

Short Sale Addendum – Exclusive Right to Sell Listing Agreement

The following provisions are made a part of the Exclusive Right to Sell Listing Agreement between _____ (Seller) and _____ (Broker) concerning the Property located at _____.

This addendum amends and/or supersedes, as applicable, any conflicting or inconsistent provisions of the above-referenced Exclusive Right to Sell Listing Agreement between Seller and Buyer. All other non-conflicting or consistent provisions of that Agreement remain in full force and effect.

1. Description of Short Sale.

A “short sale” is a real estate transaction in which the agreed upon purchase price for a Seller’s property is not sufficient to pay off the Seller’s total costs and expenses necessary to close the transaction and convey marketable title to the Buyer. These costs and expenses may include such things as the loan balance, late fees, if any, recorded liens, taxes, encumbrances, commissions and other charges that would normally be paid from Seller’s gross proceeds of sale at the time of closing (“Total Closing Costs”). As a result, the parties may experience significant time delays and other complications in the transaction while negotiating a reduction in the total closing costs with Seller’s creditors (“the Creditors”). By signing below the Broker and Seller have agreed that this transaction is a short sale and the Seller acknowledges that they have been advised by their Broker to secure competent legal tax and credit advice as necessary.

2. Short Sale Listing.

Seller authorizes Broker and its agent (whether serving as transaction broker or single agent) to: (a) market the Property as a short sale property in the MLS, in accordance with the MLS rules and regulations or other marketing medium; and (b) continue to market the Property for sale according to the MLS rules and regulations until the Creditors approve the short sale; and (c) disclose or provide any requested information or documentation to the Creditors for the purpose of obtaining approval from the Creditors in connection with the sale of the listed property; and (d) contact the Creditors’ workout, loss mitigation or similar department to obtain loan and/or lien status, account and payoff related information; and (e) provide comparables, broker price opinions (information regarding comparable properties, general condition of the community and the condition of the Property in relation to the other properties in the community), MLS and other data documenting the current value of the Property; and (f) provide any and all mortgage and/or other lien account and payoff information to prospective buyers and/or their agents or brokers; and (g) coordinate visual inspection of the Property by authorized representative(s) of the Creditors.

3. Short Sale Contingency.

Seller authorizes Broker and its agent to include a contingency for: (a) approval of the purchase price and all other terms of the sales contract by Seller’s Creditors; and (b) the Creditors agreement to accept a payoff which is less than the balance owed on the loan and/or lien; and (c) issuance by the Creditors of a release and satisfaction of the mortgage(s) and/or lien(s) upon receipt by the Creditors of the reduced payoff amount(s).

4. Seller's Obligations.

Seller shall promptly (upon receipt) furnish the Creditors with copies of the executed purchase and sale contract, preliminary closing statement prepared by the closing agent, seller's financial information such as pay stubs, tax returns, bank statements, medical bills, a hardship letter outlining Seller's financial difficulties to justify the short sale, proof of Seller's assets and liabilities, homeowner or condominium association lien status letters (when applicable) and any other documentation the Creditors deem necessary to substantiate Seller's inability to make repayment obligations to the Creditors.

5. Modification to Commission.

Seller acknowledges that the commission offered to a cooperating broker under the listing agreement may be modified if the Creditors reduce the compensation to be paid to Broker.

6. Effect of Short Sale.

Seller acknowledges that: (a) Seller will not receive any net sales proceeds at closing and may be required by the Creditors to deposit own funds into escrow; and (b) sale of the Property is possible if the Creditors agree to take less than what was owed as a payoff and that the Creditors may require the Seller to pay the difference of what was owed as a deficiency judgment; and (c) if the Creditors refuse to honor the approved discount(s) and closing is not possible, the Property could go to foreclosure; and (d) if the short sale is successful and there is no deficiency judgment, the discount received may become a taxable event to the Seller. Seller may also be taxed on gain in the value of the property from the date of Seller's purchase to the date of the sale. Seller is advised that other options, including but not limited to modification of the existing loan/lien, refinancing, bankruptcy, foreclosure or deed in lieu of foreclosure may be more appropriate than a short sale. Seller is advised to consult with the appropriate legal, tax and financial professionals.

7. Contingency Deadlines.

The Broker and Seller understand and agree that some or all of the performance or contingency deadlines contained in any Real Estate Purchase Agreement, may of necessity be extended due to the delays that are inherent in short sales, provided, however, those provisions relating to federal or state law, such as Lead Based Paint Disclosure, and Seller's Property Disclosure, must still be complied with as required by law The Broker and Seller acknowledge that written Creditor consent may never be issued, or if it is, there may be insufficient time for a buyer to complete all investigations and inspections prior to the scheduled closing date, without rescheduling said date.

8. Creditor Approval.

Broker and Seller acknowledge that closing of this short sale transaction will be primarily determined by decision of the Creditors. Until any contingency requiring approval of the Creditors in the Real Estate Purchase Agreement is removed in writing, or until closing, whichever first occurs, the Property may fail to close and the Real Estate Purchase Agreement be terminated as a result of the inability to obtain the timely consent of said Creditors. Upon such termination, all earnest money, if any, deposited with Broker by Buyer shall be promptly returned to Buyer. Broker and Seller acknowledge that neither the other party, nor their licensee or firm, have made any representations or warranties concerning the

