



OPTION AGREEMENT

(To be used with a Purchase Agreement. May also be used with a Lease.)

(C.A.R. Form OA, Revised 4/08)

Date \_\_\_\_\_, at \_\_\_\_\_, California \_\_\_\_\_ ("Optionor"), grants to \_\_\_\_\_ ("Optionee"),

on the following terms and conditions, an option ("Option") to purchase the real property and improvements situated in (City) \_\_\_\_\_, County of \_\_\_\_\_, California, described as \_\_\_\_\_ ("Property") on the terms and conditions specified in the attached: [ ] Real Estate Purchase Agreement [ ] Other \_\_\_\_\_, which is incorporated by reference as a part of this Option.

1. OPTION CONSIDERATION:

A. \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), payable upon acceptance of this Option, or, if checked, [ ] \_\_\_\_\_, by [ ] cash, [ ] cashier's check, [ ] personal check, or [ ] \_\_\_\_\_ made payable to \_\_\_\_\_.

OR B. [ ] (If checked) Mutual execution of the attached lease specified in paragraph 2A.

OR C. [ ] (If checked) Both 1A and 1B.

2. [ ] LEASE (If checked):

A. The attached Lease Agreement, dated \_\_\_\_\_, between Optionee as Tenant and Optionor as Landlord, is incorporated by reference as part of this Option.

B. If the Option is exercised, the lease shall terminate on the earliest of (i) the date scheduled for Close Of Escrow under the Purchase Agreement, or as extended in writing, (ii) the Close Of Escrow of the Purchase Agreement, or (iii) mutual cancellation of the Purchase Agreement.

3. OPTION PERIOD: The Option shall begin on (date) \_\_\_\_\_, and shall end at 11:59 p.m. (or at [ ] \_\_\_\_\_), on (date) \_\_\_\_\_.

4. MANNER OF EXERCISE: Optionee may exercise the Option only by delivering a written unconditional notice of exercise, signed by Optionee, to Optionor, or \_\_\_\_\_, who is authorized to receive it. A copy of the unconditional notice of exercise shall be delivered to the Brokers identified in this Agreement.

5. NON-EXERCISE: If the Option is not exercised in the manner specified, within the option period or any written extension thereof, or if it is terminated under any provision of this Option, then:

- A. The Option and all rights of Optionee to purchase the Property shall immediately terminate without notice; and
B. All Option Consideration paid, rent paid, services rendered to Optionor, and improvements made to the Property, if any, by Optionee, shall be retained by Optionor in consideration of the granting of the Option; and
C. Optionee shall execute, acknowledge, and deliver to Optionor, within 5 (or [ ] \_\_\_\_\_) calendar Days of Optionor's request, a release, quitclaim deed, or any other document reasonably required by Optionor or a title insurance company to verify the termination of the Option.

6. EFFECT OF DEFAULT ON OPTION:

- A. Optionee shall have no right to exercise this Option if Optionee has not performed any obligation imposed by, or is in default of, any obligation of this Option, any addenda, or any document incorporated by reference.
B. In addition, if a lease is incorporated by reference in paragraph 2A, Optionee shall have no right to exercise this Option if Optionor, as Landlord, has given to Optionee, as Tenant, two or more notices to cure any default or non-performance under that lease.

7. OPTIONOR DISCLOSURE:

- A. Unless exempt, if the Property contains one-to-four residential dwelling units, Optionor shall within 7 (or \_\_\_\_\_) Days After entering into this Option provide to Optionee (i) a Real Estate Transfer Disclosure Statement, a Natural Hazard Disclosure Statement, a Notice of Private Transfer Fee and other disclosures required by Civil Code §§1102 and 1103 et seq., (ii) [ ] a preliminary title report, and (iii) [ ] \_\_\_\_\_.
B. If any disclosure or notice specified in 7A is delivered to Optionee after the Option is Signed, Optionee shall have the right to cancel this Option within 3 Days After delivery in person or 5 Days After delivery by deposit in the mail by giving written notice of cancellation to Optionor or Optionor's agent.

Optionee and Optionor acknowledge receipt of copy of this page, which constitutes Page 1 of \_\_\_\_\_ Pages.

Optionee's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ ) Optionor's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



Property Address: \_\_\_\_\_ Date: \_\_\_\_\_

**8. PURCHASE AGREEMENT:**

- A. All of the time limits contained in the attached Purchase Agreement, which begin on the date of Acceptance of the Purchase Agreement, shall instead begin to run on the date the Option is exercised.
- B. If this Option is exercised and Optionee cancels pursuant to any contingency in the attached purchase agreement, including but not limited to any right of inspection or financing provision, all option consideration paid, rent paid, services rendered to Optionor, and improvements to the Property, if any, by Optionee, shall be retained by Optionor in consideration of the granting of the Option.
- C. If this Option is exercised, upon close of escrow of the attached Purchase Agreement,  all, or  \$ \_\_\_\_\_, of the Option Consideration, and  (if checked) \$ \_\_\_\_\_ per month of rent actually paid by Optionee, shall be applied toward Optionee's down payment obligations under that Agreement. Optionee is advised that the full amount of the option consideration applied toward any down payment may not be counted by a lender for financing purposes.

