

1 The printed portions of this form, except differentiated additions, have been approved by the Colorado Real Estate Commission.
2 (SSA38-10-11) (Mandatory 1-12)

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4 **THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND THE PARTIES SHOULD CONSULT LEGAL AND TAX OR**
5 **OTHER COUNSEL BEFORE SIGNING.**
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7 **SHORT SALE ADDENDUM**
8 **(Contract to Buy and Sell Real Estate)**
9

10 Date: _____

11 **1. ADDENDUM TO CONTRACT.** This Short Sale Addendum (Addendum) is made a part of the Contract to Buy and Sell
12 Real Estate between Seller and Buyer (Contract) dated _____ relating to the sale of the Property

13 known as _____ (Property).
14
15 Street Address City State Zip

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

19 **2. PURPOSE AND DEFINITIONS.**

20 **2.1. Purpose of Addendum.** Seller has debts secured by one or more liens on the Property. The Purchase Price may not
21 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
22 below) must agree to a Short Sale (§ 2.3 below).

23 **2.2. Lien; Lien Holder.** A Lien is a recorded claim or lien against the Property, including, but not limited to, a
24 mortgage, deed of trust, mechanic's lien, judgment or tax lien (Lien). A title insurance commitment may be used to show the Liens
25 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).

26 **2.3. Short Sale.** A Short Sale (Short Sale) is a transaction in which any Lien Holder releases its Lien against the
27 Property and (1) accepts an amount less than the full amount Lien Holder claims is owed or (2) treats the debt secured by the Lien
28 differently than as originally provided for in the evidence of debt (such as promissory note). Before a Short Sale can occur, Buyer,
29 Seller, and each Lien Holder (except those creditors that are to be paid the full amount claimed) must consent to the terms of the
30 sale. Sometimes, a Lien is released but the Lien Holder does not agree to release Seller from liability or reduce the unpaid portion
31 of the debt, and the Seller and any guarantors will remain liable after Closing for that unpaid portion, despite the release of the
32 Lien against the Property at Closing.

33 **2.4. Short Sale Acceptance.** Short Sale Acceptance (Short Sale Acceptance or SSA) is when Seller receives one or
34 more written statements, signed or approved by each Lien Holder, that specify the terms and conditions of the Short Sale.

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

36 **3.1.** Lien Holder is not required to agree to a Short Sale. Even if a Lien Holder agrees to a Short Sale, a Lien Holder is
37 not required to forgive repayment of the debt secured by the Lien or release Seller and any guarantors from liability unless Lien
38 Holder's claim is paid in full. Seller acknowledges that Lien Holder may or may not agree to release Seller or any guarantors from
39 liability to Lien Holder. If not released, Seller and any guarantors will remain liable to Lien Holder for any amount that remains
40 unpaid after the Short Sale. To be binding, any release of liability by Lien Holder must be in writing, must be executed by Lien
41 Holder, and must provide that Seller and all guarantors are released from liability.

42 **3.2.** Lien Holder may condition its agreement on Seller doing any or all of the following to obtain a Short Sale
43 Acceptance: (1) make a cash payment, (2) sign a new promissory note, (3) continue to owe the Lien Holder the unpaid portion of
44 the debt and (4) agree to other requirements made by Lien Holder.

45 **3.3.** If the Lien Holder accepts less than full payment, Seller understands that Seller may incur federal and state tax
46 liability due to a Short Sale and understands that Lien Holder is required to file all required 1099 Forms with the Internal Revenue
47 Service with respect to this transaction. Seller is strongly advised to seek tax advice regarding the potential adverse tax
48 consequences to Seller of a Short Sale.

49 **3.4.** Seller acknowledges that a Short Sale Acceptance by the Lien Holder will not necessarily repair or rehabilitate
50 Seller's credit rating and Lien Holder has no obligation other than to fairly report this transaction to any credit rating agency.

51 **3.5.** Release of the Lien against the Property does not by itself release Seller or any guarantors from liability for the debt.

52 **3.6.** Buyer acknowledges that the Short Sale Conditions (§ 4 below) may lead to termination of the Contract. The Short
53 Sale process may result in delays in the Closing. Buyer is advised to consult with legal counsel about this Addendum and its legal
54 effect.

55 3.7. Buyer and Seller acknowledge and agree that any Short Sale Acceptance by Lien Holder is made on the condition
56 that none of the terms of the sale shall differ in any material respect from the terms submitted to the Lien Holder on which the
57 Short Sale Acceptance was based. For purposes of the Contract, any change in the date of Closing, Purchase Price, real estate
58 brokerage commissions, concessions or net proceeds to be paid to, or other remuneration to be received by Seller in connection
59 with the proposed Short Sale shall be deemed a material change. Any material change will require that the Short Sale proposal be
60 re-submitted to the Lien Holder for approval, which could result in delays for approval or even denial of the Short Sale.

61 3.8. This Addendum should be signed by both Buyer and Seller at time of contracting, as most Lien Holders will not
62 consider a Short Sale until a signed contract is received for their review.

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

65 4.1. Seller has received from each Lien Holder a Short Sale Acceptance that is acceptable to Seller.

