

Short Sale Proposal Addendum

A product of the
CINCINNATI AREA BOARD OF REALTORS®, INC.
Approved by Board Legal Counsel for exclusive use by REALTORS®
If not understood, seek legal advice.
For real estate advice, consult a REALTOR®.



THIS ADDENDUM IS ONLY TO BE USED IN CONNECTION WITH A SHORT SALE REQUIRING THIRD-PARTY APPROVAL

The undersigned Buyer and Seller, having executed a purchase contract ("Contract") dated _____, _____ for the following described real estate known as _____ ("Real Estate"), County of _____, State of _____, Zip code _____,

further agree to the terms of this Addendum which are hereby incorporated as part of the Contract, and to the extent the terms of this Addendum modify or conflict with any provisions of the Contract, including all prior addenda and counteroffers, the terms of this Addendum supersede the terms of the Contract.

1. NO BINDING CONTRACT: Seller and Buyer acknowledge that the Proposed Contract represents a "Short Sale", meaning that the purchase price set forth in the Contract is less than the amount(s) owed to certain third parties and is insufficient to discharge all debts and obligations secured by liens on the Real Estate. Buyer and Seller acknowledge that a Short Sale requires the written approval of the Contract by certain third parties, such as a lender, lien claimant, or other party having an interest in the Real Estate, a list of which is attached hereto by Seller (the "Third Parties"), and that by virtue of executing this Addendum, the Contract is hereby rendered a non-binding offer/proposed contract ("Proposed Contract") until such third-party approval is granted in accordance with Section 3 below. Any Earnest Money required under the Contract shall not be due and payable until the Proposed Contract is accepted and becomes binding in accordance with Section 3 below. If any Earnest Money has already been deposited or paid by Buyer, said Earnest Money shall be returned to Buyer upon the execution of this Addendum by Buyer and Seller.

2. THIRD PARTY APPROVAL OF THE SHORT SALE: No later than four (4) days after the execution of this Addendum by Seller and Buyer, Seller shall submit to the Third Parties the Proposed Contract together with any additional documentation required by the Third Parties for review and consideration. Buyer and Seller acknowledge that it may take an extended period of time to obtain written approval of the Proposed Contract by the Third Parties. Buyer and Seller acknowledge that the Third Parties may, in their sole discretion, elect to request modifications to the terms of the Proposed Contract, or reject the Proposed Contract. Seller shall instruct the Third Parties to provide approval status updates to Broker(s) and Buyer upon request.

3. THIRD PARTY CONDITIONS: If one or more of the Third Parties requests modifications to the Proposed Contract ("Third Party Conditions"), Seller shall, no later than four (4) days after Seller's receipt of the Third Party Conditions, provide a counter offer to Buyer that includes the Third Party Conditions that modify Buyer's obligations under the Proposed Contract. The Third Party Conditions shall not be binding upon Buyer or Seller without their mutual written consent, which consent may be withheld by Buyer and/or Seller in their respective sole discretion. If by the Approval Deadline referenced in Section 4 below, Buyer, Seller and the Third Parties reach a written agreement, evidenced by written notice signed by Seller, Buyer and Third Parties ("Agreement Notice"), and Buyer or Seller has not previously rescinded the Proposed Contract as is permitted in Section 7 below, then Buyer and Seller shall be deemed to have entered into a binding contract with each other for the purchase and sale of the Real Estate, with the Third Parties approval of the Short Sale, and the Proposed Contract shall be deemed accepted and binding on Buyer and Seller. Upon receipt of signed Agreement Notice by all parties, Buyer shall deposit or pay any Earnest Money in accordance with the Contract and Listing Broker shall update MLS listing information in accordance with MLS Regulations.

4. FAILURE TO OBTAIN THIRD PARTY APPROVAL: If by the _____ day of _____ ("Approval Deadline"), Buyer, Seller and the Third Parties have not reached a written agreement as provided in Section 3 above, the Proposed Contract shall automatically be deemed rescinded and shall be null and void.

5. IF FORECLOSURE ACTION HAS BEEN FILED: Buyer acknowledges that a foreclosure action may have been filed against the Seller prior to or during the pendency of the Contract and the sale of the Real Estate may be subject to court approval and/or redemption by the Seller. Therefore, action may be required by Seller to obtain court approval of the Short Sale or to redeem the Real Estate and complete the Short Sale. If Seller is unable to obtain such approval or to redeem the Real Estate, then Seller may terminate the Contract upon written notice to Buyer and neither party shall have any further obligations hereunder. Buyer may at its sole option, but is not obligated to, contribute to the payment of any sums required to be paid by Seller in order to obtain court approval of the Short Sale or to redeem the Real Estate.

