**OPTION TO PURCHASE AGREEMENT**

This Option to Purchase Agreement is made on **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** between **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** and/or their Assigns (the “Seller/Optionor”) and **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** (the “Buyer/Optionee”).

**WHEREAS**, Buyer/Optionee wishes to obtain the right to purchase certain real property being, lying and situated in St Charles County, MO such real property having a street address of **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** (“the Property” or “the Premises”).

**WHEREAS**, Seller/Optionor and Buyer/Optionee have together executed a prior lease agreement, the subject of which is the aforementioned Property (the “Lease Agreement”).

**NOW, THEREFORE**, for and in consideration of the covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller/Optionor hereby grants to Buyer/Optionee an exclusive option to purchase the aforementioned “Property” under the terms of this Agreement. The parties hereto hereby agree as follows:

**1. OPTION TERM**. The option to purchase period commences on **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** and expires at 11:59 PM, **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

**2. NOTICE REQUIRED TO EXERCISE OPTION**. To exercise the Option to Purchase, the Buyer/Optionee must deliver to the Seller/Optionor written notice of Buyer/Optionee’s intent to purchase. In addition, the written notice must specify a valid closing date. The closing date must occur on or before the original expiration date of the Lease Agreement, or on or before the date of the expiration of the Option to Purchase Agreement designated in paragraph 1, whichever occurs later.

All notices required by this agreement shall be given in writing and shall be delivered by Registered Mail directed to the parties at the addresses given below. Said notices shall become effective as of the date of mailing as evidenced by the official receipt of the United States Postal Service:

Owner’s Name and Address:

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**3. OPTION CONSIDERATION**. As consideration for this Option to Purchase Agreement, the Buyer/Optionee shall pay the Seller/Optionor an Option Consideration Fee of **$\_\_\_\_\_\_\_\_\_\_\_\_** receipt of which is hereby acknowledged by the Seller/Optionor.

The Seller/Optionor shall not refund or credit the Option Consideration Fee if the Buyer/Optionee defaults in the Lease Agreement, fails to close on the conveyance, or otherwise does not exercise the option to purchase. **The Buyer/Optionee hereby acknowledges that the Option Fee is not refundable under any circumstance.**

In the event that the Buyer/Optionee substantially defaults on any payments or other obligations required under said lease, this Option Agreement will be automatically void and any monies paid thereunder for rent or as option consideration will be retained by Seller/Optionor as liquidated damages and not as a penalty. “Substantial default” includes, but is not limited to, failure to make any lease payment by the first day of any month for which rent is due, and failure the close the purchase of the property within the deadline stated above.

**4. PURCHASE PRICE.** The initial purchase price for the Property shall be **$\_\_\_\_\_\_\_\_\_\_\_\_** and then shall increase by \_0.25% per calendar month (3% per year) thereafter until exercising of this Option to Purchase. The purchase price shall be paid in cash or its equivalent, less a credit of **$\_\_\_\_\_\_\_\_\_\_\_\_\_\_** and an additional credit of **$\_\_\_\_\_\_\_\_\_\_\_\_** per month, credited each month in which Buyer/Optionee pays a monthly payment of **$\_\_\_\_\_\_\_\_\_\_\_** in advance, on or before the 1st day of each and every month (“Monthly Option Payment”).

Credits will be applied to reduce the purchase price if, and only if, Buyer/Optionee exercises this Option to Purchase. Rent credits will only be applied for the first **\_\_\_\_\_\_** months of this option agreement. To encourage the Buyer/Optionee to expedite the exercising of the Option, the Seller/Optionor agrees to credit the Buyer/Optionee with the total amount of the agreed upon rent credits at any time during the lease term to be applied as funds towards closing (Seller Concessions) for the Buyer/Optionee.

All credits are conditional, provided that the Buyer/Optionee timely executes the option to purchase, is not in default of the Lease Agreement, and closes the conveyance of the Property. The Buyer/Optionee shall receive no rent credits at closing for any monthly lease payment that the Seller/Optionor receives after the due date. Buyer/Optionee's obligation to close shall not be contingent upon Buyer/Optionee's ability to obtain financing. Buyer/Optionee shall pay any and all loan and sale closing costs.

All covenants of said lease agreement must have been faithfully performed in order for this Option to be valid and enforceable, including, but not limited to, the repairs, maintenance and upkeep of said property. In the event that the Buyer/Optionee substantially defaults on any payments or other obligations required under said lease, this Option Agreement will be automatically void and any monies paid thereunder for rent or as option consideration will be retained by Seller/Optionor as liquidated damages and not as a penalty.

