

[Date]

[Borrower Name]
[Property Address]
[Loan Number]

Subject: Short Sale Approval and Release of Deficiency Liability

Dear **[Borrower Name]**,

This letter serves as formal notification that **[Lender Name]** has approved the short sale of the property located at **[Property Address]** for the purchase price of **[\$Amount]**.

Upon the successful closing of this transaction and the receipt of the net proceeds as outlined in the HUD-1 Settlement Statement, **[Lender Name]** agrees to the following:

- **Full Satisfaction:** The lender accepts the proceeds as full and final satisfaction of the mortgage debt associated with the aforementioned loan number.
- **Release of Lien:** The lender will release the lien against the subject property.
- **Waiver of Deficiency:** The lender hereby waives any and all rights to pursue a deficiency judgment against the borrower(s) for the difference between the loan balance and the net proceeds received from the sale. The borrower is fully released from any personal liability regarding this debt.

This agreement is contingent upon the closing occurring on or before **[Expiration Date]** and the terms of the final settlement statement matching the approved estimated closing costs.

Please be advised that the lender may be required by law to report the amount of debt forgiven to the Internal Revenue Service (IRS) via Form 1099-C. We recommend consulting with a tax professional regarding any potential tax implications.

Sincerely,

[Authorized Signature]
[Printed Name and Title]
[Lender Name]