

**SHORT SALE ADDENDUM TO  
EXCLUSIVE RIGHT TO SELL LISTING AGREEMENT**

This Short Sale Addendum is made on \_\_\_\_\_, to an Exclusive Right to Sell Listing Agreement dated \_\_\_\_\_, by and between \_\_\_\_\_ ("Seller") and **SSG Real Estate, LLC** ("Broker") for the Property: \_\_\_\_\_

**1. SHORT-SALE DEFINED.** The term "short sale" is used to describe a sale where the debt owing against a property combined with the costs associated with the sale exceed the property's market value. In a loan default situation (pre-foreclosure) 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, and may or may not accept the net proceeds of sale as payment in full of the debt. Seller acknowledges there may be disadvantages to a short sale. Seller is advised to explore other options with creditor(s) other than a short sale, such as loan modification, revised payment plan, refinance or entry into a creditor(s) mitigation plan, if available.

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

**3. 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 income 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. Seller is advised to obtain professional tax advice immediately regarding the tax implications and the advisability of entering into a short sale agreement.

**4. DETERMINING THE AMOUNT OWED.** Seller agrees to cooperate with Broker, settlement agent 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, tax liens, judgment liens, water or sewer liens, mechanics liens, and any other lien(s) which would prevent Seller from conveying marketable, insurable title to Purchaser.

