

ADVISORY TO SELLER REGARDING SHORT SALE

Property: \_\_\_\_\_ (“Property”)  
Seller: \_\_\_\_\_ (Seller”)  
Seller: \_\_\_\_\_ (“Seller”)  
Listing Broker/Agent \_\_\_\_\_ (“Broker”)

A “Short Sale” occurs when the debt secured by a property offered for sale exceeds the net sales price. Under this scenario, one or more Lenders who have a note secured by the property offered for sale may accept less than the actual amount owed. In light of the possibility of a Short Sale of the Property, Seller is urged to consider the following:

Seller(s) Urged to Consult with CPA, Attorney & Credit Specialist: Broker will not provide tax advice, credit advice and/or legal advice regarding the marketing and sale of the property. Because of this, Broker urges Seller to consult with a Certified Public Accountant, Credit Consultant, and Attorney (s) specializing in real property, taxation and bankruptcy issues before accepting any offer to sell the property. To the extent Seller fails to obtain the foregoing advice, they are acting against Broker advice.

( \_\_\_\_\_ )                      ( \_\_\_\_\_ )  
Seller’s Initials                      Seller’s Initials

No Guarantee of Short Sale and/or Sale of Property: While Broker will undertake their best efforts marketing the Property offered for sale, and seek Lender(s) approval of a short sale, Seller is advised that Broker does not guarantee that the Lender (s) will approve the short sale and further that sale of the property offered for sale will close escrow.

( \_\_\_\_\_ )                      ( \_\_\_\_\_ )  
Seller’s Initials                      Seller’s Initials

Negative Tax Implications: When a cancellation of debt occurs, The Internal Revenue Service (“IRS”) will treat any unpaid amount owed by the Borrower as taxable income. This means the difference between the total amount due to fully satisfy a loan and the amount actually paid to fully satisfy the debt will be taxable. This will cause a Form 1099 to be issued, thus resulting in additional tax liability to the Seller(s). Because of this, Seller is urged to consult with a Certified Public Accountant to review all tax and accounting issues relating to the sale of the property.

( \_\_\_\_\_ )                      ( \_\_\_\_\_ )  
Seller’s Initials                      Seller’s Initials

Negative Credit Implications: When a Lender (s) accepts less than the amount owed to them, this is negatively reflected within the Seller/Borrower’s credit history and diminishes their ability to obtain future credit and/or increase the costs of future credit.

( \_\_\_\_\_ )                      ( \_\_\_\_\_ )  
Seller’s Initials                      Seller’s Initials

Seller’s Signature \_\_\_\_\_ Date: \_\_\_\_\_

Seller’s Signature \_\_\_\_\_ Date: \_\_\_\_\_