

CONTRACT FOR OPTION

THIS AGREEMENT is made this _____.

1. CONTRACT. This is a contract to purchase an option to on the property known as: __, _____ . No rights vest in lessee until all of the terms of this agreement have been fully complied with.

2. OWNER. The owner of the property is: _____

3. LESSEES. The lessees are: _____ whose address is _New: _

4. VESTING. Three months before the scheduled end of the lease, provided the lease is not in default, an option to purchase the property will be granted in writing and delivered to the lessees. The option will be valid for 90 days unless extended by the agent in writing. The agent will provide the payment history and credit references for the lessees in writing to assist in securing a mortgage for the purchase of the property.

5. PROPERTY. The legal description of the property is:

6. CREDIT. Credit will be applied to the appraised purchase price for improvements and/or additions to the property. A letter of credit will be issued for the previously agreed amount after the work has been completed and inspected by Lessor or agent and will only be applied toward the purchase of the property.

7. INITIAL PAYMENT AND MONTHLY CREDIT:

A. The initial payment of \$_____ is a partial payment for the right to be granted a purchase option at the end of ___years.

B. At the time the option is exercised, full credit will be given for this initial payment and the monthly credit.

C. In addition to the monthly lease payment the lessee will pay \$____ as a non-refundable partial payment per month for the right to be granted an option to purchase the property at the price stated in Paragraph 8 or 9 below. No option credit will be given for any month that a payment is received more than 15 days past the due date or when a late fee is due but not paid. The total payment not including late fees is:

Year 1 \$_____

D. This initial payment is not a security deposit. _____ (initials)

8. EXERCISING THE OPTION:

A. If the closing date is after _____, the lessee shall order an F.H.A. or an S.R.A. appraisal to determine the Fair Market Value.

B. The lessee is responsible for contingencies called for in the appraisal.

9. PURCHASE PRICE AND TERMS:

A. THE PURCHASE PRICE SHALL BE AS PER THE APPRAISAL IN PARAGRAPH 8. A., OR \$_____ WHICHEVER IS GREATER, PLUS THE CLOSING AND FINANCING COSTS, LESS THE FOLLOWING CREDITS:

- 1. The initial payment of \$_____
 - 2. The monthly credits of (Paragraph 7C) \$_____
 - 3. Letters of credit per Paragraph 6. \$_____
- (Applied only to a purchase price greater than \$_____.)

NET PURCHASE PRICE

\$ _____

- B. The agent is to receive the original of the appraisal and will itemize the credits in writing.
- C. Upon payment of the net purchase price the grantor shall satisfy all existing liens.

10. **DEFAULT OR TERMINATION OF THE CONTRACT FOR OPTION:** If the lessee does not exercise the option, the total monthly payment (Paragraph 7C) will be considered rent. A portion of the initial payment (Paragraph 7A) may be returned to the lessees if the agreement is terminated prior to completion provided that:

- A. Thirty-days written notice is given.
- B. Arrangements are made for final readings of utilities and transfer back to the agent after move out.
- C. All furniture, belongings and refuse are removed from the property.
- D. The property is returned in the same state of cleanliness and repair as when occupied.
- E. A forwarding address and the keys are left with Agent.

11. **SEVERABILITY:** This contract cannot be cancelled independently of the lease.

12. **OTHER TERMS AND CONDITIONS:** _____

Lessor/Seller

Lessor/Seller

Lessee/Buyer

Lessee/Buyer