66 4.2. Agreement to Amend/Extend Contract signed by Buyer and Seller, so long as both parties agree, in their sole
67 subjective discretion, to the changes to the Contract required by the Short Sale Acceptance.

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

73 5.1. **Seller Submission Deadline.** The Seller Submission Deadline shall be as set forth below.

Event	Deadline	From
Initial Submission		days from MEC (§ 3 of Contract)

74 5.2. **Seller Consents to Lien Holder's Release of Information.** Seller consents that Lien Holder and its representatives
75 may supply and communicate any loan, financial information, or other information of Seller, confidential or otherwise, with any of
76 the following involved in the transaction and their representatives: Seller's attorney, Broker or Brokerage Firm working with
77 Seller, transaction coordinator, title insurance company, Closing Company, and the following as checked: **Other Lien**
78 **Creditors** **Broker or Brokerage Firm working with Buyer** **Buyer** **Buyer's attorney.**

80 6. **DATES AND DEADLINES.**

81 6.1. **Revised Dates and Deadlines and Other Terms.** Buyer and Seller acknowledge that an Agreement to
82 Amend/Extend Contract (Amend/Extend) is required to revise the Dates and Deadlines (§ 3 Contract) or other terms based on
83 changes required by the Short Sale Acceptance. If both Buyer and Seller, in their sole subjective discretion, agree to the terms of
84 the Amend/Extend, as evidenced by their signatures on the Amend/Extend then the Contract shall be so amended.

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

86 7.1. There are no promises or representations regarding: (1) whether Lien Holder will agree to a Short Sale, (2) the terms
87 of any Short Sale Acceptance, or (3) when the Lien Holder will advise of its decision to agree to a Short Sale or provide the written
88 terms and conditions of the Short Sale Acceptance.

89 7.2. Until Closing of the Short Sale, Short Sale Acceptance by the Lien Holder will not prevent, hinder or delay the Lien
90 Holder from initiating or proceeding with any enforcement action, including but not limited to a foreclosure. In the event Seller
91 loses ownership of the Property through foreclosure, the Contract shall terminate.

92 7.3. A significant period of time may be required to determine if a Short Sale Acceptance will be granted. Therefore,
93 Buyer should inform Buyer's lender of this fact for structuring Buyer's loan, duration of "loan lock", etc. Additionally, Closing is
94 normally required to be held shortly following the Short Sale Acceptance.

95 7.4. After a Short Sale Acceptance is given, Lien Holder will normally not agree to any additional changes to the terms
96 of the Contract that differ from the Short Sale Acceptance, to have repairs performed or to reduce the amount it is willing to accept
97 due to the condition of the Property or results of an inspection. Buyer may want to conduct an inspection of the Property before
98 Seller submits its request for a Short Sale to Lien Holder. The Purchase Price should reflect the condition of the Property and
99 results of such inspection. Buyer recognizes the risk that Lien Holder may not agree to the offer submitted by Buyer.

100 8. **DEADLINE FOR ACCEPTANCE OF SHORT SALE; TERMINATION.** Buyer and Seller must receive written notice
101 of the Short Sale Acceptance on or before Short Sale Acceptance Deadline (§ 8.1 below) or the Contract shall terminate. Seller
102 shall cause Buyer to receive a copy of the Short Sale Acceptance within one day of Seller's receipt of a Short Sale Acceptance
103 from any Lien Holder or Buyer may terminate the Contract pursuant to §§ 8.2 and 8.3.2 below.

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8.1. Short Sale Acceptance Deadline.

Event	Deadline
Short Sale Acceptance Deadline	

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8.2. Termination. If any party has a right to terminate the Contract, such termination shall be governed by § 25 of the Contract upon written notice to the other party as described in § 27 of the Contract.

8.3. Additional Rights of Termination.

8.3.1. Seller may Terminate. Seller may terminate the Contract if the terms and conditions from Lien Holder to obtain a release of the Lien are not acceptable to Seller, in Seller's sole subjective discretion, by Seller's written notice received by Buyer on or before three days after the Short Sale Acceptance.

8.3.2. Buyer may Terminate. Buyer may terminate the Contract: (1) as provided in § 5 (Seller Deadline for Submission to Lien Holder) by Buyer's written notice received by Seller on or before Short Sale Acceptance Deadline (§ 8.1) or (2) if the terms and conditions of any Agreement to Amend/Extend Contract are not acceptable to Buyer, in Buyer's sole subjective discretion, by Buyer's written notice received by Seller on or before three days after Buyer's receipt of Short Sale Acceptance.

8.4. Early Termination

8.4.1. Not Applicable. This § 8.4 shall not apply.

8.4.2. Applicable. Both Buyer and Seller have the right to terminate the Contract by written notice to the other party so long as it is received on or before Short Sale Acceptance. Additionally, Seller has the right to accept subsequent offers from other buyers prior to Short Sale Acceptance without liability to Buyer.

Note: If no box in this § 8.4 is checked, the provisions of § 8.4.2 shall apply.

_____ Buyer	_____ Date	_____ Buyer	_____ Date
_____ Buyer	_____ Date	_____ Buyer	_____ Date
_____ Seller	_____ Date	_____ Seller	_____ Date
_____ Seller	_____ Date	_____ Seller	_____ Date

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