

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

Date: [Date]

RE: Short Sale Approval and Release of Liability

Borrower(s): [Borrower Name(s)]

Property Address: [Full Property Address]

Loan Number: [Loan Number]

Dear [Borrower Name(s)],

This letter serves as formal notification that [Lender Name] ("Lender") has approved the short sale of the property located at the address referenced above for a gross sales price of \$[Amount].

Terms of Approval:

- The net proceeds to be received by the Lender shall be no less than \$[Amount].
- The closing must occur on or before [Closing Deadline Date].
- The sale must be an "arm's length" transaction; the buyer and seller cannot be related by blood, marriage, or business enterprise.

Waiver of Deficiency:

Upon successful closing of this transaction and receipt of the specified net proceeds, the Lender agrees to accept the payment as full and final satisfaction of the debt. The Lender hereby **waives any and all rights to pursue a deficiency judgment** against the Borrower(s) for the difference between the total amount owed on the loan and the amount received from the sale proceeds.

Release of Lien:

Upon receipt of the funds, the Lender will release the mortgage/deed of trust lien currently held against the property. The Borrower(s) will be released from all further financial obligations regarding this specific loan account.

Tax and Credit Reporting:

The Lender is required by law to report the cancellation of debt to the Internal Revenue Service (IRS). A Form 1099-C may be issued. Furthermore, the status of the loan will be reported to credit reporting agencies as "Settled for less than full balance" or similar language. We advise you to consult with a tax professional or legal counsel regarding the implications of this short sale.

Sincerely,

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