SAMPLE REAL ESTATE OPTION AGREEMENT

This Real Estate Option Agreement in entered into by and between {name of buyer}, Vermont ("Buyer") and {name of Seller} ("Seller"). In consideration of the agreements hereinafter set forth, the parties agree as follows.

1. DEFINITIONS. For the purposes of this Option Agreement , the following words and phrases have the following meanings assigned to them:
	1. "Closing" means the closing of the purchase and sale of the Property m accordance with Paragraph 5 below.
	2. "Option Money" means $ \_\_\_\_\_\_\_\_\_\_\_\_
	3. "Option Period" means the period of time beginning with the Seller's execution of this Option Agreement and ending at {time} on the {calendar day}calendar day thereafter.
	4. "Property" means the \*\* acre parcel of land conveyed to the Seller by \_\_\_
	5. "Purchase Price" means $\_\_\_\_\_\_\_\_\_\_\_
2. OPTION. The Seller grants to the Buyer the sole and exclusive right and option throughout the Option Period to purchase the Property for the Purchase Price.
3. CONSIDERATION FOR THIS OPTION. The Buyer has paid the Option Money to the Seller as the consideration for this Option, and the Seller acknowledges receipt of the Option Money.
4. HUD REVIEW. The Buyer intends to obtain financing with respect to the Property from the United States Department of Housing and Urban Development ("HUD"). The environmental effects of any activity carried out with federal funds must comply with the provisions of the National Environmental Policy Act of 1969 and HUD regulations at 24 CFR Part 38, which include the completion of an environmental review. If the Vermont Department of Housing and Community Development provides the Buyer with a written determination at any time before the expiration of the Option Period, on the basis of a federally required environmental review and HUD's approval for release of federal funds, that it may enter into a conditional contract to purchase the Property, then the Buyer and the Seller may enter into a Purchase and Sale Agreement for the Property substantially in the form of Exhibit A attached hereto. The Purchase and Sale Agreement will replace this Option Agreement and this Option Agreement will thereafter become null, void and of no force or effect.
5. EXERCISE OF OPTION. The Buyer may exercise this Option at any time during the Option Period by giving the Seller written notice of its election to exercise this Option. The Notice shall be given by certified mail addressed to the Seller at its address set out below in Paragraph 14, or at such other address that the Seller provides to the Buyer in writing. Notice shall be deemed to have been given on the date on which the Buyer delivers the notice to the United States Postal Service for mailing.
6. CLOSING. If the Buyer exercises this Option, the Closing shall take place at the Buyer's offices at {time of closing a.m./p.m.} on the {number of days} business day after the day on which the Notice is mailed, or at such other time and place as the parties may agree. At the Closing, the Seller shall deliver to the Buyer:
	1. a corporate resolution in recordable form, authorizing the Seller's transfer of title to the Property to the Buyer and appointing an individual to execute all transfer documents for the Seller;
	2. a Warranty Deed in the usual Vermont form, sufficient to convey marketable title to the Property;
	3. a completed Vermont Property Transfer Tax Return;
	4. if the conveyance of the Property is subject to the Vermont Land Gains Tax, a certificate issued by the Vermont Department of Taxes certifying the amount of the Vermont Land Gains Tax due or certifying that no such tax is due on account of the conveyance;
	5. a discharge and/or termination statement of any mortgage, security interest, lease, lien or other encumbrance affecting the title to the Property;

f. any affidavits, reports and agreements that may be reasonably required by Vermont Attorneys Title Insurance Corporation as a condition to its issuing an unconditional owner's title insurance policy with respect to the Property; and

g. without additional expense to the Seller, such other instruments as the Buyer may reasonably request to carry out the purchase and sale of the Property.

1. PURCHASE PRICE. At the Closing, the Buyer shall pay the Purchase Price to the Seller by good bank or certified check, or by wire transfer, at the Seller's election. The Option Money shall be credited towards the Purchase Price.
2. PRORATED EXPENSES. At the Closing, the following expenses and adjustments shall be borne by the Seller or the Buyer as follows:
	1. Real Property Taxes: Education Property taxes and municipal property taxes shall be prorated {using appropriate fiscal year};
	2. Title Search: the Buyer;
	3. Vermont Property Transfer Tax: the Buyer;
	4. Preparation of Transfer Documents: the Seller;
	5. Vermont Land Gains Tax, if any: the Seller; and

f. Land Use Change Tax, if any: the Seller.

