



**RESIDENTIAL REAL ESTATE PURCHASE
APPRAISAL GAP ADDENDUM**



**To be used in conjunction with the Residential Real Estate Purchase Agreement
approved by Northwest Ohio REALTORS®**

This Appraisal Gap Addendum ("Addendum") is made part of the Residential Real Estate Purchase Agreement dated _____, 20____, between _____, as Seller, and _____ as Purchaser, for the Property located at _____ ("Agreement"). In the event of any conflict or ambiguity in the terms of the Agreement and this Addendum, the terms of this Addendum shall govern. Any terms not defined herein shall have the same meaning as set forth in the Agreement.

The purpose of this Appraisal Gap Addendum is for the Purchaser to commit to accepting an Appraisal of the Property less than the Purchase Price, without an adjustment of the Purchase Price. The lowest Appraisal amount that Purchaser will accept is defined below as the "Appraisal Minimum". This Appraisal Gap Addendum replaces Paragraph 10 of the Agreement in its entirety.

This Agreement is conditioned upon the Property appraising by Purchaser's lender or an appraiser of Purchaser's choice at no less than \$_____ (the "Appraisal Minimum") by the later of the expiration of the Financing Contingency Period or the Inspection Period (the "Appraisal Period"). Purchaser agrees to pay any difference between the Purchase Price and the appraised amount at Closing.

If the Property fails to appraise at or above the Appraisal Minimum, Purchaser shall notify Seller, in writing, prior to the expiration of the Appraisal Period, whereupon Purchaser and Seller shall have a period of five (5) days after Purchaser notifies Seller that that Property failed to appraise at or above the Appraisal Minimum to agree upon a reduction in the Purchase Price (the "Renegotiation Period"). Seller shall be under no obligation to agree to a reduction in the Purchase Price. If such renegotiation is not pursued or not successful, Purchaser may terminate this Agreement by providing written notice to Seller prior to the expiration of the Renegotiation Period and the termination procedures of Paragraph 23 of the Agreement shall apply.

If no appraisal is obtained within the Appraisal Period, this condition is waived and no longer a part of the Agreement.

This Appraisal Gap Addendum, upon execution by the parties, becomes an integral part of the Agreement.

Purchaser Signature Date

Seller Signature Date

Purchaser Signature Date

Seller Signature Date

EASTMAN & SMITH LTD. MEMORANDUM

TO: Northwest Ohio Realtors

FROM: Eastman & Smith, Ltd.

DATE: December 22, 2021

RE: Use of Appraisal Gap Addendum
Our File Number T1429/196490

The new Appraisal Gap Addendum (the “**Addendum**”) was designed for use when a Purchaser wants to commit himself/herself to accept an appraisal less than the Purchase Price set forth in the Residential Real Estate Purchase Agreement (the “**REPA**”). Paragraph 10 of the REPA currently provides that the Purchaser may terminate the REPA if the Property does not appraise at or above the Purchase Price.

A couple of highlights of the Addendum are as follows:

1. The Addendum replaces Paragraph 10 of the REPA.
2. By entering into the Addendum, the Purchase Price is not adjusted upward or downward based on the appraisal.
3. The Addendum allows the Purchaser to insert the lowest amount he/she will accept an appraisal. This figure is referred to in the Addendum as the “Appraisal Minimum”.

Example: Purchase Price agreed to is \$250,000, but Purchaser is concerned the Property will not appraise for that amount and is willing to accept an appraisal up to \$25,000 under the Purchase Price. The Purchaser can utilize the Addendum and insert an Appraisal Minimum of \$225,000. If the Property appraises at or above \$225,000, the appraisal contingency is satisfied and Purchaser will purchase the Property (but subject to any other contingencies in the REPA).

4. If the Appraisal Minimum is not satisfied, Purchaser must notify the Seller, in writing, prior to the expiration of the Appraisal Period (which is the later of the Financing Contingency Period or Inspection Period – both as defined in the REPA). In that case, the Purchaser and Seller may attempt to renegotiate the Purchase Price for a period of five (5) days. If Purchaser and Seller are not willing to or not able to agree on a reduction of the Purchase Price, Purchaser may terminate the REPA by delivering Seller written notice within that five (5) day period.
5. Seller is under no obligation to renegotiate the Purchase Price.