Escalation Addendum to Contract

This Addendum is part of the Contract made between:
_____________________________________ ("Seller") and
_____________________________________ ("Buyer") regarding the property located at:
_____________________________________ ("Property").

Buyer has offered Seller $________________ ("Initial Purchase Price") to purchase the Property under the following agreement (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

If a valid, unexpired, and acceptable competing offer is received by the Seller ("Competing Offer"), Buyer agrees to increase the Initial Purchase Price as follows:

(BUYER SECTION):

Buyer agrees the Purchase Price will increase by $________ ("Escalation Amount") above the price in the Competing Offer, up to a maximum of $________ ("Maximum Purchase Price").
If the Escalated Price is higher than the Maximum Purchase Price, then the Buyer's offer will be capped at the Maximum Purchase Price and the Escalation Amount reduced accordingly.

CHECK ONE:

☐ (a) Buyer will pay cash at Closing to cover the Escalation Amount. Proof of funds is attached.

☐ (b) Buyer will obtain financing for the Escalation Amount. **Buyer must confirm with their lender that financing can cover this increase. If this option is chosen, Buyer's financing terms are amended to include the Escalation Amount.**

(If neither box is selected, Option (a) will apply by default.)

(SELLER SECTION):

Seller accepts the revised Purchase Price (Competing Offer price + Escalation Amount, not to exceed the Maximum Purchase Price) of $________________.

Seller must provide Buyer with a copy of the Competing Offer (with the competing buyer's identity removed) at or before accepting or countering Buyer's offer in writing. If no copy is provided, the Purchase Price will not be increased by the Escalation Amount.

The parties understand and agree that using this Escalation Addendum:

- is voluntary and meant to make the Buyer's offer more competitive to the Seller;
- discloses the Buyer's highest and best offer, which may not always be in the Buyer's best interest;
- permits the Seller to share the Buyer's offer with other potential buyers;
- requires the Buyer to carefully consider whether the Property is worth the increased Purchase Price and/or Maximum Purchase Price;
- requires the Seller to evaluate how the Buyer intends to pay any Escalation Amount in addition to the other terms of the Contract;
- may affect the Buyer's ability to secure financing, depending on whether the property appraises at a value acceptable to the Buyer's lender;
- does not obligate the Buyer's lender to approve financing under the terms of the Contract, if applicable;
- carries legal consequences, and both parties are advised to seek legal counsel before signing;
- requires the Seller to act in good faith and only present genuine competing offers; and
- requires both Buyer and Seller to exercise care and diligence throughout the transaction for the reasons outlined above.

Buyer Date

Buyer Date

Seller Date

Seller Date