



# SHORTSALE ADDENDUM

## Loan Discount Approval

Prepared by: Agent \_\_\_\_\_ Phone \_\_\_\_\_  
 Broker \_\_\_\_\_ Email \_\_\_\_\_

DATE: \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_, California.

Items left blank or unchecked are not applicable.

### FACTS:

1. This is an addendum to the following agreement:

- Purchase Agreement  Counteroffer
- Escrow Instructions  \_\_\_\_\_
- 1.1  of same date, or dated \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_, California,
- 1.2 entered into by \_\_\_\_\_, as the Buyer, and
- 1.3 \_\_\_\_\_, as the Seller,
- 1.4 regarding real estate referred to as \_\_\_\_\_.

### AGREEMENT:

In addition to the terms of the above referenced agreement, Buyer and Seller agree to the following:

- 2. Close of escrow under this agreement is conditioned on Seller obtaining payoff demands at a discount from the lienholders of record in full satisfaction of all amounts owed them.
  - 2.1 The discounts are to be amounts which collectively allow Seller to fully perform on this agreement and escrow instructions without the need for escrow to call for funds from Seller to close escrow.
  - 2.2 Seller on opening escrow to promptly request payoff demands from the lienholders, directly or through escrow, and diligently assist each lienholder in their analysis of their discount and processing of their payoff demand by providing them with information and documentation on themselves and this transaction.
- 3. After \_\_\_\_\_, 20\_\_\_\_, this agreement may be terminated by either Buyer or Seller should Seller be unable to obtain written payoff demands, or consent from the lienholders, to accept Seller's proceeds from this transaction which remain after disbursement of all costs incurred by Seller in the full performance of this agreement and escrow instructions. [See **ft** Form 183]
- 4. Seller may accept backup offers contingent on the cancellation of this agreement.
  - 4.1 If backup offers are received, they will be submitted to the lienholders for payoff demands which may be accepted by the lienholders in lieu of a payoff demand on escrow complying with this agreement.
  - 4.2 Should lienholders submit a written payoff demand in a backup offer acceptable to Seller, Seller may terminate this agreement. [See **ft** Form 183]
- 5. The Seller understands a discount by a lienholder in full satisfaction of the debt owed will likely have consequences on the Seller's creditworthiness and income tax reporting, and other unforeseen difficulties, including,
  - 5.1 The delinquencies on payments due the lienholders and the discount allowing for payment of a lesser amount then owed may be reported by the lienholder to credit reporting agencies and adversely affect the Seller in the future.
  - 5.2 The amount of the interest on the discount on the principal will be reported by the lienholder to the IRS as a 1099 Form receipt of income, and depending on the recourse or nonrecourse nature of the debt discounted, or whether secured by the Seller's principal residence, will be reported by the Seller as discharge of indebtedness income, part of the price realized on the sale or a reduction in cost basis.
  - 5.3  Seller may terminate this agreement within five days of acceptance, based on Seller's reasonable disapproval or the disapproval of tax or legal advisors to the Seller, of the consequences of this discount on Seller's credit or tax reporting, or on liability issues arising due to the discount. [See **ft** Form 183]

#### I agree to the terms stated above.

Date: \_\_\_\_\_, 20\_\_\_\_  
 Buyer: \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 Buyer: \_\_\_\_\_  
 Signature: \_\_\_\_\_

#### I agree to the terms stated above.

Date: \_\_\_\_\_, 20\_\_\_\_  
 Seller: \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 Seller: \_\_\_\_\_  
 Signature: \_\_\_\_\_