SHORT SALE ADDENDUM
TO LISTING CONTRACT

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ARIZONA association of REALTORS®
REAL SOLUTIONS. REALTOR® SUCCESS.

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REALTOR® EQUAL HOUSING OPPORTUNITY

1. Seller: _____
2. Buyer: _____
3. Premises Address: _____
4. Date: _____

5. **Seller acknowledges that Broker is not qualified to provide financial, legal, or tax advice regarding a short sale transaction.**
6. **Therefore, the Seller is advised to obtain professional tax advice and consult independent legal counsel immediately**
7. **regarding the tax implications and advisability of entering into a short sale agreement.**
8. **(SELLER'S INITIALS REQUIRED)** _____ _____ SAMPLE
SELLER SELLER

9. **SHORT-SALE DEFINED:** The term "short sale" is used to describe a sale in a situation where there is more debt owing against
10. a property than the property's value. In a loan default situation, (pre-foreclosure) the creditor(s) may be willing to agree to allow
11. the property to be sold for less than the loan amount and/or accept less than (or "short") the amount owed as payment in full.
12. ***Seller acknowledges that there may be disadvantages to a short sale.***

13. **CREDIT AND CREDITOR CONSIDERATIONS:** A short sale may adversely affect the Seller's credit score. Further, even if
14. the creditor(s) agrees to a short sale, the creditor(s) may not agree to forgive the debt entirely, and may require the Seller
15. to pay the difference as a personal obligation. If the loan is guaranteed by the FHA or VA, these entities may also require
16. payment of the difference. ***Seller is advised to be certain of the terms of any short sale before making a decision, and***
17. ***obtain any debt forgiveness agreement in writing.***

18. **TAX CONSIDERATIONS:** A short sale in which a portion of the debt is forgiven is considered a relief of debt and may be
19. treated as income for tax purposes. A creditor who forgives a debt may submit a 1099 form to the IRS indicating the amount
20. of the debt that has been forgiven.

21. **DETERMINING THE AMOUNT OWED:** Seller agrees to disclose all liens encumbering the Premises and to cooperate with
22. Broker(s), escrow company, and creditor(s) to determine the amount of debt owed on the property, including but not limited to,
23. purchase money loans, home equity loans, homeowner's association fees, property taxes and other tax liens.

24. **OBTAINING CREDITOR APPROVAL:** Obtaining creditor(s) approval of a short sale involves documentation similar to
25. that required for the original loan application. The Seller must generally establish that the Seller is financially incapable
26. of paying the loan(s). The Seller agrees to promptly submit to creditor(s) all requested documentation, including W-2 forms
27. from employers, bank statements, tax returns, "hardship letter" (stating the reason the creditor(s) should consider granting
28. a short sale) and other requested financial documents outlining income and debt. The Seller acknowledges that it may take
29. weeks or months to obtain creditor(s) approval of a short sale. Seller(s) agrees to grant creditor(s) permission to communicate
30. directly with Broker(s).

31. **OTHER OPTIONS:** Seller is advised to explore options with creditors other than a short sale, such as loan modification, revised
32. repayment plan, refinance or entry into a lender(s) loan mitigation program, if available.
33. Seller agrees to notify Broker if Seller decides to pursue other options.

34. _____ SAMPLE _____
^ SELLER SIGNATURE MO/DA/YR

35. _____ SAMPLE _____
^ FIRM NAME (BROKER) MO/DA/YR

SAMPLE

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		<Initials	Initials>		
BROKER	BROKER			SELLER	SELLER