



Heartland Real Estate Association PRICE ESCALATION ADDENDUM



To be used in conjunction with the HREA Residential Offer to Purchase. For Member Use Only.
This form has been approved by Board Legal Counsel.

This Addendum is made part of the Residential Real Estate Purchase Agreement ("Purchaser's Offer") signed by _____, as Purchaser, on _____, (the "Offer Date"), and constituting Purchaser's offer to buy from _____, as Seller, the Property located at _____ ("Property"). In the event of any conflict or ambiguity in the terms of Purchaser's Offer and this Addendum, the terms of this Addendum shall govern. Any terms not defined herein shall have the same meaning as set forth in Purchaser's Offer.

Purchaser has offered to buy the Property from Seller for a Purchase Price of \$ _____, as set forth in Purchaser's Offer; however, the Purchase Price shall automatically be increased without further amendment to the Purchaser's Offer or affirmative action by Purchaser in accordance with the terms and conditions of this Addendum.

1. **ESCALATION TERMS:** Until Acceptance, or such time as the Purchaser's Offer is rejected, or expires, the Purchase Price shall increase as follows:

a. **Escalating Factors:** If the Seller receives any additional bona fide offer(s) made in good faith for the purchase of the Property ("Other Offer") with terms acceptable to Seller from which Seller would realize a higher net sales price (contract sales price less any costs to be paid by Seller and other Seller concessions) then Purchaser hereby increase their offer by the amount necessary to give the Seller a net sale price that is \$ _____ above the net sales price in the Other Offer (the "Escalation Factor").

b. **Purchase Price Cap:** In no event shall the Purchase Price exceed \$ _____ (the "Cap"). If the difference between the Cap and the net sales price of the Other Offer Price is less than the Escalation Factor, the Purchase Price shall be equal to the amount of the Cap.

c. **Documentation and Acceptance:** If the Purchase Price is escalated as set forth in this Paragraph, then Acceptance shall require Seller to deliver a copy of the Other Offer to Purchaser together with the executed acceptance of Purchaser's Offer, without change (including the Acknowledge of Acceptance below). Seller may remove prospective purchaser(s) names from the Other Offer, but may not remove financial terms, including price and any Seller concessions.

d. **Seller Concessions:** In the event that the monetary value of any Seller concessions contained in the Agreement differ from monetary value of any Seller concessions contained in any Other Offer, such Other Offer Price shall be the purchase price stated in the Other Offer adjusted upward or downward, as the case may be, in an amount equal to the difference between the monetary value of the Seller concessions contained in the Other Offer less the monetary value of the Seller concessions contained in the Agreement.

e. **Additional Terms:** _____

2. **DISCLAIMERS:**

a. **Potential For Multiple Escalations:** Purchaser acknowledges that if Seller receives more than one Other Offer and/or any Other Offer contains a similar price escalation clause, that escalation of the Purchase Price as set forth in Paragraph 1(a) above may occur more than once, and in some cases, may result in escalation of the Purchase Price to an amount equal to the Cap.

b. **Brokerage Disclaimer:** Purchaser acknowledges and affirms that Purchaser's Offer and this Price Escalation Addendum have been made of Purchaser's own volition and at Purchaser's own discretion. Purchaser agrees to hold all agents and their brokers harmless regarding the negotiation of the Purchase Price and operation of the price escalation as set forth herein.

c. **Lack of Confidentiality:** Purchaser acknowledges that Seller may provide a copy of the Purchaser's Offer and this Price Escalation Addendum to: (i) any prospective purchaser that submits an Other Offer; and (ii) such prospective purchaser's agents and brokers.

d. **Purchase Price Increase Self-Operative Upon Acceptance:** Purchaser understands and acknowledges that, other than as executed by Purchaser on the Offer Date, no additional signatures or initials are required by Purchaser on this form or Purchaser's Offer to create of a binding Residential Real Estate Purchase Agreement between the parties pursuant to the terms of Purchaser's Offer and as set forth herein. Notwithstanding the foregoing, at the request of Seller, Purchaser's lender, or any agent or broker involved in the transaction, Purchaser agrees to sign or initial, and date the Residential Real Estate Purchase Agreement to reflect any increase in the Purchase Price

If Seller desires to accept Purchaser's Offer after any escalation of the Purchase Price as set forth in Paragraph 1 above, Seller shall complete the Acknowledgement of Acceptance section of this Price Escalation Addendum below by inserting new escalated Purchase Price, as calculated based on the terms above, into the space provided, and otherwise comply with the terms for Acceptance as set forth in Paragraph 1(c) above and in the Purchaser's Offer.

Purchaser's Signature

Date

Purchaser's Signature

Date

Acknowledgement of Acceptance

The Purchase Price of Purchaser's Offer is increased from \$ _____ to \$ _____.

A copy of the Other Offer is attached.

Seller has accepted Purchaser's Offer.

Seller's Signature

Date

Seller's Signature

Date

Address _____