

# SHORT SALE ADDENDUM TO LISTING CONTRACT

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1. Seller: \_\_\_\_\_
2. Broker: \_\_\_\_\_
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 regarding the tax implications and advisability of entering into a short sale agreement. Seller is advised to consult the Arizona Department of Real Estate Short Sale Seller Advisory at [www.aaronline.com](http://www.aaronline.com) to assist Seller in exploring options other than a short sale and determining the advisability of entering into a short sale agreement.**

10. (SELLER'S INITIALS REQUIRED) \_\_\_\_\_ SELLER \_\_\_\_\_ SELLER

11. **SHORT-SALE DEFINED:** The term "short sale" is used to describe a sale in a situation where there is more debt owing against a property than the property's value. In a loan default situation, (pre-foreclosure) the creditor(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 as payment in full.
14. **Seller acknowledges that there may be disadvantages to a short sale.**

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

20. **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 tax purposes. A creditor who forgives a debt may submit a 1099 form to the IRS indicating the amount of the debt that has been forgiven.

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

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

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

36. ^ SELLER SIGNATURE \_\_\_\_\_ MO/DA/YR ^ SELLER SIGNATURE \_\_\_\_\_ MO/DA/YR

37. ^ FIRM NAME (BROKER) \_\_\_\_\_ MO/DA/YR

**For Broker Use Only:**

Brokerage File/Log No. \_\_\_\_\_ Manager's Initials \_\_\_\_\_ Broker's Initials \_\_\_\_\_ Date \_\_\_\_\_  
MO/DA/YR

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