

# RE BUFFET SHORT SALE ADDENDUM TO LISTING AGREEMENT

**SHORT SALE.** The term "short sale" is used to describe the sale of real estate where a creditor(s) with a lien against the real estate agrees to release its lien for payment of less than the amount owed. Since the creditor(s) is accepting less than the amount owed, the creditor(s) generally will not allow the payment of any proceeds from the sale of the real estate to the owner.

**CREDIT, DEFICIENCY AND FORECLOSURE.** A short sale will adversely affect Seller's credit rating. 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 Seller to pay the difference after closing as a personal obligation. If the loan is guaranteed by the FHA or the VA, these entities may also require payment of the difference. Seller is advised to closely review all short sale approval and closing documents to ascertain whether the creditor(s) are agreeing to forgive the debt entirely. If the creditor(s) will not agree to forgive the debt entirely, foreclosure may be a better option for Seller since foreclosure may discharge the debt entirely. Broker has not promised or represented that it will make payments, bring any loan(s) current, or save the Property from foreclosure. Broker does not advise Seller to miss or delay any payments to creditor(s) for purposes of obtaining creditor(s) approval of a short sale.

**TAX CONSIDERATIONS.** A short sale in which a portion of the debt is forgiven may be 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.

**DETERMINING THE AMOUNT OWED.** Seller agrees to cooperate with Broker, any short sale negotiator, the 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 liens.

**OBTAINING CREDITOR APPROVAL.** Obtaining creditor(s) approval of a short sale involves documentation similar to that required for the original loan application. Seller must generally establish that Seller is financially incapable of paying the loan(s). 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. Seller acknowledges that it may take weeks or months to obtain creditor(s) approval of a short sale. Seller authorizes creditor(s) to communicate directly with Broker.

**DISCLOSURE OF SHORT SALE.** Multiple Listing Service Rules and state law require Broker to disclose in the listing that it is a short sale. Seller understands that prospective buyers may view a short sale listing as an opportunity to pay less than market value since the seller likely must sell to avoid foreclosure. Seller also understands that the uncertainty and delay of the short sale process may deter many interested buyers.

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

**SHORT SALE NEGOTIATORS.** Broker may refer Seller to a short sale negotiator to negotiate a short sale with Seller's creditor(s). Broker will not receive compensation from third party short sale negotiators for the referral or for any reason. Broker does not guarantee and will not be responsible for the quality or performance of any short sale negotiator services. Seller is advised that there are many short sale negotiators available. Seller agrees to exercise their own judgment regarding selecting a short sale negotiator.

**EXPERT ADVICE.** Broker cannot provide legal, tax, or financial advice to Seller. Seller is advised to consult an attorney regarding the advisability of a short sale and to obtain professional review of important documents such as any debt forgiveness agreement, short sale approval, or short sale negotiator agreements. Seller is advised to consult an accountant or other tax professional regarding the tax implications of a short sale. Seller is advised to consult a credit counselor or other financial professional regarding the effect of a short sale on Seller's credit rating.

Signature:

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Seller

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Date

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Seller

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Date

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Broker

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