

\_\_\_\_\_, 199\_\_\_\_

This Option Agreement is made on the \_\_\_\_ day of \_\_\_\_\_, 19\_\_ between \_\_\_\_\_ a Registered Real Estate Broker, licensed in the State of Illinois who is taking title on the below described property in his personal investment account for profit. All parties warrant they understand and agree that the above party is acting solely in his own interests and as agent for no other party. Any listing agreement which may have been written, oral, implied, or otherwise expressed is hereby canceled, rescinded and voided. No fees will be paid or received by any party to this agreement, their heirs, assigns, or administrators. The above Broker shall henceforth be referred to as "Optionee" who's permanent address is \_\_\_\_\_ in the County-City of \_\_\_\_\_ State of \_\_\_\_\_

WHEREAS, \_\_\_\_\_ whose permanent address is \_\_\_\_\_ in the County-City of \_\_\_\_\_ State of \_\_\_\_\_, is the owner of certain premises located at \_\_\_\_\_ and Legally described as: \_\_\_\_\_ together with Personal Property as inventoried below henceforth referred to as the "Premises", and WHEREAS, Optionor desires to grant and Optionee desires to receive an Option to purchase the Premises. NOW THEREFORE, in consideration of One (\$1.00) dollar and other good and valuable consideration, and the mutual covenants and conditions contained in this Agreement, it is agreed as follows:

- 1) Optionor grants to Optionee, its successors and assigns, the right to purchase the Premises at any time after \_\_\_\_\_, 199\_\_\_\_, and prior to \_\_\_\_\_, 199\_\_\_\_, upon at least (30) days prior written notice to Optionor to Optionee in writing.
- 2) If the Option is thereby exercised:
  - a) The closing of title shall be held at the offices of \_\_\_\_\_ located at \_\_\_\_\_ at \_\_\_\_\_ (time) AM, on the date designated by the Optionee in the notice of the exercise of the Optionee's option.
  - b) The purchase price for the Premises shall be \_\_\_\_\_ to be paid on the closing date, as set forth above in the following manner: First, if Option is exercised within the time limits specified, the Option consideration shall apply toward the purchase price, after which, the balance shall be paid in the following manner:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.
  - c) The Premise shall be conveyed to the Optionee or Assigns by full Warranty Deed subject to only those matters of title set forth in the attached title report and title insurance binder as provided at the Optionor's expense, from \_\_\_\_\_ Title Company, re-certified to \_\_\_\_\_, 199\_\_\_\_.

Any matters affecting title occurring after such date whether resulting from acts or omissions of the Optionor or anyone claiming under Optionor, the Tenant(s) under any Lease which might be in effect during the Option period, or anyone claiming under the Tenant(s), or any other party, which impair the value of the above property or of this Option, shall be removed at Optionee's option by Optionor prior to close of sale, and the term of the Option shall be extended accordingly until such time as these title matters are cleared up. At Optionee's option, Optionee may proceed in the name of Optionor to correct such defects and other title matters and deduct the cost thereof from the balance of the cash required at sale closing and from the price. Optionor agrees to exercise all possible diligence to avoid acts or omissions which might cause title to the above property to be further encumbered by increase or creation of additional liens, or by pledging said property as collateral for any loans, or by leasing the property during the option period, or by waste, harvesting or mining, foresting, removal of soil depletion, or any other conveyance of rights.

Optionee is granted the right to mortgage, assign, or pledge this Option as collateral, and in the event Optionee is leasing the property with an Option to purchase; to assign, pledge as collateral mortgage, or sublease any leasehold interest Optionee might have hereunder. Now, should Optionor fail to make payments of taxes, insurance premiums or obligations, liens, or any other obligations which failure to pay might, in the sole discretion of the Optionee, jeopardize or impair Optionee's interest in this Option; Optionee has the option to pay same and to deduct amounts paid plus interest at the maximum rate allowed by law, compounded annually, first from any cash due upon exercise of this option at closing, then from the purchase price. Conveyance of any rights, Leases, or lien holder interest conveyed after the date of this Option shall be extinguished when it is exercised.

