

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) _____.

6. SELLER'S RIGHT TO ACCEPT BACK-UP OFFERS. Buyer agrees that at any time prior to Third Party Approval as defined in Section 2 above, Seller may: (a) continue to market the Property to other interested buyers; (b) continue to advertise the Property through the MLS showing any MLS status category (the MLS will allow) deemed necessary and appropriate by the Seller and/or the Third Parties; (c) accept additional backup offers for the purchase of the Property ("Backup Contracts") subject to the rights of Buyer under this contract; and (d) Seller may or may not submit any such Backup Contracts to the Third Parties for review.

7. BUYER & SELLER'S RIGHT TO CANCEL REPC. Seller and Buyer acknowledge that there will be significant time delays in obtaining any response from the Third Parties to the terms of this proposed Short Sale; and because this is a Short Sale, Seller will need to obtain the highest and best terms for the sale of the Property. During this significant time delay, circumstances may change for both Seller and Buyer. The changes in circumstances may include, but are not limited to: (a) adjustments in available mortgage financing rates and terms; (b) modifications in the financial circumstances of Seller or Buyer; (c) the timing of the transaction may no longer meet Buyer or Seller's needs; (d) Buyer may find another property that better suits Buyer's needs; and (e) Seller may receive additional offers for the purchase of the Property that better address Seller's legal and financial needs. Based on the above, if at any time prior to Third Party Approval, or the Third Party Approval Deadline, whichever occurs first, the Buyer or Seller determines that their circumstances have changed and it is no longer in their best interest to pursue the sale/purchase of the Property, either Buyer or Seller may cancel the REPC by providing written notice to the other party. In such instance, the Earnest Money Deposit, if any, shall be returned to the Buyer without the requirement of further written authorization from Seller. Buyer and Seller acknowledge and agree that this mutual right of cancellation is fair and reasonable to both parties.

8. CONTRACT DEADLINES. Unless otherwise agreed to as part of the Third Party Approval, Buyer and Seller agree that the Contract Deadlines in Section 24 of the REPC are as follows:

- (a) Seller Disclosure Deadline _____ days after Third Party Approval.
- (b) Due Diligence Deadline _____ days after Third Party Approval.
- (c) Financing & Appraisal Deadline _____ days after Third Party Approval.
- (d) Settlement Deadline _____ days after Third Party Approval.
- (e) Buyer and Seller also agree that if any of the dates referenced in this Section 8 above fall on a Saturday, Sunday, or legal holiday, performance shall be required on the next business day.

ALL OTHER TERMS of the REPC, including all prior addenda and counteroffers, not modified by this ADDENDUM shall remain the same. ☐ Seller ☐ Buyer shall have until ____ ☐ A.M ☐ P.M. Mountain Time _____, 20____ to accept the terms of this ADDENDUM in accordance with the provisions of Section 23 of the REPC. Unless so accepted, the offer as set forth in the ADDENDUM shall lapse.

☐ Buyer ☐ Seller Signature Date Time ☐ Buyer ☐ Seller Signature Date Time

ACCEPTANCE/COUNTEROFFER/REJECTION

CHECK ONE:

- ☐ **ACCEPTANCE** of ADDENDUM: ☐ Seller ☐ Buyer hereby accepts the terms of this ADDENDUM/COUNTER OFFER
- ☐ **COUNTER OFFER:** ☐ Seller ☐ Buyer presents as a counteroffer the terms of attached ADDENDUM No. ____
- ☐ **REJECTION:** ☐ Seller ☐ Buyer rejects the foregoing ADDENDUM/COUNTER OFFER

☐ Buyer ☐ Seller Signature Date Time ☐ Buyer ☐ Seller Signature Date Time

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