

THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND THE PARTIES SHOULD CONSULT LEGAL AND TAX OR OTHER COUNSEL BEFORE SIGNING.

SHORT SALE ADDENDUM

Date: _____

1. ADDENDUM TO CONTRACT. This Short Sale Addendum (Addendum) is made a part of the following contract that is checked:

Listing Contract (Listing Contract) dated _____ for the Property for purposes of disclosing to Seller certain matters of a Short Sale, or;

Contract to Buy and Sell Real Estate between Seller and Buyer (Contract) dated _____ relating to the sale of the Property

known as _____ (Property).
Street Address City State Zip

This Addendum shall control in the event of any conflict with the Contract. Except as modified, all other terms and provisions of the Contract shall remain the same.

2. PURPOSE AND DEFINITIONS.

2.1 Purpose of Addendum. Seller has debts secured by one or more liens on the Property. The Purchase Price may not be enough to cover payment for all the liens and costs of sale. If so, for the Closing to occur, the affected Lien Holders (§ 2.2 below) must agree to a Short Sale (§ 2.3 below).

2.2 Lien; Lien Holder. A Lien is a recorded claim or lien against the Property, including, but not limited to, a mortgage, deed of trust, mechanic's lien, judgment or tax lien (Lien). A title insurance commitment may be used to show the Liens against the Property. A Lien Holder is a creditor who has a Lien and agrees to release its Lien in a Short Sale (§ 2.3 below).

2.3 Short Sale. A Short Sale (Short Sale) is a transaction in which any Lien Holder releases its Lien against the Property and (a) accepts an amount less than the full amount Lien Holder claims is owed or (b) treats the debt secured by the Lien differently than as originally provided for in the evidence of debt (such as promissory note). Before a Short Sale can occur, Buyer, Seller, and each Lien Holder (except those creditors that are to be paid the full amount claimed) must consent to the terms of the sale. Sometimes, a Lien is released but the Lien Holder does not agree to release Seller from liability or reduce the unpaid portion of the debt, and the Seller and any guarantors will remain liable after Closing for that unpaid portion, despite the release of the Lien against the Property at Closing.

49 **2.4 Short Sale Acceptance.** Short Sale Acceptance (Short Sale Acceptance) is
50 when Seller receives one or more written statements, signed by each Lien Holder, that
51 specify the terms and conditions of the Short Sale.
52

53 **3. MANDATORY DISCLOSURES TO SELLER AND BUYER.**

54 Note: The disclosures to Buyer are informational only to Seller when used as an addendum to
55 Listing Contract.
56

57 **3.1 SELLER IS ADVISED TO CONTACT THE COLORADO**
58 **FORECLOSURE PREVENTION HOTLINE OPERATED IN COOPERATION WITH**
59 **THE COLORADO DIVISION OF HOUSING AT 1-877-601-4673 OR THE HUD**
60 **HOUSING COUNSELING AND REFERRAL LINE AT 1-800-569-4287.**

61 **3.2. Seller acknowledges that there are alternatives to a Short Sale that may be**
62 **better for Seller. Seller acknowledges that a Short Sale transaction may result in continued**
63 **liability of Seller or other persons liable for the debt that could be extinguished through**
64 **foreclosure, bankruptcy or other loss mitigation options, including but not limited to a**
65 **negotiated loan modification with Lien Holder. Seller acknowledges that it is the**
66 **responsibility of Seller to investigate these alternative methods of resolution with Seller's**
67 **legal, accounting or financial advisors and with Lien Holder and it is not the responsibility**
68 **of any real estate broker to undertake any investigation of other options that may be**
69 **available to Seller.**
70

71 **3.3. Short Sales may have serious adverse legal, tax and economic consequences**
72 **for Seller and any guarantors. Seller is advised to seek legal and tax counsel to advise**
73 **Seller of the legal effect and meaning of any Short Sale Acceptance from Lien Holder.**
74

75 **3.4. Lien Holder is not required to agree to a Short Sale. Even if a Lien Holder**
76 **agrees to a Short Sale, a Lien Holder is not required to forgive repayment of the debt**
77 **secured by the Lien or release Seller and any guarantors from liability unless Lien Holder's**
78 **claim is paid in full. Seller acknowledges that Lien Holder may or may not agree to release**
79 **Seller or any guarantors from liability to Lien Holder. If not released, Seller and any**
80 **guarantors will remain liable to Lien Holder for any amount that remains unpaid after the**
81 **Short Sale. To be binding, any release of liability by Lien Holder must be in writing, must**
82 **be executed by Lien Holder, and must provide that Seller and all guarantors are released**
83 **from liability.**
84

