

## How to Complete Escalation Addendum to Contract



**Step One:** Complete the relevant information regarding the Parties and the Property

The following provisions are made part of the Contract between

\_\_\_\_\_ (“Seller”) and  
\_\_\_\_\_ (“Buyer”) concerning  
\_\_\_\_\_ (“Property”).

**Step Two:** Buyer should fill out the initial offer being made and check the corresponding Contract on which the initial offer was made.

Buyer offered Seller \$\_\_\_\_\_ (“Purchase Price”) to purchase Property as set forth in the **(CHECK ONE)**:

- “AS IS” Residential Contract for Sale and Purchase (“AS IS FR/BAR”)
- Residential Contract for Sale and Purchase (“FR/BAR”)
- Contract for Residential Sale and Purchase (“CRSP”)
- Commercial Contract
- Vacant Land Contract

**Step Three:** In the section that indicates Buyer is to complete information, Buyer should enter Buyer’s Escalation Amount as well as the Maximum Purchase Price that Buyer is willing to pay. Buyer should then check one of the two boxes, clarifying if Buyer is paying cash for any Escalation Amount or if Buyer is seeking financing on any amount. Note that if neither box is checked, Buyer is to pay cash for any Escalation Amount and provide proof of funds to Seller.

**(BUYER TO COMPLETE THIS SECTION):**

Buyer agrees that Purchase Price shall be increased by \$\_\_\_\_\_ (“Escalation Amount”) over the purchase price set forth in Competing Offer up to \$\_\_\_\_\_ (“Maximum Purchase Price”). If the increased Purchase Price exceeds the Maximum Purchase Price, then Buyer’s offer shall be the Maximum Purchase Price and the Escalation Amount will be reduced accordingly.

**CHECK ONE:**

- (a) At Closing, Buyer shall pay cash to cover applicable Escalation Amount. Buyer’s proof of funds is attached with the offer.
- (b) Buyer shall seek financing for applicable Escalation Amount. **Buyer should verify the ability to finance the Escalation Amount with lender.** If this option is selected, the amount Buyer is financing is amended to include applicable Escalation Amount.

**(IF NEITHER BOX IS CHECKED, THEN OPTION (a) SHALL BE DEEMED SELECTED)**

**Step Four:** In the section that indicates Seller is to complete information, Seller should calculate and enter the revised Purchase Price (as set forth by the formula) and provide a copy of the Competing Offer to Buyer.

**(SELLER TO COMPLETE THIS SECTION):**

Seller agrees to the revised Purchase Price (calculated as Competing Offer purchase price + Escalation Amount, not to exceed Maximum Purchase Price) of \$ \_\_\_\_\_.

**Seller shall provide a copy of the Competing Offer (with competing buyer's identification redacted) at or prior to time Seller accepts or counters Buyer's offer in writing.** In the event Seller fails to timely furnish Buyer with a copy of the Competing Offer, the Purchase Price shall not be increased by applicable Escalation Amount.

**Step Five:** Buyer and Seller should read the acknowledgment and understandings section of the form and then sign and date the form.

Parties acknowledge and understand that use of this Escalation Addendum:

- is voluntary and intended to increase the competitiveness of Buyer's offer to Seller;
- reveals Buyer's highest and best offer, which is not usually nor necessarily in Buyer's best interest;
- allows Seller to share Buyer's offer with potential competing buyers;
- requires Buyer to consider whether Property is worth the revised Purchase Price and/or Maximum Purchase Price;
- requires Seller to consider how Buyer intends to pay any Escalation Amount in addition to other terms of the Contract;
- could impact Buyer's ability to obtain financing and whether appraised value will be sufficient to satisfy Buyer's lender, if applicable;
- does not obligate Buyer's lender to the terms of the Contract, if applicable;
- has legal ramifications and Parties should seek the advice of counsel prior to signing;
- requires Seller to operate in good faith and only present bona fide competing offers; and
- requires Buyer and Seller to use care and diligence in the course of the transaction for the reasons stated herein.

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date