

SHORT SALE ADDENDUM

Property: _____

Seller: _____

Buyer: _____

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Seller and Buyer for the Property.

1. **Short Sale Defined:** For purposes of this Contract, a "Short Sale" is a sale where: (i) the Purchase Price is or may be insufficient to enable Seller to pay the costs of sale, which include but are not limited to the Seller's closing costs and payment in full of all loans or debts secured by deeds of trust on the Property due and owing to one or more lender(s) and/or other lienholders ("Lienholders"), (ii) Seller does not have sufficient liquid assets to pay the costs of sale, and (iii) the Lienholders agree to release or discharge their liens upon payment of an amount less than the amount secured by their liens with or without the Seller being released from any further liability.

2. **Contingency:** This Contract is contingent upon Seller obtaining Short Sale approval from Lienholders effective through Closing ("Lienholders' Approval") in an amount which will enable Seller to close and convey title in accordance with the Contract. Seller shall use best efforts to obtain Lienholders' Approval and shall reasonably cooperate in the Short Sale process by providing such documentation as may be required. Buyer and Seller understand that Lienholders' Approval may take several weeks or months to obtain, and neither the Seller nor any real estate agent representing Seller or Buyer can guarantee the timeliness of Lienholders' review, approval or rejection. If Lienholders reject the Short Sale, then either party may terminate this Contract by written notice to the other party and the Earnest Money Deposit shall be refunded to Buyer.

3. **Notice of Lienholders' Approval and Buyer's Right to Terminate:** Seller agrees to provide Buyer with written notice of Lienholders' Approval. Buyer may terminate the Contract at any time prior to receipt of the Lienholders Approval by written notice to Seller, and, in such event the Earnest Money Deposit shall be refunded to Buyer.

4. **No Guarantee of Lienholders' Approval:** Buyer and Seller understand that:
• No Lienholder is required or obligated to accept a Short Sale
• Lienholders may require some terms of the Contract be amended in exchange for approval of a Short Sale, including acceleration of the Due Diligence Period and Settlement Date
• Buyer and Seller are not obligated to agree to any of Lienholders' proposed terms
• **NEITHER THE BUYER, THE SELLER, THE SETTLEMENT AGENT NOR THE BROKERS IN THIS TRANSACTION HAVE ANY CONTROL OVER LIENHOLDERS' APPROVAL, OR ANY ACT, OMISSION OR DECISION BY ANY LIENHOLDERS IN THE SHORT SALE PROCESS.**

5. **No Repairs:** Buyer acknowledges that Seller may not be financially able to make any repairs to the Property that Buyer may request. This acknowledgement shall not affect any rights that Buyer may have under the Contract to terminate the Contract as a result of any election Seller may make not to make repairs.

6. **Other Offers:** Buyer and Seller understand that additional offers may be received by the Seller's Agent, which must be presented to the Seller and to Lienholders pursuant to North Carolina law. Such offers may be accepted by the Seller as backup contracts and forwarded to Lienholders for review and approval. Buyer and Seller are advised to seek advice from an attorney to determine their rights and obligations.

7. **Foreclosure:** Seller represents that to the best of Seller's knowledge, a foreclosure proceeding has not has been filed with respect to the Property. Further, if during the Short Sale process a foreclosure proceeding is filed, the Seller shall disclose such foreclosure filing to the Buyer. Buyer and Seller understand that if Closing does not occur before the completion of a foreclosure of the Property, Seller will lose all rights and interest in the Property. In such event, the Contract shall be void, and the Earnest Money Deposit shall be refunded to Buyer. Seller and Buyer acknowledge that if a real estate agent involved in the transaction contemplated



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Buyer initials _____ Seller initials _____

by the Contract knows or reasonably should know that a foreclosure proceeding with respect to the Property has been filed, the agent is required by law to disclose it to the Buyer as a material fact.

8. **Tax Consequences and Advice:** Seller is advised to seek advice from an attorney, a certified public accountant or other professional regarding the credit, legal and tax consequences of a Short Sale.

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE CONTRACT, THIS ADDENDUM SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date: _____

Date: _____

Buyer _____ (SEAL)

Seller _____ (SEAL)

Date: _____

Date: _____

Buyer _____ (SEAL)

Seller _____ (SEAL)

Date: _____

Date: _____

Buyer _____ (SEAL)

Seller _____ (SEAL)

SAMPLE