

**SHORT SALE ADDENDUM
TO PURCHASE AGREEMENT**

(and Joint Escrow Instructions)



1 In reference to the Purchase Agreement executed by _____ as Buyer(s) and
2 _____ as Seller(s), dated _____ covering the real property at
3 _____, the Buyer Seller hereby proposes that the
4 Purchase Agreement be amended as follows:
5

6 **1. Contingent on Existing Lender Approval.** Buyer and Seller acknowledge that the Purchase
7 Price is less than the amount of Seller's existing loan(s) against the Property due and owing to one or
8 more lender(s) and/or lienholder(s) (collectively, "Lender"). Such a transaction is called a "short sale."
9 Therefore, the Purchase Agreement is contingent upon Seller and/or Seller's Agent obtaining approval
10 from Lender ("Lender Approval") to accept an amount less than what is owed on the Property to release
11 Lender's lien on the Property (subject to parties' approval; see Section 3 below). **SELLER**
12 **UNDERSTANDS AND ACKNOWLEDGES THAT LENDER APPROVAL MAY BE**
13 **CONDITIONED UPON ANY OR ALL OF THE FOLLOWING: (A) MAKING A CASH**
14 **PAYMENT; (B) SIGNING A NEW PROMISSORY NOTE; (C) CONTINUING TO OWE THE**
15 **LENDER THE UNPAID PORTION OF THE LOAN(S); AND (D) OTHER REQUIREMENTS**
16 **MADE BY LENDER.** Seller shall reasonably cooperate with Lender in the short sale process by
17 providing such documentation as may be required by Lender. **BUYER AND SELLER**
18 **UNDERSTAND THAT LENDER APPROVAL MAY TAKE SEVERAL MONTHS TO OBTAIN,**
19 **AND NEITHER THE SELLER, THE ESCROW HOLDER NOR THE BROKERS CAN**
20 **GUARANTEE THE TIMELINESS OF LENDER'S REVIEW, APPROVAL OR REJECTION.**

21 Buyer Initials [_____] [_____] Seller Initials [_____] [_____]
22

23 **2. Notice of Lender Approval.** Seller agrees to provide Buyer with written notice of Lender
24 Approval within two (2) business days of Seller's receipt of the approval. Seller may use the "Lender
25 Short Sale Approval Addendum" to facilitate this notice. (For clarification, this is not intended to
26 encompass or delay transmission of any subsequent Lender Approval which may be issued to grant an
27 extension at the end of the transaction pursuant to Section 5 herein.)
28

29 **3. No Guarantee of Lender Approval.** Buyer and Seller understand that no Lender is required or
30 obligated to accept a short sale, and that Lender Approval may be revoked at any time prior to COE. In
31 addition, the Parties understand that Lender may require that in exchange for approval some terms of the
32 Purchase Agreement be amended. Neither Buyer nor Seller is obligated to agree to any of Lender's
33 proposed terms; either Party may, in its sole discretion, reject the amended terms required by Lender. In
34 such event, the Purchase Agreement shall be void and the Parties agree to execute cancellation
35 instructions with ESCROW HOLDER and return EMD to Buyer. **NEITHER THE BUYER, THE**
36 **SELLER, THE ESCROW HOLDER NOR THE BROKERS IN THIS TRANSACTION HAVE**
37 **ANY CONTROL OVER LENDER APPROVAL, OR ANY ACT, OMISSION OR DECISION BY**
38 **ANY LENDER IN THE SHORT SALE PROCESS.**
39

40 **4. Time Periods.** Opening escrow and depositing earnest money shall occur as stated in the
41 Purchase Agreement. The time periods specified in the Purchase Agreement for due diligence,
42 disclosures, inspections and other contingencies shall begin (check one):

- 43 as stated in the Purchase Agreement;
44 one (1) calendar day after the Parties' mutual written approval of the Lender Approval; —OR—
45 Other _____

Buyer Initials: [_____] [_____] Page 1 of 3 Seller Initials: [_____] [_____]
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1 **5. Close of Escrow.** Buyer and Seller understand that Lender Approval will include an expiration
2 date by which Close of Escrow ("COE") must occur. A typical Lender Approval is valid for 30 days.
3 The Parties agree to use best efforts to meet the Lender's COE deadline and understand that any
4 extension(s) must be by mutual written agreement and Lender's consent. Buyer understands that Lender
5 may impose additional requirements, such as per diem funds to be paid by Buyer, as additional
6 consideration for any extension(s).

