



Buyer Short Sale Info and Addendum



BUYER'S INFORMATION FORM – SHORT SALE PROPERTIES

This Buyer's Disclosure for Short Sale Properties is being provided by Go Title to provide you with general information regarding the typical "Short Sale" transaction from a buyer's point of view.

WHAT IS A SHORT SALE?

A Short Sale occurs when a property sells for a price that is insufficient to pay back the loans secured by the property (or any other liens against the property, such as delinquent property taxes, Homeowners/Condominium Association fees, etc.), as well as standard sales closing costs. In order to complete such a sale, the Seller must either: (1) come to the closing with sufficient cash from other sources to cover these shortfalls; or, (2) the Seller's lender must agree to forgive all or a portion of the amounts the Seller is "short" or make other arrangements for repayment (such as execution of a promissory note). This second alternative is commonly known as a Short Sale. The Seller's lenders will generally not allow the Seller to receive any proceeds or otherwise obtain any monetary benefit as part of a Short Sale.

IS A SHORT SALE A "BETTER DEAL" THAN OTHER PROPERTIES?

Buying a property through a Short Sale may be a "good deal," but that is not always the case. First, there is no assurance that a Seller will obtain approval of the sale from the lender. Each lender has its own requirements to qualify. Most lenders will not allow the Seller to pay for repairs or to provide repair credits. As such, your best, and perhaps only, opportunity to purchase a Short Sale property will be on an "As-Is with Right to Inspect" basis (which allows you to inspect the property and cancel the contract if repairs exceed an agreed upon amount). Also, lenders will typically limit or not allow closing costs and other credits to be given to a buyer on a Short Sale. While you may consider purchasing a property that is subject to Short Sale approval, there may be other properties available through a traditional transaction which you may find better satisfies your goals.

HOW LONG WILL IT TAKE TO GET A SHORT SALE APPROVED?

Every Short Sale situation is different and depends upon many different factors such as the Seller's individual circumstances, the nature of the loan(s) and other liens against the property, and the Seller's lender's criteria and staffing. Many lenders will not even begin to review a Seller's request until a contract for sale has been executed, which may further delay the process. In addition, many lenders will require the Seller to provide detailed financial information and may also perform appraisals of the property to determine whether it is in fact worth less than the outstanding mortgage amount. While some lenders are able to review Short Sale requests quicker than others, many lenders can take several weeks or more.

WHAT SHOULD I INCLUDE IN MY CONTRACT FOR A SHORT SALE PROPERTY?

Because the Short Sale approval process may take several weeks or longer, it is important that you include in your offer to purchase provisions that limit the time that the Seller may have to obtain approval for a Short Sale, as well as other protections that address when the time periods provided under the Contract will begin, and what the Seller may or may not do should other offers be presented before the Contract has been approved by the Seller's lender(s).

If these protections are not in your contract for a Short Sale property, you may be tied up in a contract for a significant period of time or may lose out on the ability to purchase the property because the owner submits other offers to their lender(s) for approval which may be accepted.

*****NEXT PAGE HAS SHORT SALE ADDENDUM THAT WILL NEED TO BE SIGNED AND TURNED IN WITH AS/IS OFFER FOR PURCHASE*****



SHORT SALE ADDENDUM TO PURCHASE CONTRACT

The following provisions are made part of the purchase contract ("Contract") for the property located at:
_____ (the "Property")

between _____ ("Seller")

and _____ ("Buyer")

THIS CONTRACT IS A SHORT SALE AND IS SUBJECT TO THE TERMS AND PROVISIONS OF THIS ADDENDUM.

1. **Approval of the Lender:** This Contract is contingent upon: (a) the Seller's lender(s) and/or other lien holder(s) (collectively the "Lender") approval of the purchase price, terms of the Contract and the HUD-1 settlement statement (b) the Lender's agreement to accept a payoff which is less than the balance due on the loan or other indebtedness and (c) the Lender's release and satisfaction of the mortgage(s) and/or other lien(s) upon receipt of the discounted payoff. If Seller does not deliver written notice to Buyer that Lender has approved the purchase price and contract terms within 90 days from Effective Date ("Approval Deadline"), either party may within five (5) days thereafter cancel the Contract by delivering written notice to the other.

