OPTION TO PURCHASE AGREEMENT

1. 1. Parties

This Option to Purchase Agreement (the "Agreement") is made effective as of [EFFECTIVE DATE] between [OWNER NAME], of [OWNER ADDRESS] (the "Optionor" or "Seller"), and [OPTIONEE NAME], of [OPTIONEE ADDRESS] (the "Optionee" or "Buyer"). Each Party represents that the person signing below has authority to bind that Party, and the Optionor represents that it is the record owner of the Property or holds full authority to convey it, and that every co-owner, spouse, trustee, or entity signatory whose signature is required for a conveyance has signed or will sign any deed delivered under this Agreement. Notices under this Agreement are effective when delivered in writing to the addresses above or to [OWNER EMAIL] and [OPTIONEE EMAIL], and each Party will notify the other in writing of any change of address during the Option Period.

2. 2. Property

The property subject to this option is located at [PROPERTY ADDRESS], [CITY], [STATE] [ZIP], with parcel or tax identification number [PARCEL NUMBER], legally described as [LEGAL DESCRIPTION], and consisting of approximately [ACREAGE OR SQUARE FOOTAGE] together with all improvements, fixtures, rights, easements, and appurtenances belonging to it (the "Property"). The following items are included in any sale under this Agreement: [INCLUDED ITEMS]. The following are excluded: [EXCLUDED ITEMS]. The Optionor represents that the Property is currently [OCCUPANCY STATUS, e.g., owner occupied / vacant / leased to [TENANT NAME] under a lease expiring [LEASE EXPIRATION]] and will disclose to the Optionee any lease, license, or occupancy arrangement affecting the Property, together with any option, right of first refusal, or purchase right previously granted to any other person.

3. 3. Grant of Option

In consideration of the Option Fee described in Section 4 and the mutual covenants in this Agreement, the Optionor grants to the Optionee the exclusive and irrevocable right and option to purchase the Property on the terms stated here, exercisable at any time during the Option Period described in Section 5. This is an option only: the Optionee is under no obligation to purchase the Property, and no failure to exercise creates any liability for the Optionee beyond the loss of the Option Fee. The Optionor, however, is bound for the entire Option Period and may not revoke, withdraw, or condition this option, and may not increase the Purchase Price or alter the terms, regardless of any change in market value, any higher offer received, or any change in the circumstances of the Optionor. If the Optionee exercises the option in the manner required by Section 7, this Agreement immediately becomes a binding contract of purchase and sale on the terms stated in this Agreement.

4. 4. Option Fee

On or before [OPTION FEE DUE DATE], the Optionee will pay the Optionor an option fee of [OPTION FEE AMOUNT] (the "Option Fee") by [PAYMENT METHOD], delivered to [OPTION FEE RECIPIENT, e.g., the Optionor directly / [ESCROW AGENT NAME] to be held in escrow]. The Option Fee is earned by the Optionor on receipt in exchange for holding the Property off the market and is non-refundable, except where this Agreement is terminated because of a default by the Optionor, a failure of title, or a casualty as described in Section 9. If the Optionee exercises the option and the sale closes, the Option Fee will be [OPTION FEE CREDIT TREATMENT, e.g., credited in full against the Purchase Price at closing / credited to the extent of [CREDIT AMOUNT] / retained by the Optionor in addition to the Purchase Price]. If the Optionee does not exercise the option before it expires, the Optionor retains the Option Fee as full consideration for the option and neither Party will have any further obligation to the other. Failure to pay the Option Fee by the due date renders this Agreement void at the election of the Optionor.

5. 5. Option Period and Expiration

The Option Period begins on [OPTION START DATE] and expires at [EXPIRATION TIME, e.g., 5:00 p.m.] local time at the location of the Property on [OPTION EXPIRATION DATE], unless extended under this section. Time is strictly of the essence: if the Optionee has not delivered a valid notice of exercise before the expiration moment, this option automatically terminates without notice, demand, or further act by either Party, and the Optionor is free to sell, lease, or encumber the Property without any obligation to the Optionee. The Optionee may extend the Option Period for [NUMBER OF EXTENSIONS] additional period(s) of [EXTENSION LENGTH, e.g., 90 days] each by delivering written notice before the then-current expiration date together with an additional non-refundable extension fee of [EXTENSION FEE AMOUNT] per extension, which will be [EXTENSION FEE CREDIT TREATMENT, e.g., credited against the Purchase Price at closing / retained by the Optionor without credit]. No extension is effective unless both the notice and the extension fee are received before expiration.

