

Buyer's Initials	Date	Buyer's Initials	Date	Seller's Initials	Date	Seller's Initials	Date
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**ESCALATION ADDENDUM TO  
PURCHASE AND SALE AGREEMENT**

- b. Notice to Seller – Non-Qualifying Offer.** 37
- i. If the offer provided by Seller does not qualify as a Competing Offer under Paragraph 2 of this Addendum, 38  
Buyer may deliver notice to Seller of that fact within \_\_\_\_ days (3 days if not filled in) of receipt of the 39  
Competing Offer. If Buyer fails to timely give such notice, the offer shall conclusively be deemed to qualify 40  
as a Competing Offer under Paragraph 2 of this Addendum. 41
- ii. If Buyer provides such notice to Seller, Seller shall have \_\_\_\_ days (2 days if not filled in) to give notice of 42  
termination of this Agreement. If Seller timely gives such notice, the Earnest Money shall be refunded to 43  
Buyer. If Seller does not timely give such notice of termination, then Buyer shall be entitled to purchase the 44  
Property at the non-escalated Purchase Price. 45
- c. Notice to Seller – New Purchase Price.** 46
- i. If the new Purchase Price calculated by Seller is incorrect, Buyer may deliver notice to Seller of that fact 47  
within \_\_\_\_ days (3 days if not filled in) of receipt of the Notice of New Purchase Price (Form 35EC) 48  
and the Competing Offer. Buyer's notice shall include Buyer's calculation of the new Purchase Price in 49  
the Escalation Addendum Notice (Form 35EN). If Buyer fails to timely give such notice, the new Purchase 50  
Price stated in the Notice of New Purchase Price (Form 35EC) shall conclusively be deemed to be correct. 51
- ii. If Buyer provides such notice to Seller, Seller shall have \_\_\_\_ days (2 days if not filled in) to give notice 52  
of termination of this Agreement. If Seller timely provides such notice, the Earnest Money shall be refunded 53  
to Buyer. If Seller does not timely give notice of termination, then Buyer's calculated new Purchase Price 54  
in Buyer's notice shall conclusively be deemed to be correct. 55

# **ESCALATION ADDENDUM TO PURCHASE AND SALE AGREEMENT**

## **APPENDIX 1 - Formulas for Calculating New Purchase Price**

The formulas below calculate the new Purchase Price after determining the Net Purchase Price of the Competing Offer, the Escalated Purchase Price for this offer, and any limit set by the Maximum Purchase Price for this offer. Seller shall use the Notice of New Purchase Price (Form 35EC) to perform the calculations.

### **1. Example of Form 35EC calculation worksheet:**

A.	<b>Competing Offer Purchase Price</b> .....	\$	<u>          A          </u>	60
	(or the maximum purchase price of the Competing Offer if it contains an escalation provision)			61
	<b>Competing Offer's:</b>			
	B. Credits to Buyer (\$ amount) .....	- \$	<u>          B          </u>	62
	C. Credits to Buyer (% of purchase price) .....	-	<u>          C          </u> %	63
	D. Credits to Seller (\$ amount) .....	+ \$	<u>          D          </u>	64
	E. Credits to Seller (% of purchase price) .....	+	<u>          E          </u> %	65
F.	<b>Competing Offer Net Purchase Price</b> .....	\$	<u>          F          </u>	66
G.	<b>Escalation Amount</b> (enter amount from line 11 of Buyer's Form 35E) .....	+	\$ <u>          G          </u>	67
H.	<b>Escalated Base</b> (this offer) .....	\$	<u>          H          </u>	68
	<b>This offer's:</b>			
	I. Credits to Buyer (\$ amount) .....	+	\$ <u>          I          </u>	69
	J. Credits to Buyer (% of Competing Offer purchase price) ^.....	+	<u>          J          </u> %	70
	K. Credits to Seller (\$ amount) .....	- \$	<u>          K          </u>	71
	L. Credits to Seller (% of Competing Offer purchase price) ^.....	-	<u>          L          </u> %	72
M.	<b>Escalated Purchase Price</b> (this offer – prior to Max Purchase Price limit).....	\$	<u>          M          </u>	73
N.	<b>Maximum Purchase Price</b> (enter amount from line 13 of Buyer's Form 35E) .....	\$	<u>          N          </u>	74
O.	<b>Net Price</b> (this offer – subject to Max Purchase Price limit, if applicable) .....	\$	<u>          O          </u>	75
P.	<b>New Purchase Price</b> (this offer) .....	\$	<u>          P          </u>	76

### **2. Formulas:**

- **Competing Offer Net Purchase Price (F):** 78
  - 1) Calculate to find the value of F:  $F = [A * (1 - C + E)] - B + D$  79
- **This offer's Escalated Base (H):** 80
  - 2) Calculate to find the value of H:  $H = F + G$  81
- **This offer's Escalated Purchase Price (prior to Max Purchase Price) (M):** 82
  - 1) Calculate to find the value of M:  $(A * J) - (A * L) + H + I - K$  83
  - 2) ^ For purposes of calculating the New Purchase Price only, all credits to Buyer and Seller (this offer) expressed as a percentage of the purchase price shall be calculated based on the purchase price of the Competing Offer. At closing, the actual amount paid for percentage credits will be different because they will be calculated based on the New Purchase Price. 84-87
- **If this offer's Maximum Purchase Price (N) is equal to or greater than this offer's Escalated Purchase Price (M):** 88
  - 1) This offer's New Purchase Price (P) will be the amount from line (M). 89
  - 2) This offer's Net Price (O) will be:  $O = [M * (1 - J + L)] - I + K..$  90
- **If this offer's Maximum Purchase Price (N) is less than this offer's Escalated Purchase Price (M):** 91
  - 1) This offer's New Purchase Price (P) will be the same number as the Maximum Purchase Price (N). 92
  - 2) This offer's Net Price (O) will be:  $O = [N * (1 - J + L)] - I + K.$  93