

Items I must have in order to qualify you for selling your home short of what is owed

- Third party authorization form to allow your realtor to talk to the bank on your behalf.
- All of the seller's debt and costs must be factored in before determining whether a short sale is feasible.
- A written hardship letter from borrower outlining his/her financial situation and the events that caused the financial hardship.
- Borrower's last two bank statements, checking and savings all pages.
- Borrower's two most recent state and federal tax returns with all schedules.
- Borrower's most recent summary statements for any 401K, retirement, or investment accounts.

Account Number: _____

Address: _____

Last Four Of SS# _____

Third Party Authorization Agreement

I, _____ (borrower) do hereby authorize the release of any and all information about my account to _____

For the duration of this transaction.

Borrower's Signature _____

Third Party Contact Info

Address: _____

Phone: _____

Third Party Signature _____

I understand that proceeding with a short sale may result in financial, tax and credit consequences and that I have been advised by _____ and The Reeves Team to obtain legal and tax advice before proceeding with a short sale.

Seller

Date

Seller

Date

SHORT SALE ADDENDUM TO LISTING CONTRACT



The printed portion of this contract has been approved by the ARIZONA ASSOCIATION OF REALTORS® ("AAR") This is intended to be a binding contract. No representation is made as to the legal validity or adequacy of any provision or the tax consequences thereof. If you desire legal, tax or other professional advice, consult your attorney, tax advisor, insurance agent or professional consultant.

- 1. SELLER: _____
- 2. BROKER: _____
- 3. PREMISES: _____
- 4. DATE: _____

5. **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. **The Owner acknowledges that there may be disadvantages to a short sale.**

9. **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. **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.**

15. **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 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.**


19. **DETERMINING THE AMOUNT OWED:** Seller agrees 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.

22. **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).

29. **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. Seller agrees to notify Broker if Seller decides to pursue other options.

32. _____
SELLER SIGNATURE MO/DA/YR

33. _____
FIRM NAME (BROKER) MO/DA/YR

Initials: _____ / _____ BROKER BROKER	 ARIZONA Association of REALTORS®	Initials: _____ / _____ SELLER SELLER
© 2007 Short Sale Listing Addendum		