

# Option To Purchase Real Estate

THIS OPTION is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ by and between \_\_\_\_\_ hereinafter referred to as "Optionor," and \_\_\_\_\_ and/or assigns, hereinafter referred to as "Optionee".

WITNESSETH, that for and in consideration of \$ \_\_\_\_\_ and the mutual promises and covenants hereinafter set forth, the parties hereto agree as follows:

1. Option to Purchase Real Property. Optionor grants unto Optionee the exclusive right to purchase the real property described exhibit "A" annexed hereto.

2. Term of Option. This option shall commence on \_\_\_\_\_ 20\_\_\_\_ and expire on \_\_\_\_\_, 20\_\_\_\_.

3. Terms of Sale. The terms of sale shall be: \_\_\_\_\_

The following items shall be prorated at closing:

All personal property, appliances, attachments and fixtures shall be included in said sale except:

The Optionor shall convey title by a good and marketable \_\_\_\_\_ deed and shall furnish a policy of insurance from a reputable title insurance company.

4. Extension of Option Period. Upon payment of \$ \_\_\_\_\_, Optionee shall have the right to extend this option by \_\_\_\_\_ years under the same terms and conditions.

5. Notice of Exercise. This option may be exercised at any time during the option period as described above, and Optionee may exercise said option with or without notice to Optionor.

6. Escrow of Closing Documents. All documents necessary for title transfer, including, but not limited to a warranty deed and bill of sale, shall be executed and held in escrow with an escrow agent of Optionee's choosing. Optionor shall execute a deed of trust or mortgage in favor of Optionee to secure performance of this agreement.

7. Insurance. Optionor shall protect Optionee's interest by maintaining hazard insurance upon the property, naming the Optionee as additional insured. In the event of destruction in whole or in part of the property, Optionee shall have the option to proceed with the closing and accept the insurance proceeds for said damage, or to declare this agreement null and void, releasing both parties from any obligations hereunder, except for the return of monies paid by Optionee which shall become immediately due and payable from the insurance proceeds.

8. Other Encumbrances. Optionor representing that the following liens and encumbrances currently exist on the property:

Optionor covenants that he will not further impair or encumber the property without Optionee's express written permission. In the event Optionor defaults on the payment of any of said security instruments, Optionee shall have the right to cure and/or satisfy said security instruments, and, in this event, shall be

entitled to a 18% interest on actual expenses incurred in doing so.

9. Assignment: Optionee shall be permitted the right of assignment of this option.

10. Agreement Binding. This Agreement shall be binding upon the parties hereto and their respective heirs, administrators, successors, and assigns.

11. Governing Law. This agreement, and all transactions contemplated hereby, shall be governed by, construed and enforced in accordance with the laws of the State of \_\_\_\_\_.

In the event that litigation results from or arises out of this Agreement or the performance thereof, the parties agree to reimburse the prevailing party's reasonable attorney's fees, court costs, and all other expenses, whether or not taxable by the court as costs, in addition to any other relief to which the prevailing party may be entitled.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

\_\_\_\_\_  
Optionor

\_\_\_\_\_  
Optionor

On \_\_\_\_\_, 20 \_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said state personally appeared \_\_\_\_\_, personally known to me (or proved to me based upon satisfactory evidence) to be the person(s) whose name(s) are subscribed to the within instrument and acknowledged that (s)he/they executed the same in his/her/their signature on the instrument the person(s) or entity on behalf of which they acted, executed the instrument.

\_\_\_\_\_  
Signature of Notary

NOTARY SEAL

My commission expires \_\_\_\_\_

**EXHIBIT "A" – Legal Description of Real Property**