1. ACCESS TO THE PROPERTY.
	1. The Seller hereby authorizes the Buyer and the Buyer's agents, employees and invitees to enter onto the Property for the purpose of making such inspections, tests, surveys and other studies that the Buyer decides in its sole discretion are necessary to determine whether the Seller's representations about the Property are correct PROVIDED, HOWEVER, the Buyer shall not thereby disturb the private enjoyment to which the occupants of the buildings on the Property are entitled; and
	2. the Buyer shall at its expense repair any damage to the Property that may result from conducting of any such inspections, tests, and studies.
2. REPRESENTATIONS AND WARRANTIES OF THE SELLER. The Seller hereby represents and warrants to the Buyer that:
	1. the Seller is a corporation which has been duly organized and is validly existing and in good standing under the laws of the State of Vermont and has the full power and authority to enter into, execute, deliver, consummate and carry out the transaction contemplated by this Option Agreement and any instruments and agreements reasonably necessary therefor;
	2. the Seller has not: (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by the Seller's creditors; or (iii) suffered the appointment of a receiver that could take possession of all or substantially all of the Seller's assets;
	3. the Seller has no knowledge of any litigation or claim, pending or threatened, against the Seller that would have an adverse effect on the Property, the Seller's ability to convey the Property pursuant to this Option Agreement, or any successor owner of the Property;
	4. the Seller has no knowledge of any condition affecting the Property that might have a material adverse effect on the natural environment; and
	5. the Seller will be the record owner of marketable title to the Property at the Closing.
3. REPRESENTATIONS AND WARRANTIES OF THE BUYER. The Buyer represents and warrants to the Seller that:
	1. the Buyer is a non-profit corporation duly organized and in good standing under the laws of the State of Vermont and has the full power and authority to enter into, execute, deliver, consummate and carry out the transaction contemplated by this Option Agreement and any instruments reasonably necessary therefor; and
	2. the Buyer is not the subject of any case, action or proceeding, whether contemplated, threatened or actual, under any bankruptcy, insolvency or similar laws affecting creditor's rights.
4. ASSIGNMENT. The Buyer may assign this Option and its rights hereunder to any third party without the Seller's consent upon the condition that the assignee agrees to construct or maintain affordable housing on the Property.
5. COMMISSIONS AND FEES. The parties represent to each other that no real estate broker, agent of finder was the competent producing cause of this Option Agreement. Each party shall indemnify and bold harmless the other party from and against, and shall pay the legal expenses the other party incurs in connection with, all claims or demands made by any real estate agent, broker or finder claiming by, through, or under such party.
6. NOTICES. Any notice or other communication other than the Notice provided for in Paragraph 4 above that is to be given hereunder shall be in writing and delivered by certified mail, or sent by reliable electronic means, or sent by nationally recognized overnight courier to such party at the address set forth below:

If to Seller: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

with a copy to: {legal representative}

If to Buyer: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

with a Copy to: {legal representative}

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. RECORDING. This Option Agreement shall not be recorded in the land records. The Buyer may, at its election, prepare and record a notice of the existence of this Option Agreement. The Seller shall execute and acknowledge the notice if the Buyer so requests.
2. ENTIRE AGREEMENT; AMENDMENT. This Option Agreement embodies the entire agreement and understanding between the parties relating to the subject matter hereof and there are no covenants, promises, agreements, conditions or understandings, oral or written, except as herein set forth. This Option Agreement may not be amended, waived or discharged except by an instrument in writing executed by the party against whom such amendment, waiver or discharge is to be enforced.
3. BINDING EFFECT. This Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

**EXECUTION PAGE FOLLOWS**

For Seller:

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

Name:

Title:

State of Vermont)

County of \_\_\_\_\_\_) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (name of person acknowledging) to me known to be the person who executed the foregoing instrument, and he (she) duly acknowledged to me that he (she) executed the same to be his (her) free act and deed.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Notary Public Signature

My commission expires: \_\_\_\_\_\_\_\_\_\_\_

For Buyer:

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

Name:

Title:

State of Vermont)

County of \_\_\_\_\_\_) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (name of person acknowledging) to me known to be the person who executed the foregoing instrument, and he (she) duly acknowledged to me that he (she) executed the same to be his (her) free act and deed.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Notary Public Signature

My commission expires: \_\_\_\_\_\_\_\_\_\_\_