

Escalation Clauses

Escalation Clause Example:

“ In the event that multiple offers are received and reviewed by the Seller, the following clause shall apply: Buyer(s) hereby agree to increase their offer by \$_____ over the highest offer received (notwithstanding any Seller concessions) by Sellers from any other buyer(s), but not to exceed a maximum offer of \$_____. Seller shall provide Buyer’s agent with satisfactory proof of such competing offers upon acceptance.”

Escalation clause should be written on a blank ADDENDUM to the purchase agreement and presented along with the purchase agreement and other addenda.

Example of how escalation clause works:

Your Offer:	Competing Offer A:	Competing Offer B:
\$200,000	\$210,000	\$211,000

Your escalation clause states you will increase the purchase price by \$1,000 not to exceed \$214,000.

In this case you would “win” the bidding war and the purchase price would be \$212,000 since the next highest offer is \$211,000 and you agreed to exceed that price by \$1,000.