

SHORT SALE ADDENDUM NO. _____
TO
REAL ESTATE PURCHASE CONTRACT

Participating in a Short Sale may have negative legal or tax consequences. If you desire specific legal or tax advice, consult your attorney or tax advisor.

THIS IS AN [] ADDENDUM [] COUNTEROFFER to that REAL ESTATE PURCHASE CONTRACT (the "REPC") with an Offer Reference Date of _____ 20_____, including all prior addenda and counteroffers, between _____, as Buyer, and _____ as Seller, regarding the Property located at _____ (the "Property"). The terms of this Addendum are hereby incorporated as part of the REPC, and to the extent the terms of this Addendum modify or conflict with any provisions of the REPC, including all prior addenda and counteroffers, these terms shall control.

1. ACKNOWLEDGMENT OF SHORT SALE. This transaction is commonly referred to as a "Short Sale" because the Purchase Price for the Property is less, or "short", of the amount(s) owed to individuals/entities that have a financial interest in the Property (the "Third Parties"). Under the terms of the REPC, the Third Parties are being requested to accept less than what is owed to them. Therefore, Buyer and Seller agree that their respective obligations under the REPC are subject to Third Party Approval as defined in Section 2 below. For purposes of this Addendum, the term "Third Parties" may include, without limitation; institutional lenders, mortgage insurers, bankruptcy trustees, federal, state and local tax authorities, and private parties.

2. THIRD PARTY APPROVAL. For purposes of the REPC, "Third Party Approval" shall mean that the Third Parties, Seller, and Buyer have agreed in writing to the terms of a Short Sale as provided in Sections 2.1 through 2.3 below **AND** the Buyer and Seller have signed and accepted the *Acknowledgement of Third Party Approval Addendum*.

2.1 Approval by Third Parties. The Third Parties have provided written approval of the terms and conditions of the Short Sale, including, if applicable, any modifications to the REPC required by the Third Parties ("Third Party Modifications to the REPC"). The Third Party Modifications to the REPC shall not however, be binding on Buyer or Seller unless they agree to such modifications by signing the *Acknowledgement of Third Party Approval Addendum* as referenced above. Consent may be withheld by Buyer and/or Seller in their sole discretion.

2.2 Approval by Seller. Seller has entered into a separate written agreement with the Third Parties regarding any conditions of approval specifically required of Seller by the Third Parties, including, but not limited to any deficiency rights the Third Parties may retain against Seller, any requirements for a cash payment and/or promissory note from Seller to the Third Parties and any other Short Sale payoff criteria that represent a continuing obligation against Seller (collectively referred to as the "Additional Third Party Requirements"). Seller's consent to the Additional Third Party Requirements may be withheld by Seller, in Seller's sole discretion.

2.3 Approval by Buyer. Buyer has agreed to any Third Party Modifications to the REPC and any Additional Third Party Requirements that require specific approval by the Buyer, by accepting the *Acknowledgement of Third Party Approval Addendum*. Buyer's consent to any Third Party Modifications to the REPC and/or any Additional Third Party Requirements may be withheld by Buyer, in Buyer's sole discretion.

3. DELIVERY OF REPC TO THIRD PARTIES. After Acceptance of the REPC by Buyer and Seller (as defined in Section 23 of the REPC) Seller agrees to submit the REPC to the applicable Third Parties, together with any additional documentation required by the Third Parties according to the Third Parties' instructions.

4. FAILURE TO OBTAIN THIRD PARTY APPROVAL. Seller and Buyer shall have until _____, 20 _____ ("Third Party Approval Deadline") to obtain Third Party Approval as defined in Section 2 inclusive above. If by the Third Party Approval Deadline, Third Party Approval has not been obtained, the REPC shall automatically be deemed cancelled whereupon any Earnest Money Deposit shall be released to Buyer without the requirement of further written authorization from Seller.

5. EARNEST MONEY DEPOSIT. Buyer agrees to deliver the Earnest Money Deposit to Buyer's Brokerage (**check applicable box**): [] as required in the first paragraph on page one of the REPC; [] no later than four (4) calendar days after Third Party Approval as defined in Section 2 above; or [] Other (specify) _____

