

BY RICHELLE COHEN MOSSLER, IAR DIRECTOR OF LEGAL AFFAIRS



Effective immediately, the Federal Trade Commission (FTC) has issued new rules that may affect real estate licensees involved with short sale negotiations. If you are representing a client involved in a short sale, you may be required to provide additional disclosures to sellers in all transactions where you provide short sale negotiation services. The Mortgage Assistance Relief Services (“MARS”) regulations define anyone providing services which assist or attempt to assist the consumer in negotiating a short sale as a “MARS” provider. Click here to view the “MARS” rule in its entirety.

Are **Short Sales Affected** by the **New FTC Rules (“MARS”)** Requiring Additional Disclosures

Three (3) disclosures are required for any “MARS” provider:

- A.** Advertising materials regarding short sale expertise or services now require disclosure language which may simply be incorporated into the advertisement. See sample disclosure form.
- B.** When a real estate licensee enters into an agreement to provide short sale assistance or negotiation services, i.e., a listing agreement to market and sell a short sale, disclosure language is now required. See sample disclosure form.
- C.** Disclosure is now required upon the lender’s or servicer’s short sale approval. This must be accompanied by an additional disclosure statement regarding the differences between the seller’s current loan and the approved short sale terms. See sample disclosure forms.

In order to assist our members in complying with these new requirements, IAR has drafted sample disclosure forms for IAR members as referenced above.

To access an NAR legal explanation click here.

NAR’s legal staff is asking the FTC for some clarification on these issues. We will keep you updated on any reported progress. In the meantime, it is recommended all members incorporate these disclosures into their business practices. ☐

As always, the IAR Legal Hotline is available for any assistance or questions our members may have as a result of this new “MARS” regulation. Principal or managing brokers may call 1-800-444-5472, Monday through Friday, 9am-5pm.