6. SELLER'S RIGHT TO ACCEPT ADDITIONAL OFFERS: Buyer agrees that at any time prior to Buyer, Seller and the Third Parties reaching a written agreement as provided in Section 3 above, Seller may (a) continue to market the Real Estate and advertise it through the MLS as available for sale, (b) accept additional offers for purchase of the Real Estate, and (c) at Seller's option, forward any such additional offers to the Third Parties for review and approval.

7. RIGHT TO RESCIND PROPOSED CONTRACT: In consideration of the rights reserved by Seller under Section 6 above, Seller agrees that at any time prior to Buyer, Seller and the Third Parties reaching a written agreement as provided in Section 3 above, Seller or Buyer may rescind the Proposed Contract for any reason, or for no reason, by providing written notice of rescission to the other party.

8. CONTRACT DEADLINES: Commencement of time periods for performance on the Contract shall be defined as the day the Agreement Notice is delivered to Buyer and all time periods provided for in the Contract, including the Inspection Period, shall commence on the day following delivery of the Agreement Notice. Date deadlines provided for in the Contract may be modified in the event Buyer, Seller and the Third Parties reach a written agreement; provided, however, that any such modification shall be in accordance with any Third Party Conditions and shall be mutually agreed upon by the parties.

9. ALL OTHER TERMS OF THE CONTRACT, including all prior addenda and counteroffers, not modified by this Addendum shall remain the same.

10. LEGAL AND TAX ADVICE: Seller and Buyer are advised to obtain legal advice regarding the advisability and terms of any Short Sale, the Contract, the Proposed Contract, any addendum thereto, this Addendum, dealings with creditor(s), foreclosure, and any other legal matters related to this transaction, and are advised to seek professional tax advice regarding the tax implications of any such Short Sale.

SELLER _____ DATE _____ SELLER _____ DATE _____

BUYER _____ DATE _____ BUYER _____ DATE _____

Simple Guide to Short Sale Addendum

BECAUSE CIRCUMSTANCES CAN BE DIFFERENT FOR INDIVIDUAL BUYERS OR SELLERS, CONSULT WITH YOUR BROKER OR MANAGER PRIOR TO USE OF THE SHORT SALE ADDENDUM.

Paragraph 1: NO BINDING CONTRACT

By executing the addendum, YOU DO NOT HAVE A CONTRACT.

Paragraph 2: THIRD PARTY APPROVAL OF THE SHORT SALE

Seller is agreeing to submit ALL DOCUMENTS REQUIRED IN THE SHORT SALE PACKAGE, along with the proposed contract, within 4 days of execution of the documents to all third party lien holders. AND, a response might take a while.

Paragraph 3: THIRD PARTY CONDITIONS

Once the lien holder(s) responds, the seller will share the response with the buyer as a written acceptance or counter proposal. If a counter proposal, both the buyer and seller must agree with the lien holder terms. The proposed contract, as modified by the counter proposal, becomes a contract when the counter proposal is signed by all parties. Earnest money is due at this time. HOUSE IS NOW SOLD PENDING.

Paragraph 4: FAILURE TO OBTAIN THIRD PARTY APPROVAL

If the lien holder doesn't respond in the timeline provided and a written extension has not been executed, the proposed contract is automatically null and void. To be resurrected, it would need to be re-submitted.

Paragraph 5: IF REAL ESTATE IS IN FORECLOSURE

If the property falls into foreclosure after the buyer has waived his/her right to rescind and the parties are UNDER CONTRACT AS A PENDING SALE, the seller is agreeing to jump thorough any additional hoops to redeem the property and is agreeing to payment only up to the amount agreed to in the contract with the buyer.

Paragraph 6: SELLER'S RIGHT TO ACCEPT ADDITIONAL OFFERS

Until the property is under contract, meaning paragraph 3 has happened, the property may remain active in MLS, the seller may continue to field offers for the property and the seller may present any offers they choose to the lien-holder(s).

Paragraph 7: RIGHT TO RESCIND PROPOSED CONTRACT

Until the property is under contract, meaning paragraph 3 has happened, buyer or seller can rescind for ANY REASON AT ANY TIME.

Paragraph 8: CONTRACT DEADLINES

When the property becomes under contract, meaning paragraph 3 has happened, the DATE that occurs and delivery is made to all parties, is the effective ACCEPTANCE DATE for purposes of the contract timelines (example: 10 days for inspections, etc.)

Paragraph 9: ALL OTHER TERMS OF THE CONTRACT

Unless modified by the addendum, the terms of the proposal remain unchanged.

Paragraph 10: LEGAL AND TAX ADVICE

AS ALWAYSDON'T GIVE LEGAL OR TAX ADVICE.....EVER!

This guide was developed by the Cincinnati Area Board of REALTORS® Contracts Committee to serve as an explanation of the intent of the CABR Short Sale Addendum. It is not to be considered legal advice.

Questions regarding use and legal interpretation of the Addendum should be directed to legal counsel.