

## OPTION TO PURCHASE WITH EXTENSIONS

Irrevocable Right-to-Buy

**NOTE:** This form is used by a buyer's agent when the buyer's offer is for acquiring a purchase option exercisable with extensions, to prepare an option as an irrevocable offer to sell with a price and terms for payment exercisable during an initial period or extensions for attachment to an offer to grant an option.

**DATE:** \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_, California.  
*Items left blank or unchecked are not applicable.*

**1. OPTION MONEY:**

Optionor herewith receives from Optionee option money in the amount of \$\_\_\_\_\_, evidenced by  
 cash,  check, or  \_\_\_\_\_, given in consideration for this option to purchase real property.

**2. REAL PROPERTY UNDER OPTION:**

Address \_\_\_\_\_  
Legal description/Assessor's parcel number \_\_\_\_\_

**3. FIRST OPTION PERIOD:**

Optionor hereby grants to Optionee the irrevocable option to purchase Optionor's right, title and interest in the property on the terms stated, a period commencing with the acceptance of this option and expiring \_\_\_\_\_, 20\_\_\_\_\_.

**4. SECOND OPTION PERIOD:**

Optionor hereby grants to Optionee the irrevocable option to purchase Optionor's right, title and interest in the property on the terms stated, a period commencing on expiration of the first option period and expiring \_\_\_\_\_, 20\_\_\_\_\_, provided Optionee tenders to Optionor the following described consideration prior to expiration of the first option period.

4.1 Prior to expiration of the first option period, and as consideration for Optionor's granting a second option period, Optionee to pay Optionor \$\_\_\_\_\_.

**5. THIRD OPTION PERIOD:**

Optionor hereby grants to Optionee the irrevocable option to purchase Optionor's right, title and interest in the property on the terms stated, for a period commencing on expiration of the second option period and expiring \_\_\_\_\_, 20\_\_\_\_\_, provided Optionee tenders to Optionor the following described consideration prior to expiration of the second option period.

5.1 Prior to expiration of the second option period, and as consideration for Optionor's granting a third option period, Optionee to pay Optionor \$\_\_\_\_\_, and Optionee, at their sole expense, will obtain and deliver to Optionor the following checked studies and reports:

- |   |  |
|---|--|
| <input type="checkbox"/> Property survey report by licensed California surveyors. | <input type="checkbox"/> Soil engineer's report.     |
| <input type="checkbox"/> Application for a parcel map or waiver.                  | <input type="checkbox"/> Zoning ordinance request.   |
| <input type="checkbox"/> Application for a conditional use permit.                | <input type="checkbox"/> Off-site improvement plans. |
| <input type="checkbox"/> Land use study.  | <input type="checkbox"/> On-site engineering plans.  |
| <input type="checkbox"/> Architectural plans and specifications.                  | <input type="checkbox"/> _____                       |

**6. EXTENSIONS:**

Optionee may obtain a total of \_\_\_\_\_ consecutive one-month extensions of the third option period on payment to Optionor of \$\_\_\_\_\_ additional option money for each extension, payable prior to expiration of the preceding option period or extension. The additional option money is consideration for extension of the option period.

**7. EXERCISE OF OPTION:**

Optionee may exercise this option during the option period by:

7.1 Signing escrow instructions identical in provisions to those attached as **Exhibit A** and delivering the instructions to escrow [See **RPI Form 401**];

7.2 Depositing cash in escrow in the amount of \$\_\_\_\_\_; and

7.3 Delivering an escrow-certified copy of the signed escrow instructions to Optionor within the option period, in person or by posting both certified and regular mail.

**8. ESCROW CONTRACT:**

In the event this option is exercised, the transaction will be escrowed with \_\_\_\_\_

8.1 Escrow will close within \_\_\_\_\_ days after exercise.

**9. DELIVERY OF TITLE:**

On Optionee's exercise of this option, Optionor will timely place all documents and instruments into escrow required of the Optionor as necessary for escrow to close as scheduled.

**10. SALE TERMS:**

Price of \$\_\_\_\_\_ payable as follows:

10.1  All Cash.

10.2 Cash down payment in the amount of \$\_\_\_\_\_.

10.3  Take title subject to, or  Assume, an existing first trust deed note held by \_\_\_\_\_, with an unpaid principal balance of \$\_\_\_\_\_, payable \$\_\_\_\_\_ monthly, including interest not exceeding \_\_\_\_\_%,  ARM, plus a monthly tax/insurance impound payment of \$\_\_\_\_\_.

a. At closing, loan balance differences per beneficiary statement(s) to be adjusted into:  cash,  carryback note, or  sales price. [See RPI Form 415]

b. The impound account to be transferred:  charged, or  without charge, to Optionee.

