

## ESCALATION CLAUSE

Regarding the Contract of Sale dated \_\_\_\_\_ on Lot \_\_\_\_\_, Block/Square \_\_\_\_\_, Unit \_\_\_\_\_ in the subdivision/condominium project known as \_\_\_\_\_ located at \_\_\_\_\_ between \_\_\_\_\_ (Buyer) and \_\_\_\_\_ (Seller), hereinafter referred to as "Offer":

The following provisions are incorporated into the referenced Offer and shall supersede any provisions to the contrary contained in said Offer:

**1. ESCALATION TERMS:** The following terms will apply to increase the Sales Price in this Offer:

**A. Escalating Factor:** In the event that Seller receives one or more additional bona fide offers to purchase the Property with terms acceptable to Seller ("Other Offers"), but which result in net proceeds of sale payable to the Seller equal to or greater than the net proceeds of sale payable to the Seller under this Offer, then the sales price stated in this Offer shall automatically increase to an amount which generates net proceeds of sale to Seller equal to \$ \_\_\_\_\_ ("Escalating Factor") in excess of the highest net proceeds of sale generated in such Other Offers.

**B. Cap:** The sales price under this Offer shall not exceed \$ \_\_\_\_\_ ("Cap").

**C. Documentation:** In the event that Other Offers cause the escalation of the Sales Price in this Offer, the Seller will provide the Buyer with sufficient documentation to justify the Sales Price increase.

**D. Multiple Escalations:** The Buyer acknowledges that the Escalating Factor of this Offer and the Escalating Factors of Other Offers may result in multiple escalations and, in some cases, escalation to the Cap.

**2. ESCALATION INCREASE PROCEDURE:** If the Buyer will be financing a portion of the Sales Price and this Escalation Clause causes an increase in the Sales Price under this Offer, (check one):

☐ The loan amount provided for in this Offer shall remain the same, and the Buyer shall pay any increase in cash at the time of settlement

**OR**

☐ The Down Payment amount provided for in this Offer shall remain the same, and any increase shall be added to the loan amount

**OR**

☐ The loan amount provided for in this Offer shall automatically increase to be \_\_\_\_\_ % of the new Sales Price of the Property

**OR**

☐ The loan amount shall not exceed \$ \_\_\_\_\_ and the Buyer shall pay any amount of the increase in Sales Price which is not included in the loan amount in cash at the time of settlement.

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**3. TERMINATION:** The terms contained herein are for the use and purpose of obtaining a mutually agreeable Sales Price and shall be deemed satisfied and will terminate upon ratification of a Contract for the above-captioned property.

**4. DISCLAIMER:** Buyer acknowledges and affirms that this Offer and Escalation Clause has been made of his/her own volition and at his/her own discretion and Buyer agrees to hold agents and their Brokers harmless with regard to negotiation of the Sales Price. In the event Other Offers are presented on this Property, Buyer acknowledges that a copy of the documents constituting this Offer may be provided to the parties making such Other Offers.

**5. ACCEPTANCE OF COUNTEROFFER:** In the event that the Seller agrees to accept a Sales Price within the terms of this Offer and pursuant to this escalation clause, the Seller will submit to the Buyer a copy of this Offer, with the Sales Price adjusted according to the escalation provisions contained herein, having been fully executed by the Seller ("Counteroffer"). Acceptance of the Counteroffer will occur upon counter signature and initial of the modified terms of this Offer, by the Buyer, and delivery to the Seller of the fully ratified Contract.

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Buyer Date

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Buyer Date

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