

SHORT SALE ADDENDUM

NOTE: The Back-Up Contract Addendum (form 2A1-T) should NOT be used in conjunction with this form when more than one contract of sale is being signed by Seller, as this form manages multiple contracts when necessary

Property: _____

Seller: _____

Buyer: _____

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Seller and Buyer for the Property.

1. **Short Sale Defined:** For purposes of this Contract, a "Short Sale" is a sale where:
 - (a) the Purchase Price is or may be insufficient to enable Seller to pay the costs of sale, which include but are not limited to the Seller's closing costs and payment in full of all loans or debts secured by deeds of trust on the Property due and owing to one or more lender(s) and/or other lienholders ("Lienholders");
 - (b) Seller does not or may not have sufficient liquid assets to pay the costs of sale; and,
 - (c) the Lienholders agree to release or discharge their liens upon payment of an amount less than the amount secured by their liens with or without the Seller being released from any further liability.
2. **Short Sale Approval Risks: Buyer and Seller understand and agree that:**
 - No Lienholder is required or obligated to approve a Short Sale
 - Lienholders may require some terms of the Contract be amended in exchange for approval of a Short Sale, including acceleration of the Due Diligence Period and Settlement Date
 - Buyer and Seller are not obligated to agree to any of Lienholders' proposed terms
 - Seller may not be financially able to make any repairs to the Property that Buyer may request. The Seller's inability to make repairs shall not affect any rights that Buyer may have to terminate the Contract.
 - The costs of Due Diligence and any Due Diligence Fee usually are not refundable to Buyer in the event the Short Sale is not approved.
 - Lienholders' approval may take several weeks or months to obtain, and neither the Seller nor any real estate agent representing Seller or Buyer can guarantee the timeliness of Lienholders' review, approval or rejection.
 - NEITHER THE BUYER, THE SELLER, THE CLOSING ATTORNEY NOR THE BROKERS IN THIS TRANSACTION HAVE ANY CONTROL OVER LIENHOLDERS' APPROVAL, OR ANY ACT, OMISSION OR DECISION BY ANY LIENHOLDERS IN THE SHORT SALE PROCESS.
3. **Contingency:** This Contract is contingent upon Seller obtaining written approval for a Short Sale from all Lienholders whose approval is necessary to enable Seller to close and convey title in accordance with the Contract, which approval shall be effective through Closing upon terms which are acceptable to Seller ("Short Sale Approval")
4. **Notice of Seller's Acceptance of Lienholders' Approval and Parties' Right to Terminate:** Upon obtaining written Short Sale Approval from all necessary Lienholders, Seller agrees to promptly provide Buyer with written notice of Seller's acceptance of Lienholders' approval ("Notice of Approval of Short Sale"). Until Notice of Approval of Short Sale, either party may terminate the Contract by written notice to the other party and the Earnest Money Deposit shall be refunded to Buyer.
5. **Due Diligence/Settlement Date:**
 - (a) Buyer and Seller agree that the Due Diligence Period of this Contract shall extend through 5:00 p.m. on the fifteenth (15th) day (or the _____ day, if this blank is completed) following Seller's delivery to Buyer of Notice of Approval of Short Sale, **TIME BEING OF THE ESSENCE**.
 - (b) Buyer acknowledges that it could be of substantial benefit to Buyer to conduct any and all Due Diligence soon after the Effective Date. Doing so enables Buyer to inform Seller of defects or other matters that may affect Lienholder approval,

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This form jointly approved by:
North Carolina Bar Association
NC REALTORS®



STANDARD FORM 2A14-T
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Buyer initials _____ Seller initials _____

allows Buyer to determine that the Property is suitable and that Buyer can obtain financing, and allows the parties to avoid unnecessary delays.

- (c) Buyer and Seller agree that the Settlement Date of this Contract shall be on the thirtieth (30th) day (or the _____ day, if this blank is completed) following Seller's delivery to Buyer of Notice of Approval of Short Sale.

NOTE: Instead of inserting dates in the "Due Diligence Period" and "Settlement Date" blanks in the Contract, insert "See attached Short Sale Addendum".

6. Other Offers/Additional Contracts:

- (a) Rules of the NC Real Estate Commission require offers from other buyers received by the Seller's Agent to be presented to the Seller. The NC Real Estate Commission also requires the Seller's Agent to inform Lienholders of all offers and contracts of sale on the Property received after a request for a Short Sale has been submitted by such Agent to any Lienholder.
- (b) Seller hereby represents to Buyer that there ☐ is ☐ is not an existing contract of sale on the Property ("Existing Sales Contract")
- (c) Offers from other buyers may be accepted by the Seller and become sales contracts ("Additional Sales Contract") Seller or Lienholders may, prior to the Notice of Approval of Short Sale, elect to substitute any Existing or Additional Sales Contract for approval by Lienholders and withdraw this Contract or any Existing or Additional Sales Contract from consideration by Lienholders.
- (d) Unless this Contract has been terminated, Seller shall promptly notify Buyer in writing of the occurrence of any of the following events:
- (i) Seller's acceptance of any Additional Sales Contract; or
 - (ii) Seller's or Lienholders' substitution of any Existing or Additional Sales Contract for this Contract for Lienholder approval; or
 - (iii) Short Sale Approval of any Additional Sales Contract; or
 - (iv) Seller's closing on any Existing or Additional Sales Contract.
- (e) If not sooner terminated by Buyer or Seller hereunder, this Contract shall become null and void upon the completion of closing of any Existing or Additional Sales Contract whether or not Seller notifies Buyer of any such closing, and any Earnest Money Deposit shall be refunded to Buyer.

7. Foreclosure: Seller represents that to the best of Seller's knowledge, a foreclosure proceeding ☐ has not ☐ has been filed with respect to the Property. Further, if during the Short Sale process a foreclosure proceeding is filed, the Seller shall disclose such foreclosure filing to the Buyer. Buyer and Seller understand that if Closing does not occur before the completion of a foreclosure of the Property, Seller will lose all rights and interest in the Property. In such event, the Contract shall be void, and the Earnest Money Deposit shall be refunded to Buyer.

8. Bankruptcy: Seller represents that Seller ☐ is ☐ is not under bankruptcy protection under United States law. If Seller files a bankruptcy proceeding, Seller shall promptly disclose such filing in writing to Buyer.

9. Tax Consequences and Advice: Seller is advised to seek advice from an attorney, a certified public accountant or other professional regarding the credit, legal and tax consequences of a Short Sale.

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE CONTRACT, THIS ADDENDUM SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

NC REALTORS® AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date: _____

Date: _____

Buyer _____

Seller _____

Date: _____

Date: _____

Buyer _____

Seller _____

Entity Buyer: _____

Entity Seller: _____

(Name of LLC/Corporation/Partnership/Trust/etc.)

(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

[THIS SPACE INTENTIONALLY LEFT BLANK]

NOTE: The following is a suggested notice that may be copied for the purpose of complying with the notice provision contained in paragraph 4 of the Short Sale Addendum. DO NOT DETACH THE ORIGINAL OF THIS FORM FROM THE CONTRACT.

NOTICE OF APPROVAL OF SHORT SALE

NOTICE is hereby given to _____ (insert name of Buyer) from Seller under the Contract between them dated _____ that Seller has obtained written approval for a Short Sale upon terms which are acceptable to Seller from all Lienholders whose approval is necessary to enable Seller to close and convey title in accordance with the Contract.

Seller: _____ Date _____

Seller: _____ Date _____

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