**5. Extension of Term**. At the termination of the Option Period, Buyer/Optionee shall have the right to extend the Option Period for a period of **\_\_\_\_\_\_\_ months**, provided that for such extension Buyer/Optionee shall pay Seller/Optionor an additional Option Consideration of **$\_\_\_\_\_\_\_\_\_\_\_**, such payment and notice of extension to be sent to the Seller/Optionor in accordance with the terms and conditions hereof.

**6. EXCLUSIVITY OF OPTION**. This Option to Purchase Agreement is exclusive and non-assignable by the Buyer/Optionee. Should Buyer/Optionee attempt to assign, convey, delegate, or transfer this option to purchase without the Seller/Optionor’s express written permission, any such attempt shall be deemed null and void.

**8. CLOSING AND SETTLEMENT**. Seller/Optionor shall determine the title company at which settlement shall occur and shall inform Buyer/Optionee of this location in writing. The closing costs shall be those costs incurred in conjunction with closing escrow and shall be paid at the close of escrow as follows:

1. Expenses payable by the Seller:
	1. Releases of existing liens, including prepayment penalties and recording fees; release of Seller’s loan liability; tax statements or certificates; survey; preparation of deed; one-half of escrow fee; and other expenses required by the Seller under FHA, VA, or other government loan program regulations.

 B) Expenses payable by Buyer:

1. Loan origination, discount, buy-down, and commitment fees.
2. Appraisal fees; title insurance (title policy); loan application fees; credit reports; preparation of loan documents; interest on the notes from the date of disbursement to one month prior to dates of first monthly payments; recording fees; copies of easements and restrictions; mortgage title policy with endorsements required by lender; loan-related inspection fees; photos, amortization schedules, one-half of escrow fee; all prepaid items, including required premiums for insurance, courier fee, repair inspection, underwriting fee and wire transfer, expenses incident to any loan, and other expenses payable by the Buyer under this contract.

**8. FINANCING AVAILABILITY.** Seller/Optionor makes no representations or warranties as to the availability of financing regarding this option to purchase. Buyer/Optionee is solely responsible for obtaining financing in order to exercise this option. This agreement is not contingent upon Buyer/Optionee obtaining financing.

**9. REMEDIES UPON DEFAULT**.  If Buyer/Optionee defaults under this Option to Purchase Agreement or the Lease Agreement, then in addition to any other remedies available to Seller/Optionor at law or in equity, Seller/Optionor may terminate this Option to Purchase by giving written notice of the termination. If terminated, the Buyer/Optionee shall lose entitlement to any refund of rent or option consideration. For this Option to Purchase Agreement to be enforceable by the Buyer/Optionee, the Buyer/Optionee must comply timely and fully with all terms and conditions of the Lease Agreement.

**10. DEFAULT OF MORTGAGE:** Seller/Optionor acknowledges that all payments are current and in good standing with the mortgage company, and agrees to make all payments to the mortgage company during the lease period of the Agreement in a timely manner and keep the mortgage current. Seller/Optionor agrees to provide documentation of mortgage payments at the request of the Buyer/Optionee. If, during the lease period the Seller/Optionor fails to keep the payments on the property current, and the property is foreclosed upon, the Buyer/Optionee retains the right to seek damages from the Seller/Optionor as allowed by law. If, however the mortgage payment lapses due to the fault of the Buyer/Optionee’s non-payment or late payment according to the terms set forth in the Lease Agreement, then the Buyer/Optionee shall forfeit any and all remedies or claims.

**11. NOT AN AGENT**.  The parties hereto understand and agree that all parties are acting on their own behalf, and not as a broker, agent, employee or contractor of the other party. The relationship between the parties shall not create any agency, partnership, joint venture or other legal relationship between the parties. No real estate commissions or any other commissions shall be paid in connection with this transaction by the Owner, Seller/Optionor or Buyer/Optionee.

**12. RECORDING OF AGREEMENT**. Buyer/Optionee shall not record this Option to Purchase Agreement on the Public Records of any public office without the express and written consent of Seller/Optionor.

**13. ACKNOWLEDGMENTS**. The parties are executing this Option to Purchase Agreement voluntarily and without any duress or undue influence. The parties have carefully read this Option to Purchase Agreement and have asked any questions needed to understand its terms, consequences, and binding effect and fully understand them and have been given an executed copy. The parties have been given a chance to seek the advice of an attorney of their respective choice, if so desired, prior to signing this Option to Purchase Agreement.

**14. GOVERNING LAW AND VENUE**. This Option to Purchase Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The parties further agree that the venue for any and all disputes related to this Option to Purchase shall be in the Circuit Court of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_County, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (State).

**15. OPTION TO PURCHASE CONTROLLING**.  In the event a conflict arises between the terms and conditions of the Lease Agreement and the Option to Purchase Agreement, the Option to Purchase Agreement shall control.