2. **Effective Date and Time for Acceptance:** The Effective Date and the time for acceptance of all offers and counteroffers under the Contract shall be commence from the date the seller delivers written notice to buyer that the contract has been approved by lender.

3. Lender(s) reserve the right to counter-offer at which time Buyer will have 48 hours to accept or the contract will become null and void. Buyer will receive a refund of its deposit if counter-offer is not accepted. A counter-offer will come in the form of a preliminary Closing Statement prepared by the chosen title company or, in some cases, directly from the Lender.

4. Listing Broker shall continue to market the property as "active" in the MLS and accept back up offers until such time that all Lien holders approve a short sale offer.

5. The seller will receive no proceeds from this transaction. The seller has no funds to contribute to closing costs and is unable to pay for maintaining the property. If the buyer needs the utilities turned on for inspections and appraisals, then it will be at the buyer's expense. If there are renters in the property, no proration of rents or rental deposits will be conveyed to new buyer. Please account for this when making an offer.

6. Approval from the lender may be in the form of an email

7. Buyer agrees to purchase the property "as is" and "where is" condition.

8. Buyer acknowledges that sellers' lenders are not a party to the contract and therefore are not obligated to approve the contract or to effectuate a short sale involving the contract after approving the contract and its terms. Buyer further acknowledges that seller is not liable for delays caused by lender or costs and expenses incurred by buyer under the contract if lender does not complete the short sale after the lender approves.

9. A fee of 1,500 will be paid to sellers' short sale negotiators at closing. It is understood between the parties that every attempt will be made for this fee to be paid by the sellers' lender, but if the lender disallows any portion of this fee then it will be paid by buyer at closing.

10. Buyer and Seller understand and acknowledge that Go Title, Inc. will start the processing of the short-sale approval with ALL lien holders once the Escrow Deposit and/or Escrow Letter showing "cleared" funds has been provided to Go Title, Inc.

11. In the event that the short-sale is approved by all Lenders within the time-period established in the Short Sale Addendum to Purchase and Sale Contract and Buyer defaults under the terms specified in the Contract, Buyer and Seller authorize the Escrow Agent to disburse \$1,000.00 from the Escrow Deposit to sellers short sale negotiator.

12. Buyer and Seller do hereby agree that Go Title, Inc. and/or its affiliates will act as title, closing and Escrow Agent. Seller will pay for the Owner's Title Insurance Policy to be paid from the Lender's proceeds. Title Insurance policy (ies) will be underwritten by Old Republic National Title or any other Underwriter designated by Go Title, Inc.

13. Commission may change upon Lender's approval of the Short-Sale. It is hereby agreed that total commission approved by the Lender will be split 50/50 between Listing and Selling Agents.

14. If there is any conflict between the terms of this Addendum and any provision in the Contract, this Addendum supersedes and will prevail.

15. Acknowledgement by Buyer: Buyer acknowledges that the Lender is not a party to the Contract and therefore is not obligated to approve the Contract. Buyer further acknowledges that Seller and Broker are not liable for delays caused by Lender, failure of the Lender to approve the Contract, failure of the Lender to complete the Short Sale after approving the Contract or any costs and expenses (such as payments for loan applications, inspections, and appraisals) associated with the delays or Lender's failure to approve the Contract or complete the Short Sale after approving the Contract.

16. Multiple Offers: Unless otherwise agreed by Buyer and Seller in writing, Seller may continue to market the Property for sale and accept other offers and submit those accepted offers to the Lender. Buyer acknowledges that Lender may consider this Contract for approval at the same time Lender considers other offers or contracts and that Lender is not required to consider this Contract in the order it was submitted to the Lender.

This Addendum amends the above-referenced Contract between Seller and Buyer. All other non-conflicting provisions of the Contract remain in full force and effect.

Seller: _____ Date: _____

Seller: _____ Date: _____

Buyer: _____ Date: _____

Buyer: _____ Date: _____