

## OPTION AGREEMENT FOR PURCHASE OF REAL PROPERTY

THIS OPTION AGREEMENT ("Agreement") made and entered into this \_\_\_\_ day of \_\_\_\_\_, 200\_, by and between \_\_\_\_\_, whose principal address is \_\_\_\_\_, hereinafter referred to as "Seller" and \_\_\_\_\_, whose principal address is \_\_\_\_\_, hereinafter referred to as "Purchaser":

W I T N E S S E T H:

WHEREAS, Seller is the fee simple owner of certain real property being, lying and situated in the County of \_\_\_\_\_, State of \_\_\_\_\_, such real property having the street address of \_\_\_\_\_ ("Premises") and such property being more particularly described as follows:

(legal description)

Also known as

\_\_\_\_\_

WHEREAS, Purchaser desires to procure an option to purchase the Premises upon the terms and provisions as hereinafter set forth;

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by the parties hereto and for the mutual covenants contained herein, Seller and Purchaser hereby agree as follows:

1. DEFINITIONS. For the purposes of this Agreement, the following terms shall have the following meanings:

(a) "Execution Date" shall mean the day upon which the last party to this Agreement shall duly execute this Agreement;

(b) "Option Fee" shall mean the total sum of a down payment of \_\_\_\_\_ percent (\_\_\_\_%) of the total purchase price of the Premises plus all closing costs, payable as set forth below;

(c) "Option Term" shall mean that period of time commencing on the Execution Date and ending on or before \_\_\_\_\_, 20\_\_\_\_;

(d) "Option Exercise Date" shall mean that date, within the Option Term, upon which the Purchaser shall send its written notice to Seller exercising its Option to Purchase;

(e) "Closing Date" shall mean the last day of the closing term or such other date during the closing term selected by Purchaser.

2. GRANT OF OPTION. For and in consideration of the Option Fee payable to Seller as set forth herein, Seller does hereby grant to Purchaser the exclusive right and Option ("Option") to purchase the premises upon the terms and conditions as set forth herein.

3. PAYMENT OF OPTION FEE. Purchaser agrees to pay the Seller a down payment of \_\_\_\_ percent (\_\_\_\_%) of the total purchase price of the Premises plus all closing costs upon the Execution Date.

4. EXERCISE OF OPTION. Purchaser may exercise its exclusive right to purchase the Premises pursuant to the Option, at any time during the Option Term, by giving written notice thereof to Seller. As provided for above, the date of sending of said notice shall be the Option Exercise Date. In the event the Purchaser does not exercise its exclusive right to purchase the Premises granted by the Option during the Option Term, Seller shall be entitled to retain the Option Fee, and this agreement shall become absolutely null and void and neither party hereto shall have any other liability, obligation or duty herein under or pursuant to this Agreement.

5. CONTRACT FOR PURCHASE & SALE OF REAL PROPERTY. In the event that the Purchaser exercises its exclusive Option as provided for in the preceding paragraph, Seller agrees to sell and Purchaser agrees to buy the Premises and both parties agree to execute a contract for such purchase and sale of the Premises in accordance with the following terms and conditions:

(a) Purchase Price. The purchase price for the Premises shall be the sum of \_\_\_\_\_ (\$ \_\_\_\_\_); however, Purchaser shall receive a credit toward such purchase price in the amount of the Option Fee thus, Purchaser shall pay to Seller at closing the sum of \_\_\_\_\_ (\$ \_\_\_\_\_);

(b) Closing Date. The closing date shall be on \_\_\_\_\_, 20\_\_\_\_ or at any other date during the Option Term as may be selected by Purchaser;

(c) Closing Costs. Purchaser's and Seller's costs of closing the Contract shall be borne by Purchase and shall be prepaid as a portion of the Option Fee;

(d) Default by Purchaser; Remedies of Seller. In the event Purchaser, after exercise of the Option, fails to proceed with the closing of the purchase of the Premises pursuant to the terms and provisions as contained herein and/or under the Contract, Seller shall be entitled to retain the Option Fee as liquidated damages and shall have no further recourse against Purchaser;

(e) Default by Seller; Remedies of Purchaser. In the event Seller fails to close the sale of the Premises pursuant to the terms and provisions of this Agreement and/or under the

Contract, Purchaser shall be entitled to either sue for specific performance of the real estate purchase and sale contract or terminate such Contract and sue for money damages.

## 6. MISCELLANEOUS.

(a) Execution by Both Parties. This Agreement shall not become effective and binding until fully executed by both Purchaser and Seller.

(b) Notice. All notices, demands and/or consents provided for in this Agreement shall be in writing and shall be delivered to the parties hereto by hand or by United States Mail with postage pre-paid. Such notices shall be deemed to have been served on the date mailed, postage pre-paid. All such notices and communications shall be addressed to the Seller at \_\_\_\_\_ and to Purchaser at \_\_\_\_\_ or at such other address as either may specify to the other in writing.

(c) Fee Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_.

(d) Successors and Assigns. This Agreement shall apply to, inure to the benefit of and be binding upon and enforceable against the parties hereto and their respective heirs, successors, and or assigns, to the extent as if specified at length throughout this Agreement.

(e) Time. Time is of the essence of this Agreement.

(f) Headings. The headings inserted at the beginning of each paragraph and/or subparagraph are for convenience of reference only and shall not limit or otherwise affect or be used in the construction of any terms or provisions hereof.

(g) Cost of this Agreement. Any cost and/or fees incurred by the Purchaser or Seller in executing this Agreement shall be borne by the respective party incurring such cost and/or fee.

(h) Entire Agreement. This Agreement contains all of the terms, promises, covenants, conditions and representations made or entered into by or between Seller and Purchaser and supersedes all prior discussions and agreements whether written or oral between Seller and Purchaser with respect to the Option and all other matters contained herein and constitutes the sole and entire agreement between Seller and Purchaser with respect thereto. This Agreement may not be modified or amended unless such amendment is set forth in writing and executed by both Seller and Purchaser with the formalities hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under proper authority:

As to Purchaser this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Witnesses: "Purchaser"

\_\_\_\_\_

\_\_\_\_\_

As to Seller this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Witnesses: "Seller" \_\_\_\_\_

\_\_\_\_\_