**16. LIABILITY AND INDEMNITY.** Seller/Optionor shall not be liable to Buyer/Optionee, Buyer/Optionee’s guests or other occupants or persons on the premises for personal injury, property damage or other losses to such persons or their property caused by theft, burglary, assault, other crimes, fire, water, ice, wind, rain, smoke, or any other cause. Furthermore, Buyer/Optionee agrees to indemnify and hold Seller/Optionor free and harmless from any and all liability for injury to or death of any person, or for damage of property arising from the use and occupancy of the premises by Buyer/Optionee or from the act or omission of any person or persons, including Buyer/Optionee in or about the leased premises with the express or implied consent of Buyer/Optionee. Seller/Optionor requires Buyer/Optionee to obtain personal household contents and personal liability insurance. Seller/Optionor shall have no duty to furnish smoke detectors, except as required by law, however, if furnished, Buyer/Optionee is responsible for keeping them operational by furnishing batteries.

**17. ARBITRATION.** The parties hereto understand and agree that the Property leased between the parties is involved in, affect, or have a direct impact upon, intrastate commerce. Both parties agree that all claims, demands, disputes or controversies of every kind or nature that may arise between them concerning any of the provisions of the Acknowledgments or the Agreement,, any negotiations leading to the lease or sale of the Property, any disputes arising pursuant to the Acknowledgments or the Agreement, OTHER THAN BUYER/OPTIONEE’S FAILURE TO PAY RENT, EVICTION PROCEEDINGS BROUGHT BY SELLER/OPTIONOR AGAINST BUYER/OPTIONEE AND/OR DAMAGE TO THE PROPERTY CAUSED BY BUYER/OPTIONEE, or any breach of the terms or performance of any covenant under the Acknowledgments or the Agreement, shall be settled by binding arbitration conducted pursuant to the provisions of 9 U.S.C. Section 1 et seq. and according to the Commercial Rules of the American Arbitration Association. Without limiting the generality of the foregoing, it is the intention of the parties to resolve by binding arbitration all disputes arising between the parties, the terms and meaning of any of the terms of the Acknowledgments or the Agreement, or any other document signed between the parties, any representations, promises or omissions made in connection with the negotiation of the Acknowledgments or the Agreement. Both parties agree, covenant and contract that there shall be no class arbitration between the parties and that the only parties to any disputes or controversies to be arbitrated as more particularly described herein shall be the Seller/Optionor and Buyer/Optionee.

Either party may demand arbitration by filing with the American Arbitration Association written demand for arbitration along with a statement of the matter in controversy. A copy of the demand for arbitration shall simultaneously be served upon the other party. Both parties agree that the arbitration proceedings to resolve all such disputes shall be conducted in the city/county where the Property is located. Both parties agree that they shall keep confidential the results, decisions and conversations and all communications in connection with the arbitration proceedings and/or the arbitration agreement. Either party may seek damages and/or an injunction against the other for any violations of this provision. In the event of arbitration, each party shall be responsible for its own costs related to arbitration, including, but not limited to, its reasonable attorneys’ fees.

**18. ADDITIONAL CLARIFICATIONS**

* This Option to Purchase is not, and shall not be construed as, or interpreted as, any form of equitable mortgage or other equitable interest in the property. It is hereby declared that it is not the intent of the parties to create a loan of any nature or to create a mortgage of any kind. In the event that the Buyer/Optionee hereunder should ever raise such an issue in a court of law or otherwise this Option shall terminate immediately.
* Any breach of the Option to Purchase Agreement between Buyer/Optionee and Seller/Optionor, or the failure of the Buyer/Optionee to timely and properly exercise the option granted in any Option to Purchase Agreement between Buyer/Optionee and Seller/Optionor, shall be a material breach of the Lease Agreement and shall terminate the Buyer/Optionee’s leasehold to the Property, but not the Buyer/Optionee’s obligations under the Lease Agreement.
* Condition of Property: Seller/Optionor warrants that when the contemplated sale is consummated, the Property shall be purchased in its then PRESENT AS-IS CONDITION. Risk of loss or damage to the Property for any reason, except through fault of Buyer/Optionee, prior to the consummation of the sale shall be borne by the Seller/Optionor with the exception of personal contents inside the property.
* Appraisal: The Buyer/Optionee shall have the right to have the property appraised within days from the date of this agreement and at his own expense. IfSeller/Optionor does not receive written notice from the purchaser(s) of their dissatisfaction regarding said Appraisal within 3 business days from date of Appraisal, then this contingency will be considered satisfied and thepurchase agreement is binding without regard to said report. If the Seller/Optionor does receive written notice, within the time provided, that Buyer/Optionee is dissatisfied, Buyer/Optionee at their election may terminate this agreement and all deposited monies shall be returned to Buyer/Optionee. If Buyer/Optionee moves into the property than all rights to a property appraisal will be waived and purchaser will be accepting the property as is.