6. 6. Purchase Price and Sale Terms

If the option is exercised, the purchase price for the Property is [PURCHASE PRICE], fixed as of the Effective Date and not subject to adjustment for any change in market value, appraised value, tax assessment, or improvement made by the Optionor during the Option Period. The Purchase Price is payable [PAYMENT TERMS, e.g., all cash at closing / with a deposit of [DEPOSIT AMOUNT] within [DEPOSIT DEADLINE] after exercise and the balance at closing / subject to seller financing on the terms in Exhibit A]. On exercise, the Optionee will deliver an earnest money deposit of [EARNEST MONEY AMOUNT] to [ESCROW AGENT NAME] within [DEPOSIT DEADLINE, e.g., five business days], to be credited to the Purchase Price at closing. Closing will take place within [CLOSING PERIOD, e.g., 45 days] after the date of exercise at [CLOSING AGENT OR TITLE COMPANY]. The Optionor will convey marketable title by [DEED TYPE, e.g., general warranty deed] free of liens and encumbrances other than exceptions accepted in writing by the Optionee, and closing costs, prorations, and possession will be handled as set out in Section 8.

7. 7. Exercise of the Option

The Optionee exercises this option by delivering to the Optionor, before the expiration of the Option Period, a written notice of exercise signed by the Optionee that identifies this Agreement and the Property and states unconditionally that the Optionee elects to purchase the Property on the terms of this Agreement. Notice must be delivered by [EXERCISE DELIVERY METHOD, e.g., personal delivery, nationally recognized overnight courier, or certified mail return receipt requested] to the address in Section 1, with a courtesy copy by email, and is effective on [EFFECTIVENESS RULE, e.g., the date of deposit with the courier or the postal service, provided delivery is subsequently completed]. The notice of exercise may not be conditional, may not attempt to modify the Purchase Price or the terms of this Agreement, and may not be withdrawn once delivered. Upon delivery of a valid notice of exercise, this Agreement becomes a binding purchase and sale contract, and the Optionee will deliver the earnest money and the Optionor will order the title commitment within [POST-EXERCISE DEADLINE, e.g., five business days]. The Optionee is responsible for confirming receipt of the notice, and the Optionor will not defeat a properly sent notice by refusing or failing to collect delivery.

8. 8. Obligations of the Optionor During the Option Period

During the Option Period the Optionor will not sell, contract to sell, convey, gift, option, lease beyond [MAXIMUM LEASE TERM], grant a right of first refusal on, subdivide, further mortgage, or grant any easement or lien affecting the Property, and will not accept a backup offer or list the Property for sale, without the prior written consent of the Optionee. The Optionor will maintain the Property, its systems, and its grounds in substantially the same condition as on the Effective Date, ordinary wear excepted, will keep hazard insurance in force, will pay all taxes, assessments, association dues, and mortgage payments as they come due, and will not remove any fixture or included item. The Optionor will promptly deliver to the Optionee copies of any notice of lien, violation, condemnation, assessment, foreclosure, or litigation affecting the Property, and will give the Optionee and its consultants reasonable access on [ACCESS NOTICE, e.g., 24 hours] notice to inspect, survey, appraise, test, and show the Property. The Optionor will cooperate at no cost to the Optionor with any application by the Optionee for rezoning, permits, subdivision approval, or utility service, including signing applications as the record owner where the applicable authority requires it. On exercise, closing costs will be allocated [CLOSING COST ALLOCATION], taxes and dues will be prorated as of the closing date, and possession will be delivered at closing free of occupants unless otherwise agreed in writing.

