

Short Sale Addendum – Real Estate Purchase Agreement

The following provisions are made a part of the Real Estate Purchase Agreement between _____ (Seller) and _____ (Buyer) concerning the Property located at _____. This addendum amends and/or supersedes, as applicable, any conflicting or inconsistent provisions of the above-referenced Real Estate Purchase Agreement between Seller and Buyer. All other non-conflicting or consistent provisions of that Agreement remain in full force and effect.

1. **Description of Short Sale.** A “short sale” is a real estate transaction in which the agreed upon purchase price for a Seller’s property is not sufficient to pay off the Seller’s total costs and expenses necessary to close the transaction and convey marketable title to the Buyer. These costs and expenses may include such things as the loan balance, late fees, if any, recorded liens, taxes, encumbrances, commissions and other charges that would normally be paid from Seller’s gross proceeds of sale at the time of closing (“Total Closing Costs”). As a result, the parties may experience significant time delays and other complications in the transaction while negotiating a reduction in the total closing costs with Seller’s creditors which may include but are not limited to institutional lenders, mortgage insurers, bankruptcy trustees, federal, state and local tax authorities and private parties (“the Creditors”). By signing below Buyer and Seller have agreed that this transaction is a short sale and acknowledge that they have reviewed the summary and have been advised by their respective real estate brokers to secure competent legal tax and credit advice as necessary.
2. **Acknowledgement of Short Sale.** Buyer is hereby made aware that the proposed purchase price of the Property is less than the amount(s) owed to the Creditors that hold security interests against the Property.
3. **The Short Sale Contingency.** This sale is contingent upon Seller obtaining written consents from the Creditors permitting a reduction of the Total Closing Costs sufficient to close the transaction for the Purchase Price and convey marketable title to Buyer (“the Contingency”). All parties acknowledge that at the present time the exact identities of the Creditors and/or the exact amount of the Total Closing Costs may not be currently known. During the period that this Contingency remains open, Buyer and Seller shall have the right to verify, to their sole satisfaction, that one or more of the Creditors will, in writing, waive or reduce the Total Closing Costs in an amount sufficient to enable Seller to close this transaction for the Purchase Price and convey marketable title to Buyer. This Contingency shall remain open until jointly removed in writing by Buyer and Seller, or until this transaction is closed, whichever first occurs. Upon such joint removal or closing, whichever first occurs, all terms, covenants and conditions of the Real Estate Purchase Agreement not otherwise modified herein shall become binding upon the parties.
4. **Contingency and Deposit Deadlines.** The parties understand and agree that some or all of the performance or contingency deadlines contained in the Real Estate Purchase

Agreement, may of necessity may be extended due to the delays that are inherent in short sales, provided, however, that those provisions relating to federal or State law, such as Lead Based Paint Disclosure, and Seller's Property Disclosure, must still be complied with as required by law. All parties acknowledge that written Creditor consent may never be issued, or if it is, there may be insufficient time for Buyer to complete all investigations and inspections prior to the scheduled closing date, without rescheduling said date.

5. **Waiver, Modification, Amendment: Creditor Modification: Dispute Resolution.**

The Contingency is for the joint benefit of Buyer and Seller and may not be unilaterally waived, modified, or amended, by one party, without the written consent of the other. Buyer and Seller acknowledge that one or more of the Creditors may require a change in the terms of this transaction other than any reduction of the Total Closing Costs. However, neither Buyer nor Seller, nor their respective Brokers shall be legally required, as a party or fiduciary, to consent to any such proposed change of terms, even though the refusal to do so could mean that this transaction will fail to close. Notwithstanding anything to the contrary contained herein, should there arise any "Claims" (as that term is defined in the Sale Agreement) under this Addendum, between or among Buyer, Seller, or their respective Brokers, the matter shall be exclusively resolved in accordance with the alternative dispute resolution provisions contained in the Real Estate Purchase Agreement, even though the Contingency has not been jointly removed in writing.

6. **Termination of Transaction: No Representations or Warranties: Assumption of Risk.**

Buyer and Seller acknowledge that closing of this Short Sale transaction will be primarily determined by decision of the Creditors. Until the Contingency is jointly removed in writing in accordance with Section 2, above, or until closing, whichever first occurs, this transaction may fail to close and be terminated as a result of the inability to obtain the timely consent of said Creditors.

At any time prior to Creditors accepting the terms of Buyer and Seller's Real Estate Purchase Agreement as provided herein Buyer may cancel the proposed Real Estate Purchase Agreement for any reason without penalty, whereupon any Earnest Money shall be directed by Seller to be returned to Buyer, unless otherwise agreed by Buyer and Seller in writing.

Buyer and Seller acknowledge that neither the other party, nor their Brokers, have made any representations or warranties concerning the likelihood this transaction will successfully close. This Addendum shall not create any right of first refusal on the part of Buyer. Until joint written removal of the Contingency, or closing, whichever first occurs, any expenditure of time, money or other consideration by Buyer or Seller in anticipation of a successful closing shall be solely at their own risk, and neither shall have a claim against the other, nor against their Brokers, for damages or equitable relief, should the Creditors fail to cooperate, the Contingency fail to be jointly removed, or the transaction fail to close.

7. **Rights of Parties During Contingency: Buyer's Contract With the Creditors.** Buyer understands that subject to existing MLS rules, until the Contingency is jointly removed in writing pursuant to Section 2 above, Seller's Property may remain on the market as an active listing with the local MLS and Seller may consider other offers to purchase the Property. This Addendum shall not be construed as requiring Seller to permit Buyer or Buyer's agents or representatives to contact any Creditors regarding Sellers' financial, personal or confidential information for which any privacy rights may exist. If Seller agrees to permit Buyer or Buyer's agents or representatives to have direct contact with the Creditors concerning or verifying a reduction of Seller's Total Closing Costs, Seller agrees to sign such documents as reasonably required by the Creditors to authorize such contact.

_____	_____	_____	_____
Seller	Date	Buyer	Date

_____	_____	_____	_____
Seller	Date	Buyer	Date