10.4  Take title subject to, or  Assume, an existing second trust deed note held by \_\_\_\_\_, with an unpaid principal balance of \$\_\_\_\_\_, payable \$\_\_\_\_\_ monthly, including interest not exceeding \_\_\_\_\_%,  ARM, due \_\_\_\_\_, 20\_\_\_\_\_.

10.5 A note for the balance of the purchase price in the amount of \$\_\_\_\_\_ to be executed by Optionee in favor of Optionor and secured by a trust deed on the property junior to the above referenced financing, payable \$\_\_\_\_\_ monthly, or more, beginning one month after closing, including interest at \_\_\_\_\_% per annum from closing, due \_\_\_\_\_ years after closing.

a. This note and trust deed to contain provisions to be provided by Optionor for:

due-on-sale,  prepayment penalty,  late charges,  \_\_\_\_\_

b.  The attached Financial Disclosure Statement is an addendum to this agreement (mandatory on four-or-less residential units). [See RPI Form 300]

c.  Optionee to provide a Request for Notice of Default and Notice of Delinquency to senior encumbrancers. [See RPI Form 412]

**11. GENERAL PROVISIONS:**

11.1  See attached addendum for additional provisions. [See RPI Form 250]

11.2 Attached as addenda are the following checked disclosures mandated on four-or-less residential units:

a.  Condition of Property Disclosure — Transfer Disclosure Statement (TDS) [See RPI Form 304]

b.  Natural Hazard Disclosure Statement (mandated on all properties) [See RPI Form 314]

c.  Disclosure of Sexual Predator Database [See RPI Form 319]

d.  Hazard Disclosure Booklet, and related Optionor disclosures, containing Environmental Hazards, Lead-based Paint and Earthquake Safety. [See RPI Forms 313, 315 and 316-1]

e.  Documentation on any Homeowners' Association (HOA) involved [See RPI Form 309]

f.  Notice of Supplemental Property Tax Bill [See RPI Form 317]

11.3 Possession of the property to be delivered on:

close of escrow, or  see attached Occupancy Agreement. [See RPI Forms 271 and 272]

11.4 Both parties reserve their rights to assign, and agree to cooperate in effecting an Internal Revenue Code §1031 exchange prior to close of escrow, on either party's written notice.

**12. EXPIRATION OF OPTION:**

This offer to sell will be deemed expired if not accepted by exercise of the option during the option period.

12.1 This option contract will automatically terminate by expiration on \_\_\_\_\_, 20\_\_\_\_\_.

**13. BROKERAGE FEE:**

Optionor agrees to pay a brokerage fee of \$\_\_\_\_\_, or \_\_\_\_\_% of the selling price, IF:

13.1 This option is exercised;

13.2 Within one year after expiration of option period and any extension or renewal, Optionor enters into an agreement to option, sell, lease or exchange with Optionee, or their assigns or successors; or

13.3 Optionor wrongfully prevents the exercise of this option.

13.4 Fee payable to Broker(s) \_\_\_\_\_.

**OPTIONOR'S BROKER:** \_\_\_\_\_

Broker's CalBRE #: \_\_\_\_\_

Agent's Name: \_\_\_\_\_

Agent's CalBRE #: \_\_\_\_\_

Signature: \_\_\_\_\_

Is the agent of:       Optionor exclusively  
                                  Both Optionor and Optionee.

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Cell: \_\_\_\_\_

Email: \_\_\_\_\_

**OPTIONEE'S BROKER:** \_\_\_\_\_

Broker's CalBRE #: \_\_\_\_\_

Agent's Name: \_\_\_\_\_

Agent's CalBRE #: \_\_\_\_\_

Signature: \_\_\_\_\_

Is the agent of:       Optionee exclusively.  
                                  Both Optionor and Optionee.

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Cell: \_\_\_\_\_

Email: \_\_\_\_\_

**OPTIONOR:**

**I agree to grant this option on the terms stated above.**

See attached Signature Page Addendum. [RPI Form 251]

Date: \_\_\_\_\_, 20\_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

**OPTIONEE:**

**I accept this option on the terms stated above.**

See attached Signature Page Addendum. [RPI Form 251]

Date: \_\_\_\_\_, 20\_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_