7
8 **6. Other Offers.** Buyer and Seller acknowledge that the Seller's Agent is required by the Multiple
9 Listing Service to place the property in "Contingent" status after the Purchase Agreement is executed,
10 while the transaction is subject to Lender Approval. The Parties understand that additional offers may be
11 received by the Seller's Agent, which must be presented to the Seller pursuant to Nevada law. Seller
12 may choose to accept such subsequent offers as back-up offers.

13
14 **7. Buyer's Right to Cancel.** Buyer may cancel the Purchase Agreement for any reason and without
15 penalty any time after 45 60 90 _____ days from Acceptance if Lender Approval has not
16 been received. Upon Buyer's cancellation, Seller agrees to execute cancellation instructions with
17 ESCROW HOLDER and return EMD to Buyer.

18
19 **8. Foreclosure.** Seller warrants that, at the time of the Purchase Agreement, a Notice of Default
20 and Election to Sell has not -OR- has (date: _____) been recorded against the
21 Property. (Information regarding the foreclosure status of a property is available from the County
22 Recorder where the Property is located.) The Parties understand that the recording of a Notice of Default
23 begins a statutory foreclosure period, which lasts a minimum of three (3) months and twenty (20) days.
24 At the end of the foreclosure period, the Property typically will be sold at a Trustee's Sale (foreclosure
25 sale) and Seller will lose all rights and interest in the Property. Buyer and Seller understand that if COE
26 does not occur before a foreclosure sale of the Property, the Purchase Agreement shall be void and
27 escrow shall be cancelled. In such event, ESCROW HOLDER is instructed to return EMD to Buyer
28 without any further instruction from the Parties. The Parties agree to forever release and relieve
29 ESCROW HOLDER from any and all responsibility, liability, costs and/or litigation for the return of the
30 EMD under these conditions.

31
32 **9. Tax Consequences and Advice. A SHORT SALE MAY HAVE SERIOUS AND ADVERSE**
33 **LEGAL, TAX, CREDIT AND ECONOMIC CONSEQUENCES FOR THE SELLER.** Seller agrees
34 to seek advice from an attorney, a certified public accountant or other qualified professional regarding
35 the legal effect and meaning of a short sale and any Lender Approval.

36 Seller Initials [_____] [_____] _____

37
38 **10. Unfulfilled Contingency.** If the Lender rejects the short sale, Seller will promptly notify Buyer
39 of the rejection and the Purchase Agreement shall be void due to the unfulfilled contingency and escrow
40 shall be cancelled. In such event, ESCROW HOLDER is instructed to return EMD to Buyer without any
41 further instruction from the Parties. The Parties agree to forever release and relieve ESCROW HOLDER
42 from any and all responsibility, liability, costs and/or litigation for the return of the EMD under these
43 conditions.

44
45 **11. Other Terms and Conditions:** _____

46 _____
47 _____
48 _____

Buyer Initials: [_____] [_____] _____

Seller Initials: [_____] [_____] _____

1 _____
2 _____
3 _____
4 _____
5 _____
6 _____
7 _____
8 _____
9 _____

10 All other terms of the Purchase Agreement, including all prior counteroffers and addenda not modified
11 by this Addendum shall remain the same. To the extent that any terms of this Addendum are in conflict
12 with the Purchase Agreement, this Addendum will control. **WHEN PROPERLY COMPLETED,**
13 **THIS IS A BINDING CONTRACT. IF YOU DO NOT FULLY UNDERSTAND ITS**
14 **CONTENTS, SEEK COMPETENT LEGAL AND TAX COUNSEL BEFORE SIGNING.**

16 _____
17 Buyer Seller _____ Date _____

18 _____
19 _____
20 Buyer Seller _____ Time _____

21 **Acceptance:**

22 _____
23 _____
24 _____
25 Buyer Seller _____ Date _____

26 _____
27 _____
28 Buyer Seller _____ Time _____

29 _____
30 Prepared by: _____ Phone _____
31 Agent's Name