- d) During the period of this Option, the Optionor agrees to keep the improvements situated on the above property insured against loss by fire, windstorm, or natural disaster for a sum not less than \_\_\_\_\_ until the time of transfer. Any insurance proceeds, in case of loss, at the option of the Optionee, shall be allowed to the Optionee who shall take the property in accordance with this contract notwithstanding any injury or destruction of said buildings; or the Optionor shall return the improvements to their configuration, condition and functional utility as they now exist.
  - e) The following shall be adjusted between the Optionor and Optionee as the closing date as follows: the "rent" as defined in the Lease if any, taxes, insurance premium, or items of assessments on said property shall be pro-rated on a daily basis. If taxes cannot be ascertained for the year of closing, pro-rations of taxes will be based on taxes for the next preceding year. The provisions of this sub paragraph shall survive the closing.
  - f) The Optionor shall convey the above real property by full Warranty Deed with a covenant against grantor's acts in proper statutory form for recordation, It shall be executed and acknowledged so it conveys to the Optionee the fee simple of the Premises, free of all encumbrances, except as stated in this Agreement.
  - g) Upon receipt of the consideration noted above, all parties agree to fully execute and place into escrow with a disinterested third party, acceptable to both, all instruments required by law to convey the above property. The Optionor shall deposit a Warranty Deed, copies of all existing leases, notes, mortgages, surveys, warranties, title binders, etc. together with full executed contracts, and closing affidavits as required and the third party escrow agent will be enjoined to protect the interest of all parties in meeting the provisions of this Option Agreement, by conveying the above property as agreed to the Optionee upon due notification of exercise of the Option and delivery of a certified check together with properly executed notes and mortgages as they may apply to meet the terms and conditions of this Agreement. The Optionee shall deposit a fully executed and recordable Quit Claim Deed which shall be conveyed to the Optionor in the event this Option is not exercised within the time period prescribed above.
  - h) In the event the Optionee elects to exercise this Option during the option period, and after proper and legal notification the Optionor fails to perform the covenants here-in expressed, the Optionee shall be entitled to an amount equal to the greater of \$10,000 or his actual damages, as full liquidated damages.
- 3) All fixtures and articles of personal property attached or appurtenanced to, or used in connection with the Premises are, to the extent that they be owned by the Optionor and may be present on the Premises are subject to this Option. Other Personal property as inventoried and attached to this instrument shall be conveyed by unconditional Bill of Sale free from liens and encumbrances except as stated in this Agreement. Should any fixtures, personal property or functional systems within the improvements including electrical, heating, plumbing, mechanical, or air conditioning systems fail to be maintained in full functional and operational condition prior to delivery under this Option, then the Optionee shall have the option of accepting them "as is", and deducting the cost of restoration of former serviceability, and condition as established by independent service company appraisal. Such costs are to be deducted from the cash and purchase price at sale closing. At his Option, in lieu of a cash adjustment, the Optionee may require the Optionor to completely restore said property to its functional condition as of the date above first mentioned. Optionor agrees to extend the term of this Option sufficiently to allow for completion of said restoration at the will of the Optionee, and to personally warrant to the Optionee the satisfactory completion thereof and the full functional working capability of said systems appliances, and personal property together with freedom from serious defect of foundations, roof. And further, the Optionor warrants that interior structures are free from any termite infestation or un-repaired damage as evidenced by a report in writing from a licensed and bonded Exterminator.

