

OPTION TO PURCHASE AGREEMENT

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This Option to Purchase Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and between:

[OWNER LEGAL NAME(S)], of [OWNER ADDRESS] ("**Owner**"); and

[OPTIONEE LEGAL NAME(S)], of [OPTIONEE ADDRESS] ("**Optionee**").

Owner and Optionee are each a "**Party**" and together the "**Parties**."

Recitals. Owner owns the real property described below. Owner is willing to grant Optionee the exclusive right, but not the obligation, to purchase that property during a defined option period at a defined price, and Optionee wishes to acquire that right. In consideration of the mutual promises below, the Parties agree as follows.

1. Grant of Option

1.1 The Property. The property subject to this Agreement is located at [PROPERTY ADDRESS, CITY, COUNTY, STATE], parcel number [PARCEL NUMBER], with the legal description [LEGAL DESCRIPTION], together with all improvements, fixtures, and appurtenances (the "**Property**").

1.2 Grant. Owner grants to Optionee the exclusive and irrevocable option to purchase the Property (the "**Option**") on the terms of this Agreement. During the Option Period, Owner will not sell, encumber, or grant another option on the Property to any other person.

1.3 Nature of the Option. The Option gives Optionee a right, not an obligation, to buy the Property. Optionee is under no obligation to exercise the Option, and nothing in this Agreement obligates Optionee to purchase the Property unless and until the Option is exercised under Section 4.

2. Option Consideration

2.1 Option fee. In consideration of the Option, Optionee will pay Owner an option fee of [\$ OPTION FEE] (the "**Option Fee**") on the Effective Date. The Option Fee is [non-refundable / refundable only as stated below] and is consideration for the Option itself, not a deposit toward the purchase, except as stated in Section 2.2.

2.2 Credit on exercise. If Optionee exercises the Option and completes the purchase, the Option Fee [will / will not] be credited against the Purchase Price. If Optionee does not exercise the Option, Owner retains the Option Fee.

3. Option Period

3.1 Option period. Optionee may exercise the Option at any time during the period beginning on the Effective Date and ending at [TIME] on [OPTION EXPIRATION DATE] (the "**Option Period**"). Time is of the essence as to the Option Period.

3.2 **Extension.** The Option Period [may / may not] be extended. If extension is permitted, Optionee may extend it by [NUMBER] days by giving written notice and paying an additional fee of [\$ EXTENSION FEE] before the then-current expiration.

3.3 **Expiration.** If Optionee does not exercise the Option before it expires, the Option terminates automatically, Owner retains the Option Fee, and neither Party has any further obligation under this Agreement except those that expressly survive.

4. Exercise of the Option

4.1 **Method of exercise.** Optionee exercises the Option by delivering written notice of exercise to Owner before the Option expires, in the manner required by Section 9.

4.2 **Effect of exercise.** On valid exercise, a binding contract of purchase and sale arises between the Parties on the terms in Section 5 and the attached purchase contract, if any, and the Parties will proceed to Closing.

4.3 **Purchase contract.** [SELECT ONE: The purchase will proceed under the form of purchase agreement attached as Exhibit A, which the Parties will sign on exercise. / The terms in Section 5 govern the purchase and no separate purchase agreement is required.]

5. Purchase Terms

5.1 **Purchase price.** If the Option is exercised, the purchase price for the Property is [\$ PURCHASE PRICE] (the "Purchase Price"), [fixed / determined by appraisal as described here].

5.2 **Earnest money.** On exercise, Optionee will deposit [\$ EARNEST MONEY] as earnest money with [ESCROW AGENT], to be applied to the Purchase Price at Closing.

5.3 **Closing.** Closing will occur within [NUMBER, e.g. 45] days after exercise, at the office of the Escrow Holder or another location the Parties agree on, by delivery of a [WARRANTY DEED / SPECIAL WARRANTY DEED] and payment of the Purchase Price.

5.4 **Title and prorations.** Owner will convey marketable title subject only to permitted exceptions of record that do not materially impair use. Taxes, assessments, and similar items will be prorated as of Closing. Each Party pays the closing costs customarily allocated to it in [COUNTY, STATE].

5.5 **Contingencies.** Optionee's obligation to close [is / is not] subject to financing, inspection, and title contingencies, which, if applicable, are described in [Exhibit A OR "the attached purchase agreement"].

6. Owner's Covenants During the Option Period

6.1 **Maintenance.** Owner will maintain the Property in substantially its current condition, ordinary wear and tear excepted, and will not commit waste.

6.2 **No new encumbrances.** Owner will not create any new lien, lease, easement, or encumbrance on the Property, and will not grant any other purchase right, during the Option Period without Optionee's written consent.

6.3 **Access.** Owner will allow Optionee and its representatives reasonable access to inspect, appraise, and conduct diligence on the Property at reasonable times on reasonable notice.

7. Representations and Warranties

7.1 **By Owner.** Owner represents that, to Owner's knowledge: (a) Owner owns the Property and has authority to grant the Option; (b) there are no undisclosed liens, leases, or claims that would prevent conveyance on

exercise; and (c) Owner has not granted any conflicting option or purchase right.

7.2 By Optionee. Optionee represents that Optionee has authority to enter into this Agreement.

7.3 Survival. The representations in this Section survive exercise and Closing for **[NUMBER]** months, except as a longer period is required by law.

8. Recording and Assignment

8.1 Recording. The Parties **[may / may not]** record this Agreement or a memorandum of it to give notice of Optionee's interest, following local recording practice in **[COUNTY, STATE]**.

8.2 Assignment. Optionee **[may / may not]** assign the Option without Owner's prior written consent. Any permitted assignment does not release the original Optionee unless Owner agrees in writing.

9. General Provisions

9.1 Governing law. This Agreement is governed by the laws of the State of **[STATE]**, without regard to its conflict-of-laws rules, and by applicable local real property and recording law.

9.2 Notices. All notices, including notice of exercise, must be in writing and delivered to the addresses above (or as updated in writing) by hand, recognized courier, or **[email per local practice]**, and are effective on receipt or as otherwise required for an effective exercise under applicable law.

9.3 Time of the essence. Time is of the essence as to the Option Period, the notice of exercise, and all other deadlines.

9.4 Entire agreement; amendment. This Agreement, with any exhibits, is the entire agreement on its subject and supersedes prior discussions. It may be amended only by a writing signed by both Parties.

9.5 Severability and waiver. If any provision is unenforceable, the rest remains in effect. A Party's failure to enforce a provision is not a waiver.

9.6 Counterparts and electronic signature. This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

OWNER

OPTIONEE

Signature: _____

Signature: _____

Printed name: **[NAME]**

Printed name: **[NAME]**

Title (if applicable): **[TITLE / N/A]**

Title (if applicable): **[TITLE / N/A]**

Date: _____

Date: _____

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