



SHORT SALE
ADDENDUM

Document updated:
April 2014

BUYER: _____
SELLER: _____
PROPERTY ADDRESS: _____
CONTRACT DATE: _____

1. ACKNOWLEDGEMENT OF SHORT SALE: BUYER and SELLER acknowledge that they are entering into a "short sale" transaction. In a "short sale" transaction, the net proceeds of the sale, after the payment of all the applicable closing costs and other charges owed by the SELLER from the sale of the Property, may not be sufficient to pay the outstanding mortgage loan or other secured liens in full on the Property at closing.

2. [] SELLER TO BRING FUNDS TO CLOSING (SECTION MUST BE CHECKED IF APPLICABLE): SELLER specifically represents that they have sufficient funds available to cover the shortfall and will pay the shortfall in full as determined by the settlement agent at closing. Within _____ calendar days (five if left blank) after the Effective Date of this Contract, the SELLER shall provide documentation in a form acceptable to both parties verifying that the SELLER has sufficient funds to close.

3. [] CONTINGENCY FOR "SHORT SALE" (SECTION MUST BE CHECKED IF APPLICABLE):
A. BUYER and SELLER agree and acknowledge that the Contract between the BUYER and SELLER for the purchase of the Property is contingent upon the written agreement of each lender and creditor to accept less than the amounts actually owed to them and to provide a full release of each lien on or before the Closing Date.
b. BUYER and SELLER agree and acknowledge that all liens shown on the title commitment must be released in order that SELLER may convey clear title.
c. BUYER understands that SELLER may accept more than one offer and that all offers will be presented to the lien holders, who have the sole discretion to determine what offer is accepted.
d. BUYER and SELLER agree that it is the responsibility of SELLER to negotiate prior to closing any reduction in pay acceptable to any lien holder. The parties acknowledge that such negotiations may require a reasonable extension of the Closing Date.
e. BUYER agrees and acknowledges that any funds that the BUYER spends on inspections, loan applications or other matters related to purchase of the Property will not be returned to the BUYER if the sale fails to close.
f. If the SELLER is unable to obtain the written agreement of any creditors or lenders sufficient to permit the SELLER to close within _____ calendar days (45 if left blank) after the Effective Date of this Contract, then BUYER or SELLER may cancel this Contract and Buyer's Earnest money deposit will be returned to the BUYER. In the event that the Earnest Money is returned to the BUYER under this subsection, all expenses of this transaction incurred by the BUYER, SELLER and any real estate licensees involved in the transaction as of the date of cancellation, including but not limited to appraisals, credit reports, inspections, repairs, surveys and title insurance, shall be deducted from the Earnest Money and paid prior to the release of the remaining funds to the BUYER.
g. A "short sale" may result in special tax consequences. SELLER is advised to consult with a professional tax and/or financial advisor regarding the tax and other financial implications of entering into a short sale transaction. SELLER should also obtain legal advice concerning other aspects of the short sale before signing this Contract.

4. DISCLAIMER ON THE SHORT SALE: BUYER and SELLER agree and acknowledge that none of the real estate licensees involved in this transaction can make any guarantees, representations or warranties regarding the SELLER'S ability to secure short sale approval from the creditors or lenders on the Property. BUYER and SELLER agree to hold harmless any real estate licensees involved in this transaction and their agents, sub-agents, employees and independent contractors, from and against any and all claims, demands, suits, damages, losses or expenses regarding the approval of the short sale by creditors or lenders.

CAREFULLY READ THE TERMS OF THIS ADDENDUM BEFORE SIGNING. WHEN SIGNED BY ALL PARTIES, THIS DOCUMENT BECOMES PART OF A LEGALLY BINDING CONTRACT. IF NOT UNDERSTOOD, CONSULT AN ATTORNEY BEFORE SIGNING.

BUYER _____ DATE _____ SELLER _____ DATE _____

BUYER _____ DATE _____ SELLER _____ DATE _____