



NEW JERSEY REALTORS®
ADDENDUM REGARDING POSSIBLE SHORT SALES

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This Addendum is attached to and made a part of the New Jersey Realtors® Standard Form of Real Estate Sales Contract, Form 118, (the "Contract"). If this Addendum conflicts with the Contract, then this Addendum shall control.

1. SHORT SALE:

A "Short Sale" is a transaction for the sale and purchase of real property where the Purchase Price is less than the amount required to pay off the liens on the real property, such as mortgages, judgments, taxes, homeowner or condominium association fees, assessments, as well as closing costs, including but not limited to brokerage commissions, realty transfer fee and attorneys' fees. This transaction is or may be a Short Sale.

2. CONTINGENCY OF APPROVAL FROM LIEN HOLDERS OF SHORT SALE:

The Contract is subject to the written consent by the holders of certain liens on the Property (the "Designated Lien Holders") to accept less than the amount owed to them in order to release their liens, thereby allowing a closing to occur. If such consent(s) is not obtained, Seller will be unable to convey title to Buyer in accordance with Section 11 of the Contract. The Designated Lien Holders and the approximate amounts of their liens are as follows:

Table with 2 columns: Lien Holder, Amount. Includes horizontal lines for data entry.

Seller represents that the obligations secured by the liens held by the Designated Lien Holder(s) are currently [check one] ___ in default; ___ NOT in default. Buyer agrees not to communicate with any of the Designated Lien Holders without Seller's written consent, which consent Seller may withhold in its sole and absolute discretion.

3. SELLER'S OBLIGATION TO SEEK APPROVAL:

Seller shall seek written approval from the Designated Lien Holders of the Contract, and their consent to accept less than the amount owed to them in order to release their liens (each such approval being called a "Consent") from the Property in accordance with the following:

- a) Within five (5) business days after the attorney-review period for the Contract is completed or, if this Contract is timely disapproved by an attorney as provided in the Attorney-Review Clause Section of this Contract then within five (5) business days after the parties agree to the terms of the Contract, Seller shall submit to each Designated Lien Holder a copy of this Contract, along with such additional documentation anticipated to be required by the Designated Lien Holder for review and approval.
b) If a Designated Lien Holder requests additional documentation in order to process the request for the Consent, Seller agrees to respond promptly and in good faith to any such requests.
c) Seller shall bear sole responsibility for any expense for submitting authorizations or documentation required by the Designated Lien Holder.

4. ACKNOWLEDGMENTS BY THE PARTIES:

- a) Seller acknowledges that, although a Designated Lien Holder may agree to accept less than the amount owed to it in order to release its lien on the Property, that does not mean that the balance of the debt will be forgiven, and Seller may remain liable for the payment of the balance of the debt. Furthermore, if there is forgiveness of the debt, such amount may result in taxable income to Seller. SELLER IS DIRECTED TO CONSULT WITH ITS TAX ADVISOR CONCERNING THE CONSEQUENCES OF A SHORT SALE.
b) Seller and Buyer acknowledge that any Consent by a Designated Lien Holder may be made on the condition that none of the terms of this Contract shall differ in any material respect from the terms submitted to it upon which the Consent was based. For purposes of this Contract, any change in the date of closing, purchase price, real estate brokerage commissions, concessions and net proceeds to be paid to, or other remuneration to be received by, Seller in connection with the proposed Short Sale shall be deemed a material change. Any material change will require the application for the Consent to be resubmitted to the Designated Lien Holder for approval, which could result in delays in the Closing or in a denial of the Consent.



57 **5. CHANGES TO THE CONTRACT:**

58 If a Designated Lien Holder requires that any term or condition of this Contract be changed as a condition to giving its Consent to the
59 Short Sale, Seller shall promptly notify Buyer in writing of such requirement. Neither Seller nor Buyer shall be bound to make any change
60 to this Contract. If, however, a required change is mutually agreeable, Seller and Buyer shall promptly proceed to amend this Contract.

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62 **6. DEADLINE FOR CONSENT; CANCELLATION OF TRANSACTION:**

63 If Seller is unable to obtain the Consent by each Designated Lien Holder on or before _____, 20____, either party
64 may terminate this Contract by written notice to the other. Upon such termination, the deposit shall be returned to Buyer and neither
65 party shall have any further obligations under this Contract.

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67 **7. SELLER TO PROVIDE TIMELY NOTICE OF CONSENT:**

68 Seller shall provide Buyer with a copy of each Designated Lien Holder's Consent no later than two (2) business days after Seller's
69 receipt thereof.

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71 **8. POSTPONEMENT OF MORTGAGE COMMITMENT:**

72 Unless any Lien Holder requires otherwise for a mortgage commitment, in which case a separate written notice shall be provided by
73 Seller to Buyer, the time period for obtaining a mortgage commitment as contemplated by Section 3(D) of the Contract, if applicable,
74 shall end ___ days after Buyer receives notice that all Consents have been obtained.

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78 **WITNESS:**

80 _____	BUYER	_____	Date
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83 _____	BUYER	_____	Date
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