

## DISCLOSURES REGARDING SHORT SALE AND RELEASE OF LIABILITY

Sellers: \_\_\_\_\_

Property: \_\_\_\_\_

First mortgagee agreeing to short sale: \_\_\_\_\_

Second mortgagee agreeing to short sale: \_\_\_\_\_

Third mortgagee agreeing to short sale: \_\_\_\_\_

Whether a single or multiple mortgages are agreeing to a short sale, they are referred to collectively below as Lender.

The closing of this real estate transaction involves what is known as a "short sale", in that the Lender has agreed to release its mortgage while accepting less than the entire principal, interest and other costs previously agreed to by Sellers and Lender and owed under Sellers' promissory note. Despite releasing its mortgage, Lender may not have agreed to modify or cancel the promissory note associated with the mortgage. Sellers are aware that, and it has been explained to them by their representatives, that: (1) after the closing, the Lender may have the right to recover from Sellers the difference (usually referred to as a delinquency) between the full amount owed to Lender and what the Lender receives from the sale proceeds; and (2) there may be tax consequences for the Sellers.

Sellers have been advised that they should consult with independent counsel and a tax advisor about these issues. Sellers acknowledge that: (1) \_\_\_\_\_ and/or its escrow agent are not providing any advice regarding Sellers' tax liability, debt liability or legal liability in regard to this short sale; and (2) resolving these issues **is not the responsibility of** \_\_\_\_\_

Sellers expressly acknowledge the limited role that \_\_\_\_\_ has in the closing of this short sale, and releases \_\_\_\_\_, its employees, shareholders, directors, officers, heirs and assigns from all claims of any nature that pertain to: 1) Sellers not being relieved of the entire sum they own Lender under the promissory note Sellers executed with Lender; and 2) any tax consequences Sellers may incur as a result of Lender forgiving any debt owed by Sellers.

Date: \_\_\_\_\_