Short Sale Rider

This document carries legal implications. If you are unsure about its content, seek advice from your attorney.

All terms defined in the Contract are incorporated into this Short Sale Rider ("Rider"). Unless explicitly modified by this Rider, the provisions of the Contract remain fully applicable. In the case of any conflict between the provisions of this Rider and those in the Contract, the terms of this Rider shall take precedence. ***If this Contract is terminated due to any of the events outlined below, the Earnest Money will be refunded to the Buyer, in accordance with the terms of the Contract.***

1. Short Sale Defined. The sale of the Property may result in a “short sale.” A “**short sale**” is a situation where the Sellers’ net proceeds, after payment of all applicable Closing costs and other charges payable by Seller from the sale of the Property, are insufficient to pay the Seller’s outstanding mortgage loan(s) and/or other secured lien(s) in full at Closing unless a Lien Holder provide(s) a full deed of release in exchange for accepting payment in an amount that is less than the amount(s) actually owed to the Lien Holder. For purposes of this Contract, a “**Lien Holder**” is collectively defined as anyone who is owed money by the Seller where such debt is secured by a lien against the Property. A Lien Holder is usually a mortgage lender, but may also include any other secured creditor, including without limitation a bankruptcy trustee, federal, state and local taxing authorities (*e.g.,* the IRS or State Tax Commission) and private parties.

2. No Binding Contract Without Lien Holder Approval. Unless this contingency is waived, the Buyer’s and other parties’ duties The Seller’s obligation to move forward with Closing under this Agreement is separately dependent on each relevant Lien Holder’s approval of the full payoff amount for all outstanding mortgage or lien balances. If the applicable Lien Holder(s) do not approve the terms of this Agreement and issue a complete release and satisfaction of their lien(s) by the Closing Date, then (unless this condition has been waived), the Agreement will automatically be canceled, and the Earnest Money shall be promptly returned to the Buyer.

3. Buyer’s Right to Withdraw/Seller’s Waiver. Until the Buyer receives formal written confirmation approving the Purchase Price and all other key terms outlined in this Agreement—specifically, a commitment to provide a full release and satisfaction of the mortgage(s) and/or other lien(s) upon payment of an amount less than the total owed—by all of the Seller’s Lien Holder(s) (referred to as the “**Notice of Acceptance**”), unless the Buyer receives written approval from all applicable Lien Holder(s) or the Seller provides a written waiver of this contingency, the Buyer retains the sole and absolute right to cancel this Agreement by delivering written notice to the Seller. The Seller may only waive this contingency by formally notifying the Buyer in writing that they are now capable of completing the sale (i.e., paying off all secured liens in full) without needing approval from any Lien Holder. If the Seller waives this contingency but later fails to fulfill these obligations, the Buyer shall retain all rights and remedies available under this Agreement.

4. Extension of Due Diligence. The Buyer and Seller agree that for the purposes of the “Loan Contingency Date,” “Review Period,” and “Inspection Period” outlined in Sections 5, 6, and 7 of this Agreement, the “Effective Date” shall be considered the date the Buyer receives the Notice of Acceptance. The scheduled Closing Date shall not be extended, but if the Notice of Acceptance has not been received by Buyer on or before _______________, 20__, (the “**Approval Deadline**”) the Agreement will automatically cancel, and the Earnest Money will be returned to the Buyer.

5. Broker Liability. The Buyer and Seller authorize their respective Brokers to communicate with the Lien Holders regarding the status of the Seller’s loan and the conditions necessary to facilitate a short sale. The parties understand that the Brokers cannot guarantee the Seller’s success in obtaining a short sale or the results of any negotiations with the Lien Holder. The Buyer and Seller agree to indemnify and hold harmless any Broker and their licensee(s) involved in this transaction from any liability.

6. Recourse. Participation in a short sale does not prevent foreclosure proceedings from being initiated against the Property at any point. Unless a separate agreement is made, a Lien Holder is not obligated to accept a payment that is less than the amount owed by the Seller. Unless this contingency is waived by the Seller as outlined in Section 3 above, if a Lien Holder declines to accept a reduced payment, the Buyer shall have no additional recourse against the Seller (except for the reimbursement of any Earnest Money upon termination of the Agreement) if the Seller is unable to transfer clear title by the agreed-upon Closing Date.

7. Tax and Legal Advice. ***A “short sale” may have unique tax implications. The Seller is strongly advised to seek guidance from a tax or financial advisor regarding the potential tax and financial consequences of participating in a short sale. Both parties are encouraged to obtain legal counsel to review the terms of any agreement with a Lien Holder and to oversee and manage the short sale process.***

By signing below, the Buyer and Seller confirm receipt of a copy of this Rider.

BUYER	**Date**	**SELLER**	**Date**
Print Name:		Print Name:	
BUYER	**Date**	**SELLER**	**Date**
Print Name:		Print Name:	