

# Option to Purchase Agreement

IN CONSIDERATION of the conditions described below and the mutual promises made to each other, (Seller) \_\_\_\_\_, is providing an Option to Purchase the below property to (Buyer) \_\_\_\_\_.

1.) **The Premises:** Located in the City of \_\_\_\_\_, State of NV, Zip Code: \_\_\_\_\_, County: Clark being known as and more particularly described as:

Street Address: \_\_\_\_\_ Unit No.: \_\_\_\_\_,

2.) **Lease Date:** This option can and will only be exercised upon successful close of escrow by the Buyer after \_\_\_\_\_ (earliest date) and before the Lease Date of \_\_\_\_\_ (latest date). Buyer also must provide to Seller written notice or begin Escrow Process within 30 days prior to this Lease Date. Written notice, thus, must be received by \_\_\_\_\_ (date); if written notice is not received by this date then Seller may elect to cancel this Option and retain all monies as described in Line Item # 11 below. If Buyer does not exercise this option by the above Lease Date then this contract will automatically expire and be considered void.

3.) **Purchase Price:** Seller is agreeing to sell the above property, via this option, to Buyer based on the below pricing terms (in accordance to the time the option is exercised). No other Buyers outside of the Buyer in this contract will have the right to buy while this contract is still valid, unless agreed upon by the Seller. Seller may assigns his/her interest to another party who will honor this agreement.

- the exact price of \$ \_\_\_\_\_,
- the current appraisal value at the time the option is exercised,
- a combination of both above,
  - and with a maximum price of \$ \_\_\_\_\_,
  - whichever is \_\_\_\_\_ (greater / lower).
- If the property appraises higher than the exact price stated in the first line above (if this box is checked then check one of the below):
  - The Buyer agrees to pay the difference.
  - The Seller and Buyer, respectively, agree to do an equity split of the difference in the percentages of \_\_\_\_\_.

If property appraises lower than stated in the above conditions then renegotiations of Purchase Price and/or Lease Date may be in order in reference to Line Item #3 below.

4.) **Non-Refundable Option Consideration:** A non-refundable Option Consideration will be required and in the amount of \$ \_\_\_\_\_. This Money for Consideration will be applied to the Purchase Price as stated in Line Item # 3 above and can be applied toward Buyer's closing costs, down payment, other seller concessions or principal reduction and be paid as follows:

- A one time payment ,
- Be paid in installments. Initial amount will be \$ \_\_\_\_\_. The remaining amount shall be paid in \_\_\_\_\_ (number of payments) \_\_\_\_\_ (Payment period - e.g., weekly, monthly) installments in the amount of \$ \_\_\_\_\_ starting on \_\_\_\_\_ (date). If a rental



contract is in place, this will be paid separately and will be due at the same time rental payments are due. If no rental contract is in place, then payment will be due by the first day of the Payment Period with no grace period. If Buyer is late on these installments, then Seller may elect to cancel this Option and retain all monies as described in Line Item #11 below.

5.) **Applied Rent:** As an incentive for Buyer to exercise this Option Agreement, Seller is willing to contribute toward the Purchase Price an additional amount of:

- No rent credit is being offered, if Buyer wants to pay extra to the periodic payment then these additional monies will be applied in full;
- A flat amount of \$ \_\_\_\_\_ for the duration of this contract.
- A Monthly rent credit in the amount of \$ \_\_\_\_\_. Pro-rations of credit will be same for rents. These monies will only be applied to the Purchase Price if rental payment is received...
  - PRIOR to being late as agreed upon in the Residential Rental Agreement.
  - By the \_\_\_\_\_ day of the month which rents are received and abiding by the same rules in the rental agreement if this day falls on a holiday or weekend.

If rental payment is late, for any reason, then this particular rental credit will not be applied for the payment period that payment was deemed late.

6.) **Mortgage Payments:** Seller agrees to maintain all payments on the property to include property taxes, hazard insurance, mortgage payments, and HOA payments. If Seller defaults on any of these then Seller is in Breach of Contract and Buyer may opt not to buy the home and be refunded the full option payment and all monthly rental credits. If Seller does not have the funds available then Seller will apply these payments to future rents without violating the rental part of this agreement.

7.) **Financing Terms:** Buyer agrees to obtain their own financing for purchase of said property. Seller is not responsible for any promises, implied or otherwise, on any financing outside of Rental Agreement and this Agreement. If, for any reason, this Option Contract is not exercised by the Lease Date stated above then the Seller may exercise the right to resell this property to whomever Seller chooses and retain all monies collected from original option Buyer named above.

8.) **Extensions of Contract:** Buyer has a right to extend this option agreement if written notice is given to Seller prior to Lease Date. The new date will be for one additional year. The new Lease Date will be in the same month and day but for an additional year (dates ending on Feb. 28 or Feb. 29 will always be on the final day of February regardless of the year). These extensions may continue until contract is exercised or canceled/voided. A new Purchase Price, rental credits, and Rental Price may be set at each renewal; and a new Option Payment may be set. If Buyer does not contact the Seller by the Lease Date stated above then it is assumed that Buyer has no further interest and this contract is Voided. All previous credits and option payments will also transfer to any and all future extensions.

9.) **Rental Agreement:** Buyer is utilizing a separate rental agreement with Seller (or a respective Agent) and if Buyer defaults on the rental agreement or in any part thereof, then Seller may, at any time, terminate the option to purchase. If option is terminated by Seller then Buyer forfeits any and all monies applied to this Purchase Option and must follow the conditions set forth in the Rental Agreement. If Buyer vacates the property, then Buyer will still be held responsible for any changes made to the premises or damage beyond normal wear and tear, as stated in the Rental Agreement.

