



CLEAN DRAFT - For use during 5/25/17 SFC meeting

SHORT SALE ADDENDUM TO EXCLUSIVE RIGHT-TO-SELL LISTING CONTRACT

Hawaii Association of REALTORS® Standard Form Revised For Release from subcommittee 2/5/17



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Short Sale Addendum is made a part of Exclusive Right-to-Sell Listing Contract:

Property Reference or Address: _____

Tax Map Key: Div. ____/Zone ____/Sec. ____/Plat ____/Parcel ____/CPR ____ (if applicable).

Definitions:

The term "Short Sale" is used to describe a sale where: (1) the liens against a property combined with the associated costs will exceed the purchase price of the property and (2) the Seller will be asking the lien holder for a release of the lien on the subject property without a complete payoff. (A property in a short sale may not be a Distressed Property.)

- 1. Professional Advice: Seller understands that a short sale can have serious legal, cash, and credit consequences, and may result in taxable income and other adverse tax consequences to Seller. Seller has been advised to obtain advice from a licensed Hawaii attorney, Certified Public Accountant and other experts prior to entering into the Exclusive Right-to-Sell Listing Contract. Seller has been notified that there are alternatives to a short sale that Seller may wish to explore with these professionals, such as but not limited to foreclosure, voluntary deed in lieu of foreclosure, bankruptcy, refinancing, loan modification agreements, etc.
2. Hawaii Mortgage Rescue Fraud Prevention Act of 2008: If, at any time during the listing term and pendency of any executed Purchase Contract, (i) Property becomes a Distressed Property, and (ii) Seller uses, directly or indirectly, the services of a Distressed Property Consultant, Seller shall notify Brokerage Firm immediately in writing and authorizes Brokerage Firm to disclose to prospective buyers and their agents that the sale is subject to the Hawaii Mortgage Rescue Fraud Prevention Act of 2008.
3. Disclosure: Seller hereby authorizes Brokerage Firm to identify Property as a short sale in marketing materials including the Multiple Listing Service ("MLS"). Brokerage Firm is further authorized to disclose to prospective buyers and their agents that terms of the sale may be subject to lien holders' approval and the transaction is likely to be a short sale.
4. Seller's Obligations: Seller hereby agrees to cooperate in good faith and in a timely manner to negotiate the conditions of a short sale with lien holders and Buyer. This may include providing information which lien holders may require. Seller agrees to respond to lien holders' requests promptly, accurately and fully.
5. Short Sale Addendum to Purchase Contract: Seller agrees to use the Short Sale Addendum to Purchase Contract which has been attached for reference.
6. Brokerage Firm Liability: Seller understands that lien holders are not within the Brokerage Firm's control. Brokerage Firm shall not be liable for any loss, damage or harm to Seller resulting from any communication between lien holders and Brokerage Firm, lien holders' rejection of Purchase Contract terms or commissions, the imposition of additional requirements on Seller, the failure of lien holders to act in a timely manner, or lien holders' proceeding with foreclosure.

BROKER'S INITIALS & DATE

SELLER'S INITIALS & DATE



7. **Commission Obligations:** Seller understands and agrees that Brokerage Firm is not obligated to negotiate commissions for purposes of accommodating a short sale.

Seller _____ Date _____

Brokerage Firm _____

Title _____

Seller _____ Date _____

Principal Broker or Broker-in-Charge _____ Date _____

Title _____

NOTE: THERE IS NO WARRANTY ON PLAIN LANGUAGE. An effort has been made to put this agreement into plain language. But there is no promise that it is in plain language. In legal terms, THERE IS NO WARRANTY, EXPRESSED OR IMPLIED, THAT THIS AGREEMENT COMPLIES WITH CHAPTER 487A OF THE HAWAII REVISED STATUTES, AS AMENDED. This means that the Hawaii Association of REALTORS® is not liable to any Buyer, Seller, or other person who uses this form for any damages or penalty because of any violation of Chapter 487A. People are cautioned to see their own attorneys about Chapter 487A (and other laws that may apply).

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