85 **3.5. Lien Holder may condition its agreement on Seller doing any or all of the**
86 **following to obtain a Short Sale Acceptance: (a) make a cash payment, (b) sign a new**
87 **promissory note, (c) continue to owe the Lien Holder the unpaid portion of the debt and (d)**
88 **agree to other requirements made by Lien Holder.**
89

90 **3.6. If the Lien Holder accepts less than full payment, Seller understands that**
91 **Seller may incur federal and state tax liability due to a Short Sale and understands that**
92 **Lien Holder is required to file all required 1099 Forms with the Internal Revenue Service**
93 **with respect to this transaction. Seller is strongly advised to seek tax advice regarding the**
94 **potential adverse tax consequences to Seller of a Short Sale.**
95

96 **3.7. Seller acknowledges that a Short Sale Acceptance by the Lien Holder will not**
97 **necessarily repair or rehabilitate Seller's credit rating and Lien Holder has no obligation**
98 **other than to fairly report this transaction to any credit rating agency.**
99

100
101 **3.8. Seller may terminate the Contract: (a) as provided in this Addendum, (b) if**
102 **Lien Holder does not approve the Contract, or (c) if the terms and conditions from Lien**
103 **Holder to obtain a release of the Lien are not acceptable to Seller, in Seller's sole discretion,**
104 **by written notice to Buyer on or before three days after the Short Sale Acceptance**
105 **Deadline (§ 8.1 below).**

106
107 **3.9. Buyer may terminate the Contract: (a) as provided in this Addendum, (b) if**
108 **Lien Holder does not approve the Contract, or (c) if the terms and conditions of any**
109 **Agreement to Amend/Extend Contract are not acceptable to Buyer, in Buyer's sole**
110 **discretion, by written notice to Seller on or before three days after the Short Sale**
111 **Acceptance Deadline (§ 8.1 below).**

112
113 **3.10. Release of the Lien against the Property does not by itself release Seller or**
114 **any guarantors from liability for the debt.**

115
116 **3.11. Buyer acknowledges that the Short Sale Conditions (§ 4 below) may lead to**
117 **termination of the Contract. The Short Sale process may result in delays in the Closing.**
118 **Buyer is advised to consult with legal counsel about this Addendum and its legal effect.**

119
120 **3.12. Buyer and Seller acknowledge and agree that any Short Sale Acceptance by**
121 **Lien Holder is made on the condition that none of the terms of the sale shall differ in any**
122 **material respect from the terms submitted to the Lien Holder on which the Short Sale**
123 **Acceptance was based. For purposes of the Contract, any change in the date of Closing,**
124 **Purchase Price, real estate brokerage commissions, concessions or net proceeds to be paid**
125 **to, or other remuneration to be received by Seller in connection with the proposed Short**
126 **Sale shall be deemed a material change. Any material change will require that the Short**
127 **Sale Proposal be re-submitted to the Lien Holder for approval, which could result in delays**
128 **for approval or even denial of the Short Sale.**

129
130 **3.13. This Addendum should be signed by both Buyer and Seller at time of**
131 **contracting, as most Lien Holders will not consider a Short Sale until a signed contract is**
132 **received for their review.**

133
134 **4. SHORT SALE CONDITIONS. Notwithstanding anything to the contrary in this**
135 **Addendum, the Contract between Seller and Buyer, for the benefit of both Seller and**
136 **Buyer, is conditional upon all of the following occurring:**

137
138 **4.1. Seller has received from each Lien Holder a Short Sale Acceptance that is**
139 **acceptable to Seller.**

140
141 **4.2. Agreement to Amend/Extend Contract signed by Buyer and Seller, so long as**
142 **both parties agree, in their sole subjective discretion, to the changes to the Contract**
143 **required by the Short Sale Acceptance.**

144
145 **5. SELLER DEADLINE FOR SUBMISSION TO LIEN HOLDER. Seller agrees to**
146 **submit to each Lien Holder a request for a Short Sale and all documents and information**
147 **requested by Lien Holder, including a copy of the Contract, any Counterproposal, this**
148 **Addendum and amendments. The initial submission by Seller to each Lien Holder shall be**
149 **on or before Initial Submission Deadline (§ 5.1 below). Any additional information or**
150 **documentation requested of Seller by such Lien Holder shall be submitted within five**
151 **days of such request or Buyer may terminate the Contract pursuant to § 8.2 below.**

