

**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 **DATE OF AGREEMENT** \_\_\_\_\_

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

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

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43 **WITNESS** \_\_\_\_\_ **BUYER** \_\_\_\_\_ **DATE** \_\_\_\_\_  
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- 46 (A) The Purchase Price of the Agreement of Sale is increased from \$ \_\_\_\_\_ to \$ \_\_\_\_\_
- 47 pursuant to the terms set forth in paragraph 2 above. A copy of the Competing Offer is attached.
- 48 (B) The Mortgage Contingency paragraph of the Agreement of Sale is modified to reflect the changes made in paragraph 3 above.
- 49 (C) Seller has accepted Buyer's offer and has executed the Agreement.

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52 **WITNESS** \_\_\_\_\_ **SELLER** \_\_\_\_\_ **DATE** \_\_\_\_\_  
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