(\_\_\_\_\_) By initialing here, Buyer recognizes that by breaching the terms of the Rental Agreement, all monies for Option Consideration and all accrued rent credits will be forfeited.



10.) **Seller Terms:** If Buyer exercises option then Seller agrees to furnish title insurance showing a good and marketable title to said property. Seller also agrees that if Option is exercised to convey to Buyer the property via a good and sufficient warranty deed free and clear of all liens and encumbrances, unless said liens and encumbrances are due to Buyer's default. It will be up to the Buyer, in this case, to clear up these liens prior to purchase of property.

11.) **Option not Exercised:** If option is not exercised and conditions hereof not fully performed by Buyer then the Buyer will forfeit Buyer's rights to this property and all monies previously provided.

(\_\_\_\_\_) By placing initials here, buyer indicates understanding that this agreement is part of a pathway to potentially own the home, and that none of the money contributed for Option Consideration is refundable, and does not represent an equity interest in the house.

12.) **Exercising of Option:** If Buyer elects to exercise this option, Seller shall sell this property to Buyer and shall enlist the services of an escrow company to help facilitate this Purchase Transaction. Escrow and Sale of this property will adhere to the agreements stated herein. All monies pro-rated to the date of exercising this option will be applied accordingly. Buyer is aware that any monies Seller is crediting can be applied to the Purchase Price of the property. **Buyer will pay all of normal Buyer closing costs and Seller will pay all their normal closing costs.** This Lease Option cannot be exercised prior to the first date stated above in Line Item #2, unless prior written agreement is obtained from Seller.

13.) **Agent or Representative Fees:** Any and all additional fees paid to and Agent or Representative will be paid as follows by the Seller:

Buyer Agent \_\_\_\_% of price, or flat fee of \$ \_\_\_\_\_; Agent named: \_\_\_\_\_, minus the amount already paid to agent for the lease option of \$ \_\_\_\_\_.

Seller Agent \_\_\_\_% of price, or flat fee of \$ \_\_\_\_\_; Agent named: \_\_\_\_\_, minus the amount already paid to agent for the lease option of \$ \_\_\_\_\_.

14.) **Assignment:** Buyer  can,  cannot assign or sell this option.

15.) **No Interest in Real Estate:** Buyer acknowledges and agrees that this option and the payment of the option money do not constitute a grant of any interest in the real estate, equitable or otherwise. Buyer does not have equity in the real estate by virtue of this option agreement or the payment of option money. This is not a land contract. Buyer will not have any interest in the real estate until all the terms of the option agreement are satisfied and the Purchase Agreement is fully executed.

16.) **Maintenance:** Buyer shall be responsible for **all maintenance and repairs after the first 30 days** to this property. This condition supersedes any contradictions in the Residential Rental Agreement and only applies to non-cosmetic repairs/updates. Owner will be responsible for any individual repair cost that exceeds \$ \_\_\_\_\_ per item. Buyer is responsible for all repairs (cosmetic or non-cosmetic) for any amounts below this threshold.

17.) **Home Warranty:** A home warranty may be place on this property at the discretion of Seller and/or Buyer. Seller will remain responsible for all repairs as stated in Line Item #16 above. A home warranty with respect to the property:

**WILL NOT BE** placed on the property. If Home Warranty is not placed upon this property then Buyer will be limited to \$ \_\_\_\_\_ in maintenance.

**WILL BE** placed on the property and be subject to the following conditions:  
Buyer and Seller both agree it is in their best interest to have a warranty as it protects both parties in the event of a major repair item being required.  
Home Warranty will be through: \_\_\_\_\_.



Buyer and Seller agree to split the initial costs of warranty in the percentages as follows:

Buyer \_\_\_\_\_ % ; Seller 100 %

Buyer and Seller agree to split the deductible for each call in the percentages as follows:

Buyer 100 % ; Seller \_\_\_\_\_ %

18.) **Property Condition:** Buyer is aware that property is being bought in its current condition at the time this option is exercised. No upgrades or repairs will be done by Seller unless agreed upon in writing.

19.) **Pet Fees:** If Buyer is entering into Rental Agreement with a pet and the Seller is charging a non-refundable pet fee then this pet fee will be also applied toward the purchase of home as stated in Line Item #3.

20.) **Professional Advice:** Seller has advised the Buyer to seek the advice of a mortgage lender, attorney and any other relevant parties prior to signing this document.

21.) **Supersede Clause:** This agreement supersedes both the Rental Agreement and Rules & Regulations Agreement. In the event of any conflicts with the aforementioned agreements, this agreement takes precedence.

22.) **Seller Financing:** The Seller may be willing to consider providing financing for Tenant/Buyer after 6 months of on-time rental payments have been received. Seller financing terms will be set at or before the time option is officially exercised AND where owner is carrying financing for Tenant/Buyer. Price will include all deductions stated above (option payment consideration and rental credits).

23.) **Mediation:** Before any legal action is taken to enforce any term or condition under this agreement, the parties agree to engage in mediation. If mediation or legal recourse is utilized by either side, the losing party will pay for all associated costs, attorney fees, and other legal costs for their side and also for the prevailing party.

24.) **Binding Effect:** This agreement shall be binding upon the parties hereto, their heirs, successors, and legal representatives. The contract is binding and shall insure to the benefit of the heirs, personal representatives and assigns of all parties hereto.

BUYER

SELLER

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