**9. DISPUTE RESOLUTION:** Optionee and Optionor agree that any dispute or claim arising between them out of this Agreement shall be decided by the same method agreed to for resolving disputes in the attached Purchase Agreement.

**10. DAMAGE OR DESTRUCTION:** If, prior to exercise of this Option, by no fault of Optionee, the Property is totally or partially damaged or destroyed by fire, earthquake, accident or other casualty, Optionee may cancel this Agreement by giving written notice to Optionor, and is entitled to the return of all Option Consideration paid. However, if, prior to Optionee giving notice of cancellation to Optionor, the Property has been repaired or replaced so that it is in substantially the same condition as of the date of acceptance of this Agreement, Optionee shall not have the right to cancel this Agreement.

**11. OPTIONEE INSPECTION:** Optionee  has,  has not conducted inspections, investigations, tests, surveys and other studies of the Property prior to entering into this Option.

**12. RECORDING:** Optionor or Optionee shall, upon request, execute, acknowledge, and deliver to the other a memorandum of this Option for recording purposes. All resulting fees and taxes shall be paid by the party requesting recordation.

**13. OTHER TERMS AND CONDITIONS,** including attached supplements: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**14. ATTORNEY FEES:** In any action, proceeding, or arbitration between Optionee and Optionor arising out of this Option, the prevailing Optionee or Optionor shall be entitled to reasonable attorney fees and costs from the non-prevailing Optionee or Optionor.

**15. BROKER COMPENSATION FROM OPTIONEE:** If applicable, Optionee agrees to pay compensation to Broker as specified in a separate written agreement between Optionee and Broker.

**16. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Option. Its terms are intended by the parties as a final, complete, and exclusive expression of their agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. **This Agreement may not be extended, amended, modified, altered, or changed, except in writing signed by Optionee and Optionor.**

**17. TERMS AND CONDITIONS OF OFFER:** This is an offer for an option to purchase Property on the above terms and conditions. This Option and any supplement, addendum, or modification, including any photocopy or facsimile, may be signed in two or more counterparts, all of which shall constitute one and the same writing. Optionee has read and acknowledges receipt of a copy of this offer.

Optionee and Optionor acknowledge receipt of copy of this page, which constitutes Page 2 of \_\_\_\_\_ Pages.  
Optionee's Initials (\_\_\_\_\_) (\_\_\_\_\_) Optionor's Initials (\_\_\_\_\_) (\_\_\_\_\_)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



Property Address: \_\_\_\_\_ Date: \_\_\_\_\_

**18. EXPIRATION OF OFFER:** Unless Acceptance of Offer is signed by Optionor, and a signed copy delivered in person, by mail, or facsimile, and personally received by Optionee, or by \_\_\_\_\_, who is authorized to receive it, by (date) \_\_\_\_\_, at \_\_\_\_\_  AM  PM, the offer shall be deemed revoked.

OPTIONEE \_\_\_\_\_

OPTIONEE \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

**19. BROKER COMPENSATION FROM OPTIONOR:** If applicable, Optionor agrees to pay compensation to Broker as specified in a separate written agreement between Optionor and Broker.

**20. ACCEPTANCE OF OPTION:** Optionor warrants that Optionor is the owner of the Property or has the authority to execute this Agreement. Optionor accepts and agrees to grant an Option to purchase the Property on the above terms and conditions.

If checked:  **SUBJECT TO ATTACHED COUNTER OFFER, DATED** \_\_\_\_\_ .

OPTIONOR \_\_\_\_\_

OPTIONOR \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

<b>REAL ESTATE BROKERS:</b>		
A. Real Estate Brokers are not parties to the Agreement between Optionee and Optionor.		
B. <b>COOPERATING BROKER COMPENSATION:</b> Listing Broker agrees to pay Cooperating Broker and Cooperating Broker agrees to accept, (i) the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for Option or a reciprocal MLS; or (ii) <input type="checkbox"/> (If checked) the amount specified in a separate written agreement (C.A.R. Form CBC) between Listing Broker and Cooperating Broker.		
Broker _____	By _____	Date _____
Address _____		
Telephone _____ Fax _____		
Broker _____	By _____	Date _____
Address _____		
Telephone _____ Fax _____		

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