 Initials: -\_\_\_\_\_\_ Yes, Buyer/Optionee will have an appraisal done.

 Initials: -\_\_\_\_\_\_ No, Buyer/Optionee hereby waive said appraisal contingency and will rely on their own appraisal of the property.

* Property Inspection:The Buyer/Optionee may have the physical condition, structural, plumbing, heating, and electrical systems of the property inspected by a contractor of his own choice within days from the date of this agreement and at his own expense. IfSeller/Optionor does not receive written notice from the purchaser(s) of their dissatisfaction regarding said inspection within 3 days from date of inspection, then this contingency will be considered satisfied and thepurchase agreement is binding without regard to said report. If the Seller/Optionor does receive written notice, within the time provided, that Buyer/Optionee is dissatisfied, Buyer/Optionee at their election may terminate this agreement and all deposited monies shall be returned to Buyer/Optionee. If Buyer/Optionee moves into the property than all rights to a property inspection will be waived and purchaser will be accepting the property as is.

 Initials: -\_\_\_\_\_\_ Yes, Buyer/Optionee will have inspection.

 Initials: -\_\_\_\_\_\_ No, Buyer/Optionee hereby waive said inspection contingency and will rely on their own examination of the property.

* Repairs:Buyer/Optionee shall be responsible for all costs associated with the ongoing repair and maintenance of the Premises which is common to normal and customary upkeep as deemed necessary by the Buyer/Optionee. However, in the event that such maintenance and repairs exceed **$\_\_\_\_\_\_** in any given thirty day period, the Seller/Optionor agrees to assume responsibility for the cost of such maintenance and repairs. In the event that Seller/Optionor fails to make the requested repairs within 14 days of being notified of the necessity of repair in writing by the Buyer/Optionee, the Buyer/Optionee has the right to cancel this Agreementwith no penalty to any party*.* As an alternative to cancellation, the Buyer/Optionee may elect to make said repairs and receive a credit equal to twice the total cost of the repairs toward the purchase price of the Premises, in the event that the Option to Purchase is exercised.
* Sellers Disclosure:Buyer/Optionee has received and reviewed a Sellers Disclosure Statement for the property prior to executing this contract to purchase the property. Buyer/Optionee agrees to purchase the property subject to the representations of its condition disclosed in the Disclosure Statement and to accept the property with those representations.
* Property Insurance: Until such time as Buyer/Optionee exercises this Option, Seller/Optionor shall keep the Property insured against loss by fire or other casualty, and shall maintain such insurance in an amount equal to the replacement value of the Property, as such as determined by Seller/Optionor’s property insurance carrier.
* Credit Repair:Buyer/Optionee agrees to enter into a credit repair program at his/her own expense until such time as he/she is qualified for a mortgage and purchases the property from Seller/Optionor.
* Credit Repair Company: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Credit Repair Fees To Be Paid By Buyer/Optionee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Credit Repair Fees To Be Paid By Seller/Optionor: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* As a condition for granting this Option, any and all homeowner’s association fees and or condominium fees and or common area maintenance fees shall be the sole responsibility of the Buyer/Optionee. Buyer/Optionee agrees to pay for all assessments, including water, sewage, sidewalks, subdivision, and road paving. Failure to pay said fees timely will result in the forfeiture of this Option.
* If the Buyer/Optionee decides not to exercise their option and/or moves out, the keys are due back to the Seller/Optionor within 24 hours of notice by the Seller/Optionor.

**19. ENTIRE AGREEMENT; MODIFICATION**. This document sets forth the entire agreement and understanding between the parties relating to the subject matter herein and supersedes all prior discussions between the parties. No modification of or amendment to this Option to Purchase Agreement, nor any waiver of any rights under this Option to Purchase Agreement, will be effective unless in writing signed by the party to be charged.

**This purchase option is NOT contingent upon Buyer/Optionee’s ability to obtain financing from a lender or any other reason. Optionee understands that time is of the essence for this agreement, and that Buyer/Optionee’s** **failure to purchase the property before the expiration of this Option Agreement, for any reason (or if Buyer/Optionee defaults any terms of a Lease Agreement for the above stated property), all monies paid by Buyer/Optionee will be retained by Seller/Optionor. Seller/Optionor and Buyer/Optionee further agree that this agreement is not an Installment Land Contract, Contract-For-Deed, or Equitable Mortgage, but merely Buyer/Optionee’s right to purchase the above-referenced property under the terms stated above.**

SELLER/OPTIONOR:

Sign: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Print: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

BUYER/OPTIONEE:

Sign: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Print: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

BUYER/OPTIONEE:

Sign: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Print: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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