller agrees to defend, indemnify and hold Broker harmless for same.** **Seller Initials** [_____] [_____]

7. Disclosure of Short Sale. Seller acknowledges that Broker is required by the rules and policies of the Multiple Listing Service to identify the Property listing as a short sale. Seller authorizes Broker to further disclose to prospective buyers and their agent(s) that the transaction is likely to be a short sale and the terms of the sale may be subject to Lender approval. Broker shall have no liability for any loss, damage or harm to the Seller from any such communication. **Seller Initials** [_____] [_____]

8. Additional Terms. _____

All other terms of the Listing Agreement not modified by this Addendum shall remain the same. To the extent that any terms of this Addendum are in conflict with the Listing Agreement, this Addendum will control. **WHEN PROPERLY COMPLETED, THIS IS A BINDING CONTRACT. IF YOU DO NOT FULLY UNDERSTAND ITS CONTENTS, SEEK COMPETENT LEGAL AND TAX COUNSEL BEFORE SIGNING.**

SELLER:

Seller's Signature _____ Seller's Signature _____

Printed Name: _____ Printed Name: _____

Date: _____ Time: _____ Date: _____ Time: _____

BROKER:

Designated Licensee Signature _____ Date: _____

Printed Name: _____

Broker's Signature _____ Date: _____

Printed Name: _____