



**SHORT SALE ADDENDUM
TO EXCLUSIVE RIGHT TO SELL
RESIDENTIAL BROKERAGE AGREEMENT**

ADDENDUM # _____ dated _____ to Exclusive Right to Sell Residential Brokerage Agreement
Between Seller(s) _____
and Broker _____
for Property known as _____.

1. **ACKNOWLEDGMENT OF SHORT SALE:** Seller acknowledges that the amount of money necessary to pay in full all loans, debts and obligations secured by lien(s) on the Property, including: 1) mortgage(s); 2) deed(s) of trust; 3) line(s) of credit; 4) unpaid property tax; 5) IRS or State tax liens; 6) judgments; 7) Broker's Fee; and 8) other customary and necessary costs of sale (collectively "Loans/Liens") may exceed the current market value of the Property. Seller is aware of Seller's options, including, but not limited to: 1) negotiating with secured lender(s) or creditor(s) ("Lender") to accept payment in full the proceeds from the sale of the Property, less closing costs and monies owed to Lender ("Short Sale"); 2) negotiating a modification of existing Loans/Liens, including a reduction of the current rate of interest or extension of time to re-pay; 3) refinancing; 4) bankruptcy; 5) foreclosure; or 6) deed-in-lieu of foreclosure. Seller has elected to seek a Short Sale of the Property. If Lender agrees to a Short Sale, the loan debt may not be forgiven entirely. In such event, Seller may be required to pay the difference as a personal obligation and Lender may obtain a judgment against Seller in any legal proceeding to collect the difference. If the Loans/Liens is/are insured by FHA or guaranteed by VA, Seller may be required to pay the difference.

2. **SHORT SALE LENDER APPROVAL:** In order to sell the Property as a Short Sale, Seller acknowledges that any contract for the sale of the Property shall be contingent upon the written approval of Lender within a specified time period as negotiated between Seller and any purchaser of the Property. Seller agrees to include a written Third Party Approval Contingency addendum in any contract offer that Seller accepts.

3. **REQUIREMENTS OF LENDER:** Seller acknowledges that a Short Sale is subject to Lender approval. Lender is not obligated to accept a Short Sale. Lender may impose conditions prior to consideration or approval of a Short Sale, such as obtaining a new appraisal, or requiring Seller to demonstrate hardship or provide copies of tax returns, pay stubs, assets, or other financial information. Lender may inform the IRS or credit reporting companies of the payment shortage. Broker has no control over Lender's decisions. Seller agrees to indemnify Broker and to hold Broker harmless for acts or omissions of Lender. The exact requirements of Lender may vary on a case-by-case basis.

4. **COOPERATION BY SELLER:** Seller acknowledges that time is critical in a Short Sale. Seller agrees to diligently and in good faith cooperate fully and in a timely manner and to promptly provide any and all information, documents, statements, or other written evidence as may be required or requested by Lender or Broker. Such information, document(s), statement(s), or other written evidence may include, but not be limited to: 1) W-2 forms; 2) bank statements; 3) federal and state tax returns; 4) profit and loss statements (if self-employed); 5) financial information disclosing income, assets and debts; and 6) a letter from Seller stating the reasons for hardship to explain why Seller is unable to pay the balance owed and the reason why the Lender should consider the Seller's request to approve a Short Sale. Seller acknowledges that Lender's approval of a Short Sale may take weeks or months to obtain, if approved at all, and that Seller's request for Lender approval of a Short Sale does not preclude Lender from initiating or consummating foreclosure proceedings. Broker, in Broker's sole and absolute discretion, shall have the right to cancel the Listing Agreement in the event Seller shall fail to cooperate with Lender or Broker by not providing all information, documents, statements or other written evidence as required or requested, including the failure of Seller to respond timely to verbal or written communications from Broker.

5. **AUTHORIZATION TO COMMUNICATE WITH LENDER:** Seller hereby irrevocably and unconditionally authorizes Broker to contact and communicate (NOT NEGOTIATE) with Lender throughout the term of the Listing Agreement concerning the application by Seller for a Short Sale, the status of Lender's approval, and the Lender's approval of the Short Sale. Seller agrees to promptly execute any written authorization as required by Lender to permit Broker to discuss with Lender on behalf of Seller, on a continuous basis, during the term of the Listing Agreement, any and all issues relating, directly or indirectly, to the Short Sale.

