

Illustration of LETTER of APPROVAL OF SALE

1. Mortgagor(s) \_\_\_\_\_
2. Lender \_\_\_\_\_
3. Loan Number # \_\_\_\_\_
4. Property Address \_\_\_\_\_
5. As a condition of lender's approval of short payoff of mortgage obligation mortgagor(s) agree to waive any and all rights to any escrow balance, refunds of prepaid expenses and claim to any insurance proceeds.
6. Mortgagor(s) agrees that neither they or any other party(s) may receive any sale proceeds or any funds as a result of this transaction *except* as expressly noted in this letter of approval of sale
7. It is agreed that when lender is in receipt of the agreed upon proceeds from the sale along with all required documentation, lender will amend the reporting to the credit bureau to reflect "agreed settlement short of full payment" amended report should be reflected on the mortgagor(s)' credit report within 60-90 days from date of notification and waiver of any deficiency rights and, if applicable, furnished the Internal Revenue Service an appropriate 1099 form indicating the amount of debt forgiveness created by accepting a short payoff.
8. This *Approval of Sale* is based on a signed Purchase Agreement dated \_\_\_\_\_ between \_\_\_\_\_ mortgagor(s) (Sellers) and \_\_\_\_\_ buyer(s) for a contract price of \$ \_\_\_\_\_.
9. The terms of lender's approval and instructions to the Closing Agent are as follows:
  - a. Required minimum Net Proceeds to lender is \$ \_\_\_\_\_
  - b. Closing must be on or before \_\_\_\_\_
  - c. Mortgagor(s)' contributions and closing costs allocated for this transaction are:
    - (1) Cash at Closing \$ \_\_\_\_\_
    - (2) Promissory Note Obligation \$ \_\_\_\_\_
    - (3) Real Estate Commission to Be Paid \$ \_\_\_\_\_
    - (4) Mortgagor(s)' Other Approved Closing Costs \$ \_\_\_\_\_
10. Within \_\_\_\_\_ business days after date of mortgagor(s)' receipt of this Letter of *Approval of Sale*, lender must be notified the name of the Title Company, Business Address, Name and Telephone Numbers of the Closing Agent. Both the Closing Agent and real estate Brokers involved must be provided a copy of this Letter of *Approval of Sale*.

11. Closing Agent is instructed to contact lender at least \_\_\_\_\_ hours in advance of the scheduled date of Closing and provide lender a certified copy of estimated HUD-1 and related closing statements along with other information requested by lender on the attached *title worksheet*.
12. If Closing is delayed lender must receive immediate notice and, at its discretion, may grant written approval for rescheduling. Lender reserves the right to assess a *per diem* from the original date of Closing.
13. All parties acknowledge that
  - a. The Purchase Agreement cannot be amended without lender's prior written approval.
  - b. The subject property is being sold "as is."
  - c. The purchaser is not related to the mortgagor(s).
  - d. Any relationship between mortgagor(s) and any participating real estate broker(s) has been disclosed to lender prior to lender's granting this Letter of *Approval of Sale*.
  - e. This transaction may not involve any third party who received a deed from mortgagor(s) prior to, or after Closing.
  - f. The Purchase Agreement cannot be assigned.
14. The Closing Agent must be instructed to express mail the proceeds of sale, in certified funds, along with the original executed Promissory Note, if applicable, and the fully executed HUD-1 Settlement Statement and attached Title Worksheet to reach lender by the next business day immediately following date of Closing.
15. Lender will exercise its rights only against the subject property, will treat the negotiated short payoff as payment in full, and not attempt any act to collect the discharged debt from mortgagor(s) personally.