

**SHORT SALE ADDENDUM TO LISTING CONTRACT**

**SSL**

This form recommended and approved for, but not restricted to use by, the members of the Pennsylvania Association of REALTORS® (PAR).

1 **PROPERTY** \_\_\_\_\_  
2 **BROKER (Company)** \_\_\_\_\_  
3 **SELLER** \_\_\_\_\_

4 \_\_\_\_\_  
5 **DATE OF LISTING CONTRACT** \_\_\_\_\_  
6

- 7 1. A Short Sale is a transaction in which Seller's proceeds are less than the amount necessary to pay off liens secured by the property. Examples
- 8 of such liens include, but are not limited to, mortgages, home equity lines of credit, tax claims, homeowners' association or condominium
- 9 fees, and legal judgments.
- 10 2. A Short Sale may require the approval of one or more third parties, unlike a traditional transaction which only requires the approval of
- 11 the buyer and seller. In a Short Sale, after Buyer and Seller have agreed on the terms of the Agreement of Sale, Seller may need to obtain
- 12 the approval of the lender(s) or other lien holder(s) ("Creditor(s)").
- 13 3. In a potential Short Sale, Creditors can take an extended period to respond to a Short Sale request. In some cases Creditors do not respond
- 14 at all. Delays in Creditor approval can make it difficult to set a specific settlement date. In the event that Creditors do not communicate
- 15 with Broker, Seller agrees to take all steps to communicate with Creditors as necessary.
- 16 4. (A) First Mortgage Company: \_\_\_\_\_
- 17 Balance: \$ \_\_\_\_\_ Number of Payments Missed: \_\_\_\_\_ Past Due Amount: \$ \_\_\_\_\_
- 18 Account #: \_\_\_\_\_ Lender's Phone #: \_\_\_\_\_ Lender's Fax #: \_\_\_\_\_
- 19 (B) Second Mortgage Company: \_\_\_\_\_
- 20 Balance: \$ \_\_\_\_\_ Number of Payments Missed: \_\_\_\_\_ Past Due Amount: \$ \_\_\_\_\_
- 21 Account #: \_\_\_\_\_ Lender's Phone #: \_\_\_\_\_ Lender's Fax #: \_\_\_\_\_
- 22 (C) Judgements: \_\_\_\_\_
- 23 State or Federal Income Tax Liens: \_\_\_\_\_
- 24 Real Estate Tax Liens: \_\_\_\_\_
- 25 (D) Bankruptcy: \_\_\_\_\_
- 26 (E) Additional mortgages, liens, bankruptcies or other financial issues that may affect the sale of the property: \_\_\_\_\_

- 27
- 28 (F) Are you 60 or more days late in the payment of your mortgage?  Yes  No
- 29 (G) If you are more than 60 days late in the payment of your mortgage, you may have received an Act 91 Notice from your Creditors.
- 30 Have you received an Act 91 Notice?  Yes  No (See Notice Regarding Act 91)

- 31 5. If this transaction could be a Short Sale, Seller may be required to disclose that fact on the Seller's Property Disclosure Statement.
- 32 (See Notice Regarding Seller's Property Disclosure)
- 33 6. Broker is authorized to notify Buyer that Property is a potential Short Sale. Seller authorizes Broker to state in the MLS that the Purchase
- 34 Price and other terms of the property transfer are subject to approval by Creditors.
- 35 7. Seller authorizes individuals listed below to communicate with Creditors listed in Paragraph 4 and to conduct negotiations on Seller's behalf.
- 36 Seller also authorizes Creditors to release any necessary information to the individuals listed below. Seller agrees to cooperate with Listing
- 37 Broker in submitting all documents required by Creditors. (See Notice Regarding Seller Documentation)

38

39 Name: \_\_\_\_\_ Email: \_\_\_\_\_

40 Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

41 Name: \_\_\_\_\_ Email: \_\_\_\_\_

42 Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

43 (Attach additional authorized individual information as necessary)

44

45 **Seller is advised to seek professional legal and financial advice in order to understand the potential legal and tax implications, of entering**

46 **into a Short Sale agreement. (See Notice Regarding Tax Implications)**

**WITNESS** \_\_\_\_\_ **SELLER** \_\_\_\_\_ **DATE** \_\_\_\_\_

**SELLER'S DATE OF BIRTH** \_\_\_\_\_ **LAST FOUR DIGITS OF SELLER'S SSN** \_\_\_\_\_

**BROKER (Company Name)** \_\_\_\_\_

**ACCEPTED BY** \_\_\_\_\_ **DATE** \_\_\_\_\_

## NOTICE REGARDING ACT 91

- Pennsylvania's Act 91 of 1983, (35 P.S. §1680.401c - 1680.409c) provides an automatic temporary stay of foreclosure under specific circumstances.
- (A) If you receive an Act 91 Notice, you will have an automatic stay of 30 days, during which you must have a face-to-face meeting with an approved credit counseling agency. The lender must delay further action until at least 30 days after this meeting.
  - (B) If you are unable to resolve the default with your mortgage lender you may qualify for assistance from the Homeowners' Emergency Mortgage Assistance Program (HEMAP). The credit counseling agency you meet with will have more information on making applications for HEMAP assistance.

The Pennsylvania Housing Finance Agency (PHFA) is a good resource for learning about Short Sales. PHFA can be reached at [www.phfa.org](http://www.phfa.org) or (800) 342-2397.

## NOTICE REGARDING SELLER'S PROPERTY DISCLOSURE

The Pennsylvania Seller Disclosure law requires disclosure of certain information regarding a property. One disclosure question requires sellers to disclose whether they will be able to pay off all liens from the proceeds of the sale. If you are in a position to have a potential Short Sale because the proceeds of the sale will not be sufficient to pay off all liens held by various Creditors, you must disclose this in the Seller's Property Disclosure Statement.

## NOTICE REGARDING SELLER DOCUMENTATION

Seller may be required to provide documentation to Creditors during the Short Sale process. Listed below are some items that may be requested during a Short Sale:

**Hardship Letter:** A letter composed by the Seller to explain the circumstances that led to the current financial situation.

**Hardship Proof:** Documents supporting the circumstances laid out in the hardship letter, which may include layoff notification, medical bills, death certificate, or divorce or bankruptcy papers.

**Financial Statements:** Documents stating monthly income and expenses.

**Bank Statements:** Last two months' statements to show balances and verify that deposits and withdraws are consistent with the financial statements.

**Pay Stubs:** The last 3 pay stubs to prove your current income or, if unemployed, a letter stating as much.

**Tax Returns:** The first two pages of Seller's last two tax returns or, if returns were not filed, a letter stating as much.

**List of Repairs:** Outline the costs required to bring the property to market value.

**Listing Agreement:** Includes the fee that is expected to be paid to Seller's agent.

**Agreement of Sale:** Complete offer for the property, accepted by Buyer and Seller.

**Net Sheet:** Itemizes all closing costs and provides the amount the Creditors will receive at closing. A HUD- I form may also be required at closing, which is normally provided by the title company or real estate attorney.

**MLS Printout:** Copy of the MLS listing as proof that the property is on the market.

## NOTICE REGARDING TAX IMPLICATIONS

Creditors who forgive a debt as part of a Short Sale must submit a Form 1099 to the IRS indicating the amount of the debt that has been forgiven. This forgiven debt may be taxable, although the Mortgage Forgiveness Debt Relief Act of 2007 ( Pub. L. 110-142) may allow debt traditionally treated as taxable by the IRS as non-taxable. A Short Sale may also have other tax implications. Consult a tax accountant before beginning the Short Sale process.