

SHORT SALE ADDENDUM TO AGREEMENT OF SALE

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

1 **PROPERTY** _____

2 **SELLER** _____

3 _____

4 **BUYER** _____

5 **DATE OF AGREEMENT** _____

6

7 1. This transaction is a potential Short Sale.

8

9

10 2. 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.

11 Examples of such liens include, but are not limited to, mortgages, home equity lines of credit, tax claims, homeowners' association/

12 condominium fees, and legal judgments.

13

14 3. The Agreement of Sale is contingent upon Seller obtaining approval of the terms and conditions of the Agreement of Sale by each lender or

15 other lien holder being asked to accept a payoff less than the full amount due ("Creditor(s)"). Buyer and Seller acknowledge that it may

16 take an extended period of time to obtain Creditor approval of a Short Sale. Seller makes no representations about the response time of

17 Creditors.

18

19 4. Seller will submit the executed Agreement of Sale and all required documentation (See Notice Regarding Seller Documentation) to

20 Creditors within 5 DAYS of execution of the Agreement of Sale.

21

22 5. If Creditors require a change in the terms or conditions relating to the transaction as a condition of approving the Agreement of Sale, Seller

23 will communicate these requirements to Buyer in writing within 5 DAYS of receiving the requirements from Creditors. Buyer and

24 Seller are not bound by any changes proposed by Creditors unless Buyer and Seller agree in writing to make those changes. If either Buyer

25 or Seller refuse to accept any changes required by Creditors as a condition of approving the Agreement of Sale, Buyer or Seller may

26 terminate the Agreement by written notice to the other party, with all deposit monies returned to the Buyer according to the terms of the

27 Agreement of Sale.

28

29 6. If Creditor approval of the Agreement of Sale has not been received by _____, Buyer or Seller may terminate

30 the Agreement of Sale by written notice to the other party, with all deposit monies returned to the Buyer according to the terms of the

31 Agreement of Sale.

32

33 7. All other terms set forth in the Agreement of Sale, **including inspection and contingency periods and all other time periods**, are as

34 stated in Agreement of Sale.

35

36 **Buyer and Seller are advised to seek professional legal and financial advice before making a Short Sale offer.**

BUYER _____

BUYER _____

BUYER _____

WITNESS _____ **SELLER** _____ **DATE** _____

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-1 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 MAINTENANCE AND REPAIR

Buyer is advised that in a Short Sale, Creditors will often retain the right to approve all financial aspects of the transaction, including expenses for repairs or ongoing maintenance of the Property. Creditors may not approve seller expenditures for these purposes, and Seller's financial situation may not allow for these costs to be covered directly by Seller.