- 4) Optionor agrees that in connection with any conveyance or the Premises under this Agreement and subject to such conveyance, Optionor shall pay any transfer taxes, deed taxes, and/or recording fees resulting from the transfer or title of the Premises from Optionor to Optionee or his assigns, and the recording of the deed in connection with such transfer or recording of any notes or mortgages which might have been created as a result of this transaction.
- 5) Optionee, his agents or designees, shall have access to the above property and improvement for the purpose of inspection, appraisal, or of showing the property to prospective purchasers or tenants at any time during the term of the Option hereby granted; and shall further have the right to place a sign upon the above described real property during said time period offering the property for sale or lease as the case may apply.
- 6) Optionor agrees that at the closing Optionor shall execute and deliver to Optionee an assignment in recordable form of the lease (if any) between \_\_\_\_\_ as Owner, and as Tenant, Optionor agrees that the assignment of the Lease and any deed conveying title under this Agreement shall at the request of the Optionee, contain a provision in form and substance, which is satisfactory to Optionee to the effect that Optionee's fee estate and the estate of the tenant under the lease with respect to the Premises shall not be merged as a result of any conveyance or assignment and shall remain separate and distinct estates, with tenant's estate being subordinated to Optionee estate.
- 7) Optionor represents and warrants that is has not dealt with any broker in connection with this transaction except \_\_\_\_\_ . Optionee shall not be responsible for the payment of any brokerage commissions in connection with this Agreement, and granting or exercise of the Option or the purchase of the Premises, it being agreed that brokerage commissions in connection with the above, if any, shall be paid by the Optionor, and this agreement shall survive the closing of this transaction if this Option is exercised.
- 8) Optionor shall, upon Optionee's demand, execute, acknowledge, and deliver a memorandum of this Agreement in recordable form and any appropriated modifications or amendments of it to any party Optionee directs.
- 9) The covenants and agreements of the Optionor contained in this Agreement are accepted by Optionee as he covenants and agreements of any corporation if named at the top of the first page, and of no other person, firm, or corporation and shall be enforceable by Optionee against any other person, firm, trust, or corporation as either disclosed or undisclosed principals together with \_\_\_\_\_ who joins said corporation in endorsing this Option as Optionor, giving the Optionee full recourse against him, his heirs assigns, successors, and administrator This Option is binding on the heirs, assigns, trustees and successors, of the Optionor in the event of its death or incompetence.
- 10) All notices to be given under this Agreement shall be given to the party to receive such notice in writing and shall be sent by certified or registered mail, return receipt requested, to the permanent address of the Party to receive such notice or to such other address of which the notifying party shall have been notified. Mere mailing of such notice shall constitute legal notice under the terms of this agreement.
- 11) In the event Optionee elects to exercise the Option hereby granted, Optionor shall obtain and furnish a written statement from any mortgagee(s) setting forth the principal balance, method of payment, annual interest rate and an affidavit that all payments are current and the mortgagees in good standing as of the date of the closing of sale. The Optionee shall take title subject to any mortgages above, and to deduct the greater of the mortgage balance at date of entering into this Option, or the principal balance at time of sale closing from the cash and purchase price recited herein. In the event a mortgage requires acceptance or approval of the Optionee by the Mortgagee in order to avoid default, and Mortgagee does not approve Optionee, the Optionee, at his option, may rescind the contract and be relieved of all further liability hereunder with full return of the Option consideration previously advanced, or he may pre-pay the mortgage amount in lieu thereof and Optionor will reduce amounts owed hereunder by the amounts of any pre-payments penalties.
- 12) It is understood and agreed that all understandings and agreements previously made between the parties are merged in this contract, which alone fully and completely expresses their agreement, and that the same is entered into after full investigation, neither party relying upon any statement by the other. The Optionee has inspected any improvements on the Premises and has inventoried any personal property and is thoroughly acquainted with it's condition and agrees to take tide in the condition in which he has found it, except as provided for herein, subject to reasonable use, fair wear and tear and natural deterioration between the date of this Agreement and closing of Title.
- 13) The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, successors, and assigns of the parties hereto. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall include both genders. No provision of this Agreement may be changed or terminated orally.
- 14) Special Conditions:  
In the event of foreclosure or bankruptcy, the Optionors rights of redemption on the property above if any shall transfer to the Optionee without further compensation and this Option shall serve as a conveyance without further actions by the Optionor.

The parties have executed this Agreement on the day and year which is first written above.

Signatures and Witnesses

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

\_\_\_\_\_ (SEAL) \_\_\_\_\_ (SEAL)

\_\_\_\_\_ (SEAL) \_\_\_\_\_ (SEAL)

Notary Seals
STATE OF _____
COUNTY OF _____
I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared _____, to me known to be the person(s) described in and who executed the foregoing instrument and acknowledge before me that _____ executed the same.
WITNESS my hand and official seal in the County and State last aforesaid this _____ day of _____, A.D. 199__.
My Commission Expires: _____
_____ (Notary Seal)