

SHORT SALE TRANSACTION DISCLOSURE

Seller(s) acknowledges the following items:

1. **SHORT SALE DEFINED:** The term "short sale" is used to describe a sale of a property in a situation where there is more debt owing against the property than the property's value. Depending on the circumstances of the borrower, a lender may be willing to agree to allow the property to be sold for less than the loan amount and/or the amount owed as payment in full. The Seller acknowledges that there may be disadvantages to a short sale.
2. **CREDIT AND CREDITOR CONSIDERATIONS:** A short sale may adversely affect the Seller's credit score. Further, even if the lender agrees to a short sale, the lender 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. Therefore, the Seller is advised to consult independent legal counsel regarding the advisability of entering into a short sale agreement, be certain of the terms of any short sale before making a decision, and obtain any debt forgiveness agreement in writing.
3. **TAX CONSIDERATION:** 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 must submit a 1099 form to the IRS indicating the amount of the debt that has been forgiven. Therefore, Seller is advised to obtain professional tax advice immediately regarding the tax implications and the advisability of entering into a short sale agreement.
4. **OBTAINING CREDITOR APPROVAL:** A short sale is contingent upon an agreement between the Seller and the Seller's lender's, acceptable to both, to sell the Premises for less than the loan amount(s). The Seller's lender may condition such acceptance on a review of the Seller's financial condition. Seller agrees to provide any information reasonably requested by Seller's lender. Seller(s) agrees to grant creditor(s) permission to communicate directly with Broker(s).
5. **OTHER OPTIONS:** Seller represents to Buyer that Seller has considered options other than a short sale, such as loan modification, revised repayment plan, refinance or entry into a lender(s) loan mitigation program, and wishes to continue. Seller agrees to go forward with this transaction.
6. **DEFICIENCY JUDGMENT:** Seller is aware that in certain circumstances there may be a possibility for lender(s) to issue a deficiency judgment after a short sale. Those circumstances may include but are not limited to mortgages in the short sale that were part of a cash out refinance or home equity line of credit.

SELLER(S):

Printed Name

Printed Name

Date _____

Date _____