

NEW JERSEY ASSOCIATION OF REALTORS®
ADDENDUM REGARDING POSSIBLE SHORT SALES

Seller: _____

Buyer: _____

Property Address: _____

This Addendum (this “**Addendum**”) is attached to and made a part of the New Jersey Association of REALTORS® Standard Form of Real Estate Contract, “NJAR®” Form 118, (the “**Contract of Sale**”). In the event this Addendum conflicts with the Contract of Sale, then this Addendum shall control. The Contract of Sale as amended by this Addendum is referred to as the “**Agreement**.”

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 Agreement 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 the Buyer in accordance with paragraph 7 of the Agreement. The Designated Lien Holders and the approximate amounts of their liens are as follows:

Lien Holder	Amount
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

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.** After completion of Attorney Review, Seller shall seek written approval from the Designated Lien Holders of the Agreement, 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 full execution of the Agreement, Seller shall submit to each Designated Lien Holder a copy of the Agreement, 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 the 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 the 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 the Agreement shall differ in any material respect from the terms submitted to it upon which the Consent was based. For purposes of the Agreement, 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.

5. **Changes to the Agreement.** In the event a Designated Lien Holder requires that any term or condition of the Agreement be changed as a condition to giving its Consent to the Short Sale, Seller shall promptly notify Buyer in writing of such requirement. Neither Seller nor Buyer shall be bound to make any change to the Agreement. If, however, a required change is mutually agreeable, Seller and Buyer shall promptly proceed to amend the Agreement.
6. **Deadline for Consent; Cancellation of Transaction.** If Seller is unable to obtain the Consent by each Designated Lien Holder *within 90 days of Atty Rev*, either party may terminate the Agreement by written notice to the other. Upon such termination, the deposit shall be returned to the Buyer and neither party shall have any further obligations under the Agreement.
7. **Seller to Provide Timely Notice of Consent.** Seller shall provide Buyer with a copy of each Designated Lien Holder's Consent no later than two (2) business days after Seller's receipt thereof.
8. **Postponement of Dates.** Unless any Lien Holder requires otherwise for a mortgage commitment or inspections, in which case a separate written notice shall be provided by the Seller to the Buyer, the time period for obtaining a mortgage commitment as contemplated by paragraph 3(C) of the Contract of Sale, if applicable, shall end 21 days after Buyer receives notice that all Consents have been obtained. The time periods ~~for the conduct of inspections as set forth in paragraphs 19 and 20 of the Contract of Sale and for obtaining private well test results, if applicable, as set forth in paragraph 31 of the Contract of Sale~~ shall commence on the date that Buyer receives notice that all Consents have been obtained.

IN THE PRESENCE OF:

_____	_____	_____ (L.S.)
	Date	BUYER
_____	_____	_____ (L.S.)
	Date	BUYER
_____	_____	_____ (L.S.)
	Date	SELLER
_____	_____	_____ (L.S.)
	Date	SELLER