6. **SUBMISSION OF DOCUMENTS TO LENDER:** Seller authorizes Broker and Sales Associates affiliated with Broker to submit documents to Lender. Seller acknowledges that Broker is not conducting negotiations with Lender, but is merely submitting documents or other information requested by Lender in connection with considering the Short Sale request. Seller acknowledges that Seller must either personally negotiate with Lender or hire a Mortgage Assistance Relief Service Provider or a Maryland attorney to conduct the negotiation. Seller's signature on this Addendum will serve as Seller's authorization that Broker may submit required Short Sale or loss mitigation information and documentation on Seller's behalf.

7. **LENDER REQUESTS:** Broker shall inform Seller of any requests from Lender for a reduction in the real estate brokerage commission on the Short Sale.

8. **BROKER AUTHORITY:** Seller authorizes Broker to disclose to Lender, prospective purchasers and cooperating brokers, whether acting on behalf of Seller or prospective purchasers ("Cooperating Brokers"), that the sale of the Property is a Short Sale and subject to Lender approval. Seller further authorizes Broker to advise Cooperating Broker(s) that Broker may seek to reduce, on a pro-rata basis, the amount of compensation made by Broker through the Multiple Listing Service in the event Lender requires that Broker reduce the Broker's Fee to be paid by Seller, as a condition of the Lender's approval of the Short Sale. The authority as granted by Seller to Broker shall include information through the Multiple Listing Service, advertising, and any contract of sale.

9. **TAX CONSEQUENCES:** Seller acknowledges that if Lender agrees to accept less than full payment, the difference may result in taxable income to Seller even though Seller does not receive any cash proceeds from the sale. Seller may also be taxed on the gain in value of the Property from the date of Seller's purchase to the date of sale, regardless of the amount of any existing Loans/Liens. Seller acknowledges that Broker has advised Seller to consult with a tax advisor or tax professional to explain to Seller the potential income tax consequences of a Short Sale and the applicability of the Mortgage Forgiveness Debt Relief Act of 2007. Seller acknowledges that Seller shall solely and exclusively rely upon the advice of Seller's tax advisor or tax professional as to any and all tax consequences to Seller as a result of the sale of the Property. Seller warrants and represents that Seller has not and shall not rely or act upon any advice by Broker as to any and all tax consequences arising out of the sale of the Property.

10. **CREDIT CONSEQUENCES:** Seller acknowledges that a Short Sale may have a negative impact on Seller's credit rating even if a foreclosure process has not formally begun or once begun is not completed.

11. **TAX, CREDIT AND LEGAL ADVICE:** Broker has advised Seller to consult with legal, credit and tax counsel, prior to the execution of this Listing Agreement regarding the decision of Seller to seek a Short Sale. Seller further acknowledges that Seller is aware that Broker is not an attorney, credit counselor or accountant.

12. **ALTERNATIVES AVAILABLE TO AVOID FORECLOSURE:** Seller acknowledges that Broker has advised Seller to consult with a housing counselor or attorney for discussion about alternatives available to avoid foreclosure. Free housing counseling is available through the Maryland HOPE Program at 1-877-462-7555. Legal advice is available from Legal Aid Bureau, Inc., Foreclosure Legal Assistance Project at 1-800-444-4099.

13. **LIMITATIONS AND INDEMNIFICATION OF BROKER:** Seller acknowledges that Broker will facilitate the Short Sale solely by communications between Seller and Lender. Broker shall have no authority to negotiate the terms and conditions of the Short Sale on behalf of Seller. All matters requiring action or decision by Seller shall be communicated to Seller by Broker for approval by Seller. Seller or Seller's legal or accounting representative is solely and exclusively responsible for direct negotiations with the Lender as to the debt owed. Seller agrees to indemnify and hold harmless Broker, Broker's agents, officers, principals and employees from any and all liability, of every type and nature, arising out of Broker's efforts to facilitate the Short Sale as contemplated in this Addendum or any action or decision by Lender.

Seller represents and warrants that Seller has read and understands the terms and conditions of this Addendum and that Broker has provided to Seller a fully executed copy of this Addendum.

Seller Date

Seller Date