153 **5.1. Seller Submission Deadline.** The Seller Submission Deadline shall be as set
154 forth below.
155

Event	Deadline	From
Initial Submission		days from MEC (§ 2.4 of Contract)

156 **5.2. Seller Consents to Lien Holder's Release of Information.** Seller consents that
157 Lien Holder and its representatives may supply and communicate any loan, financial
158 information, or other information of Seller, confidential or otherwise, with any of the
159 following involved in the transaction and their representatives: Seller's attorney, Broker or
160 Brokerage Firm working with Seller, transaction coordinator, title insurance company,
161 Closing Company, and the following as checked: Other Lien Creditors Broker or
162 Brokerage Firm working with Buyer Buyer Buyer's attorney.
163
164

165 **6. DATES AND DEADLINES.**
166

167 **6.1. Revised Dates and Deadlines and Other Terms.** Buyer and Seller
168 acknowledge that an Agreement to Amend/Extend Contract (Amend/Extend) is required to
169 revise the Dates and Deadlines (§ 2.3 Contract) or other terms based on changes required
170 by the Short Sale Acceptance. If both Buyer and Seller, in their sole subjective discretion,
171 agree to the terms of the Amend/Extend, as evidenced by their signatures on the
172 Amend/Extend; and the offering party to the Amend/Extend receives notice of such
173 acceptance on or before seven days after the earlier of: (a) the receipt by both Buyer and
174 Seller of the Short Sale Acceptance; or (b) the Short Sale Acceptance Deadline (§ 8.1
175 below), then the Contract shall be so amended. If notice of such acceptance is not timely
176 received, the Contract shall then terminate.
177

178 **7. UNCERTAINTY OF SHORT SALE.** Buyer and Seller acknowledge:
179

180 **7.1.** There are no promises or representations regarding: (a) whether Lien
181 Holder will agree to a Short Sale, (b) the terms of any Short Sale Acceptance, or (c) when
182 the Lien Holder will advise of its decision to agree to a Short Sale or provide the written
183 terms and conditions of the Short Sale Acceptance.
184

185 **7.2.** Until Closing of the Short Sale, Short Sale Acceptance by the Lien Holder
186 will not prevent, hinder or delay the Lien Holder from initiating or proceeding with any
187 enforcement action, including but not limited to a foreclosure. In the event Seller loses
188 ownership of the Property through foreclosure, the Contract shall terminate.
189

190 **7.3.** A significant period of time may be required to determine if a Short Sale
191 Acceptance will be granted. Therefore, Buyer should inform Buyer's lender of this fact for
192 structuring Buyer's loan, duration of "loan lock", etc. Additionally, Closing is normally
193 required to be held shortly following the Short Sale Acceptance.
194

195 **7.4.** After a Short Sale Acceptance is given, Lien Holder will normally not agree
196 to any additional changes to the terms of the Contract that differ from the Short Sale
197 Acceptance, to have repairs performed or to reduce the amount it is willing to accept due to
198 the condition of the Property or results of an inspection. Buyer may want to conduct an
199 inspection of the Property before Seller submits its request for a Short Sale to Lien Holder.

200 The Purchase Price should reflect the condition of the Property and results of such
201 inspection. Buyer recognizes the risk that Lien Holder may not agree to the offer submitted
202 by Buyer.

203
204 **8. DEADLINE FOR ACCEPTANCE OF SHORT SALE; TERMINATION.** Buyer
205 and Seller must receive written notice of the Short Sale Acceptance on or before Short Sale
206 Acceptance Deadline (§ 8.1 below) or the Contract shall terminate.

207
208 **8.1. Short Sale Acceptance Deadline.**

Event	Deadline
Short Sale Acceptance Deadline	

210
211 **8.2. Termination.** If any party has a right to terminate the Contract, such
212 termination shall be governed by § 24 of the Contract upon written notice to the other
213 party as described in § 30 of the Contract.

214
215 **8.3. Additional Rights of Termination.** Both Buyer and Seller have the right to
216 Terminate the Contract by written notice to the other party so long as it is received on or
217 before Short Sale Acceptance. Additionally, Seller has the right to accept subsequent offers
218 from other buyers prior to Short Sale Acceptance without liability to Buyer.

219
220
221 **Date:** _____ **Date:** _____

222
223
224 _____ **Buyer** _____ **Buyer**

225
226 **Date:** _____ **Date:** _____

227
228 _____ **Seller** _____ **Seller**

229