

[Lender Name]
[Lender Address]
[City, State, Zip Code]

[Date]

[Borrower Name]
[Property Address]
[City, State, Zip Code]

RE: Short Sale Approval and Waiver of Deficiency

Loan Number: [Insert Loan Number]

Property Address: [Insert Property Address]

Dear [Borrower Name],

This letter serves as formal notification that [Lender Name] ("Lender") has approved the short sale request for the property referenced above under the following terms and conditions:

- 1. Purchase Price:** The gross purchase price shall be \$[Insert Amount].
- 2. Net Proceeds:** Lender must receive a minimum net payout of \$[Insert Amount] at the time of closing.
- 3. Closing Date:** The sale must close on or before [Insert Date]. If the sale does not close by this date, this approval shall be null and void unless extended in writing by the Lender.
- 4. Deficiency Waiver:** Upon successful closing of this transaction and receipt of the net proceeds, [Lender Name] agrees to waive its right to pursue a deficiency judgment against [Borrower Name] for any remaining balance on the loan. The debt will be considered "Settled in Full" for less than the total balance owed.
- 5. Credit Reporting:** Lender will report the account to the credit bureaus as "Settled for less than the full balance." This may have an impact on your credit score.
- 6. Tax Implications:** Please be advised that the forgiven debt may be considered taxable income by the IRS. Lender will issue a Form 1099-C (Cancellation of Debt) following the close of the tax year. You are encouraged to consult with a tax professional.
- 7. No Cash Back:** The Borrower(s) shall not receive any proceeds or cash back from the sale of this property.

Please sign and return a copy of this letter to acknowledge your acceptance of these terms.

Sincerely,

[Authorized Representative Name]

[Title]

[Lender Name]

Agreed and Accepted:

[Borrower Signature] / [Date]