

PRICE ESCALATION ADDENDUM TO AGREEMENT OF SALE

PEA

This form recommended and approved for, but not restricted to use by, the members of the Pennsylvania Association of Realtors® (PAR).

1 **PROPERTY** _____
2 **SELLER** _____
3 **BUYER** _____

- 4 1. This Addendum is presented to Seller as part of Buyer’s offer to purchase Seller’s Property. Should Seller accept Buyer’s offer,
- 5 Buyer and Seller will have entered into a binding agreement under the terms of the Agreement and/or other addenda, with the
- 6 exception of any terms addressed in this Addendum.
- 7 2. If, prior to Seller’s acceptance of Buyer’s offer to purchase, Seller receives from another prospective purchaser a bona fide offer to
- 8 purchase the Property (“Competing Offer”), with terms acceptable to Seller and a Net Purchase Price (the Purchase Price less any
- 9 identified Seller assist and Seller financial concessions) higher than the Net Purchase Price offered by Buyer, Buyer agrees that the
- 10 Purchase Price of Buyer’s offer is increased so that the Net Purchase Price is \$ _____ higher than the Net Purchase Price
- 11 in the Competing Offer(s), up to a maximum Purchase Price of \$ _____. **If one or more Competing Offers include**
- 12 **similar price escalation terms, this automatic increase will be applied to the maximum escalated sales price of the highest**
- 13 **competing escalation term, not to exceed the maximum Purchase Price stated above.**
- 14 3. If the Purchase Price is increased based on the terms of Paragraph 2 above, the terms of the Mortgage Contingency Paragraph in the
- 15 Agreement of Sale are changed as follows (check all that apply):
- 16 The Mortgage Contingency is waived. This sale is NOT contingent on mortgage financing, although Buyer may still obtain
- 17 mortgage financing.
- 18 The Loan Amount stated in the Mortgage Contingency is increased by the amount necessary to keep the Loan-to-Value Ratio (a
- 19 percentage derived by dividing the total value of loans for the property by the Purchase Price) the same as that set forth in the
- 20 Mortgage Contingency Paragraph of the Agreement of Sale, with the remainder paid in cash at settlement.
- 21 The first \$ _____ of the difference between the original Purchase Price and the new Purchase Price will be paid
- 22 in cash at settlement; the remaining difference will be added to the loan amount.
- 23 Within _____ days of the Execution Date of the Agreement, Buyer will deliver to Seller a written pre-approval letter from the
- 24 lender identified in the Mortgage Contingency Paragraph (or, if none is stated, from a reputable lender) for an amount equal to or
- 25 greater than the increased loan amount. If Buyer fails to provide written pre-approval within the stated time period, Seller may ter-
- 26minate the Agreement in writing.
- 27 4. An Appraisal Contingency Addendum is attached.
- 28 5. Seller will provide a copy of the Competing Offer to Buyer no later than the time Seller returns a copy of the executed Agreement
- 29 to Buyer. Seller may remove the name of the other prospective purchaser, but may not remove any financial terms, including the
- 30 Purchase Price or any Seller assist or other Seller financial concessions.
- 31 6. Seller will fill in the new Purchase Price, as calculated based on the terms of Paragraph 2, between Buyer’s and Seller’s signatures
- 32 below. Buyer understands and acknowledges that no further signature or initials are required on this form to have an executed
- 33 Addendum. At the request of Seller, Buyer’s lender, or any of the real estate licensees involved in the transaction, Buyer agrees to
- 34 sign or initial, and date the Agreement of Sale to reflect any increase in the Purchase Price and/or any other changes in terms made
- 35 in accordance with this Addendum. Buyer’s refusal to sign or initial any changes made in accordance with this addendum will result
- 36 in Buyer being in default under the terms of the Agreement of Sale. Changing the Purchase Price or other terms in the already exe-
- 37cuted Agreement of Sale to reflect any changes made by this Addendum does not change the Execution Date of the Agreement of
- 38 Sale.

39 **All other terms and conditions of the Agreement of Sale remain unchanged and in full force and effect.**

40 **BUYER** _____ **DATE** _____
41 **BUYER** _____ **DATE** _____
42 **BUYER** _____ **DATE** _____

- 43 (A) The Purchase Price of the Agreement of Sale is increased from \$ _____ to \$ _____
- 44 pursuant to the terms set forth in paragraph 2 above. A copy of the Competing Offer is attached.
- 45 (B) The Mortgage Contingency paragraph of the Agreement of Sale is modified to reflect the changes made in paragraph 3 above.
- 46 (C) Seller has accepted Buyer’s offer and has executed the Agreement.

47 **SELLER** _____ **DATE** _____
48 **SELLER** _____ **DATE** _____
49 **SELLER** _____ **DATE** _____



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