9. 9. Condition of the Property, Casualty, and Due Diligence

The Optionee may inspect and investigate the Property throughout the Option Period at its own expense, including obtaining surveys, appraisals, environmental assessments, engineering studies, and zoning or permitting determinations, and the Optionee accepts that the decision to exercise the option rests entirely on its own investigation. The Optionor will disclose all known material defects and will deliver any disclosure required by applicable law before or at exercise, including, for a residential dwelling built before 1978, the federally required lead-based paint disclosure and pamphlet. If the Property is materially damaged by fire, storm, flood, or other casualty during the Option Period, the Optionee may, within [CASUALTY ELECTION PERIOD, e.g., 15 days] after written notice of the damage, elect to terminate this Agreement and receive a refund of the Option Fee and any extension fees, or to proceed and receive an assignment of the insurance proceeds together with a credit for any deductible. If all or a material portion of the Property is taken by eminent domain during the Option Period, the Optionee may terminate and recover the Option Fee or proceed and receive the condemnation award. The Optionee will restore any damage caused by its testing and will keep the Property free of liens arising from its investigations.

10. 10. Assignment and Memorandum of Option

The Optionee may [ASSIGNMENT TERMS, e.g., freely assign this Agreement and the option granted by it to any person or entity / assign this Agreement only with the prior written consent of the Optionor, which will not be unreasonably withheld], and on any permitted assignment the assignee assumes all obligations of the Optionee and the Optionee is [RELEASE TERMS, e.g., released from further liability / to remain liable]. The Optionor may not assign its obligations, and any transfer of the Property during the Option Period is subject to this option, with any transferee taking title bound by it. The Parties will execute, and the Optionee may record in the real property records of [COUNTY AND STATE], a short memorandum of this Agreement identifying the Parties, the Property, the existence of the option, and its expiration date, without disclosing the Purchase Price or the Option Fee. Recording a memorandum places third parties on constructive notice of the option and prevents a later buyer from claiming to have taken title free of it. If the option expires or terminates without being exercised, the Optionee will, within [RELEASE DEADLINE, e.g., 10 days] after written request, sign and deliver a recordable release of the memorandum, and the failure to do so entitles the Optionor to recover the resulting damages and costs.

11. 11. Default, Remedies, and General Provisions

If the Optionor sells, encumbers, or otherwise disposes of the Property in violation of this Agreement, refuses to honor a valid exercise, or fails to deliver marketable title, the Optionee may terminate and recover the Option Fee and all extension fees plus documented out-of-pocket costs, or may pursue specific performance to compel conveyance, which the Parties agree is an appropriate remedy because the Property is unique and monetary damages would be inadequate. If the Optionee exercises the option and then fails to close without a right to terminate, the Optionor may retain the Option Fee and the earnest money as liquidated damages, which the Parties agree is a reasonable estimate of loss and not a penalty. This Agreement is governed by the laws of the State of [GOVERNING STATE] and any dispute will be brought in the courts of the county where the Property is located, with the prevailing Party entitled to reasonable attorney fees and costs. This Agreement is the entire agreement between the Parties on this subject, may be amended only in writing signed by both, binds their heirs, successors, and permitted assigns, and remains effective in each remaining part if any provision is held unenforceable. The Parties acknowledge that certain jurisdictions limit how long an option may remain open, and they intend that this option be interpreted so as to remain valid and enforceable.

12. 12. Signatures

By signing below, each Party confirms that it has read this Agreement, has had the opportunity to obtain independent legal and tax advice, understands that the Option Fee is non-refundable except as expressly stated, and agrees to be bound as of the Effective Date. OPTIONOR (SELLER): [OWNER NAME]. Signature: ______________________. Printed Name: [OWNER SIGNER NAME]. Title: [TITLE, IF APPLICABLE]. Date: [DATE]. OPTIONEE (BUYER): [OPTIONEE NAME]. Signature: ______________________. Printed Name: [OPTIONEE SIGNER NAME]. Title: [TITLE, IF APPLICABLE]. Date: [DATE]. RECEIPT OF OPTION FEE: The Optionor or Escrow Agent acknowledges receipt of [OPTION FEE AMOUNT] on [DATE]. Signature: ______________________. This Agreement may be signed in counterparts, and electronic signatures have the same effect as originals. If a memorandum of option is to be recorded, the signatures on that memorandum must be notarized.

13. Disclaimer

This template is provided for general informational purposes only and is not legal advice. Option agreements are governed by state law that varies on the consideration required to make an option binding, how long an option may remain open, recording and notarization requirements for a memorandum of option, and the enforceability of non-refundable fees, and some states require an attorney to prepare real estate contracts and closing documents. Review and adapt this document for the state and county where the property is located, and have a licensed real estate attorney or title company review it before you sign or pay an option fee. Use of this template does not create an attorney-client relationship with ScanContract.