

Escalation Clause

Addendum to Real Estate Purchase Contract
(For the Exclusive Use of Realtor® Members of the Central Illinois Board of Realtors®)

Property: _____

Seller(s): _____

Buyer(s): _____

This Escalation Clause is part of an offer to buy or sell property. Carefully read its terms and the terms of any documents referenced as part of the offer.

NOTICE TO BUYER: By including this Escalation Clause with the offer, Buyer agrees to have its purchase price increased if Seller receives a higher Offer from another buyer (the "Competing Offer"). This Escalation Clause does not assure that the Competing Offer used to establish Buyer's purchase price will, in all ways, be comparable to Buyer's original purchase price. Buyer is cautioned to offer no more than Buyer is willing to pay for the Real Estate. Buyer is further advised that Seller or Seller's Broker, with Seller's permission, may disclose the terms of your offer, including this Escalation Clause, to others.

1. **PURCHASE PRICE.** If Seller receives a Competing Offer for the Real Estate prior to accepting this offer, with a Net Price greater than the Net Price of this offer, then the Net Price of this offer shall be increased to \$_____ more than the Net Price of the Competing Offer. In no event, however, shall the new purchase price of this offer exceed \$_____. The term "Net Price" means the stated purchase price (or the maximum price if the Competing Offer contains a price escalation clause) less any price adjustments (e.g., seller concessions to buyer).

2. **COMPETING OFFER.** For the purpose of this Escalation Clause, a Competing Offer shall be operative under the following conditions: The offer must be an arm's length, written offer on Central Illinois Board of REALTORS® form, a contract to purchase form approved by another association of REALTORS® in Illinois, or a contract for purchase of real estate prepared by a licensed attorney, containing all material terms necessary for an enforceable agreement which (a) requires the purchase price to be paid in full at closing, and (b) is not contingent on the sale of the buyer's Real Estate (e.g., Contingency For Sale And/Or Closing of Buyer's Property – CIBR 200 or equivalent). However, a Competing Offer may include other conditions, such as contingent upon settlement (closing) of Buyer property presently under contract.

3. **SELLER'S ACCEPTANCE.** In the event that the Seller agrees to accept a Purchase Price within the terms of the Offer and pursuant to this Escalation Clause, the Seller will submit to the Buyer a counteroffer with the Purchase Price adjusted according to the escalation provisions contained herein, having been fully executed by the Seller ("Counteroffer"). A complete copy of any Competing Offer used to escalate the purchase price, including any escalation provision shall be attached to Counteroffer. Acceptance of the Counteroffer will occur upon counter signature of the Buyer, and delivery to the Seller of the fully ratified Contract.

So agreed and accepted:

Buyer Printed Name

Seller Printed Name

Buyer Signature

Date

Seller Signature

Date

Buyer Printed Name

Seller Printed Name

Buyer Signature

Date

Seller Signature

Date