

## **OPTION TO PURCHASE WITH EXTENSIONS**

Irrevocable Right-to-Buy

**NOTE:** This form is used by a broker when negotiating a purchase option exercisable with extensions as an attachment to an offer to lease, lease agreement or offer regarding a purchase option, to prepare an option granting an irrevocable offer to sell with price and terms for payment exercisable during an initial period or extensions.

**DATE:** \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_, California.

*Items left blank or unchecked are not applicable.*

### **1. OPTION MONEY:**

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

### **2. PROPERTY UNDER OPTION:**

Address \_\_\_\_\_

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

### **3. FIRST OPTION PERIOD:**

Optionor 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\_\_\_\_\_, or ☐ on termination of Optionee's leasehold interest in the property.

### **4. SECOND OPTION PERIOD:**

Optionor 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 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, to obtain and deliver to Optionor the following checked studies and reports:

- ☐ Parcel survey report by licensed California surveyors.
- ☐ Application for a parcel map or waiver.
- ☐ Application for a conditional use permit.
- ☐ Land use study.
- ☐ Architectural plans and specifications.

- ☐ Soil engineer's report.
- ☐ Zoning ordinance request.
- ☐ Off-site improvement plans.
- ☐ On-site engineering plans.
- ☐ \_\_\_\_\_

### **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 is escrowed with \_\_\_\_\_.

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

## 9. DELIVERY OF TITLE:

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

## 10. BROKERAGE FEE:

10.1 Optionor to pay the Optionee Broker fee through escrow in the amount of.....\$ \_\_\_\_\_

a. The party wrongfully preventing the intended conveyance to pay the fee.

10.2 Attached is the Agency Law Disclosure. [See **RPI** Form 305]

## 11. SALE TERMS:

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

11.1 ☐ All cash.

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

11.3 ☐ 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, type \_\_\_\_\_, plus a monthly tax/insurance impound payment of \$ \_\_\_\_\_.

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

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

11.4 ☐ 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, type \_\_\_\_\_, due \_\_\_\_\_, 20\_\_\_\_.

11.5 A note for the balance of the purchase price in the amount of \$ \_\_\_\_\_ is executed by Optionee in favor of Optionor and secured by a trust deed on the property junior to the above referenced mortgage 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 is provided by Optionor for:

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

b. ☐ The attached Financial Disclosure Statement is an addendum to this option (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]

11.6 Other consideration paid through escrow.....\$ \_\_\_\_\_

## 12. GENERAL PROVISIONS:

*Check applicable provisions.*

Optionor to hand Optionee copies, or make available for Optionee's review, the checked items noted in the addenda as soon as reasonably practicable after entry into this option.

12.1 ☐ Due Diligence Contingencies Addendum. [See **RPI** Form 279]

12.2 ☐ Homeowners' Association (HOA) Addendum. [See **RPI** Form 309]

12.3 ☐ See attached addendum for additional terms. [See **RPI** Form 250]

12.4 Optionee acknowledges receipt of the following checked disclosures of conditions addressing the use and value of the property:

a. ☐ Ordinance Compliance — Local Option Disclosure [See **RPI** Form 307]

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

12.5 Possession of the property and key/access codes are delivered:

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

12.6 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. [See **RPI** Forms 171 or 172-2]

- 13. EXPIRATION OF OPTION:**

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

14.1 NOTICE REGARDING SALES DATA: Broker is authorized to report the sale, its price and terms for dissemination and use of participants in listing services.

- 14.3 NOTICE REGARDING APPRAISAL OBJECTIVITY: Any appraisal of the property is required to be unbiased, objective, and not influenced by improper or illegal considerations, including, but not limited to, any of the following: race, color, religion (including religious dress, grooming practices, or both), gender (including, but not limited to, pregnancy, childbirth, breastfeeding, and related conditions, and gender identity and gender expression), sexual orientation, marital status, medical condition, military or veteran status, national origin (including language use and possession of a driver's license issued to persons unable to provide their presence in the United States is authorized under federal law), source of income, ancestry, disability (mental and physical, including, but not limited to, HIV/AIDS status, cancer diagnosis, and genetic characteristics), genetic information, or age. If a buyer or seller believes that the appraisal has been influenced by any of the above factors, the seller or buyer can report this information to the lender or mortgage broker that retained the appraiser and may also file a complaint with the Bureau of Real Estate Appraisers at <https://www2.brea.ca.gov/complaint/> or call (916) 552-9000 for further information on how to file a complaint.

- The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector.

[illegible]

Optionor Broker: \_\_\_\_\_  
 Broker's DRE #: \_\_\_\_\_  
 is the broker for: ☐ Optionor  
                           ☐ both Optionee and Optionor (dual agent)

Optionor Agent: \_\_\_\_\_  
 Agent's DRE #: \_\_\_\_\_  
 is ☐ Optionor's agent (salesperson or broker-associate)  
      ☐ both Optionee's and Optionor's agent (dual agent)

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

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

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

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

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

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

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Email: \_\_\_\_\_

Optionee Broker: \_\_\_\_\_  
 Broker's DRE #: \_\_\_\_\_  
 is the broker for: ☐ Optionee  
                           ☐ both Optionee and Optionor (dual agent)

Optionee Agent: \_\_\_\_\_  
 Agent's DRE #: \_\_\_\_\_  
 is ☐ Optionee's agent (salesperson or broker-associate)  
      ☐ both Optionee's and Optionor's agent (dual agent)

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

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

**I accept this option and agree to the terms stated above.**

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

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

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

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Email: \_\_\_\_\_