



**THIS IS NOT A CONTRACT TO BUY**

**LEASE OPTION AGREEMENT (OPTION TO PURCHASE)**

This Lease Option Agreement (hereinafter "Option Agreement") is made this date, by and between \_\_\_\_\_

hereinafter referred to as "Owner" and \_\_\_\_\_,  
hereinafter referred to as "Tenant."

**WHEREAS**, the parties hereto are parties to a certain Lease Agreement (the "Lease") dated \_\_\_\_\_  
\_\_\_\_\_ with respect to certain improved real property (hereinafter "Property") known as  
located in \_\_\_\_\_ City/County, Maryland, Zip Code \_\_\_\_\_,  
and

**WHEREAS**, Owner has agreed to grant to Tenant, upon the terms and conditions set forth herein, an  
Option to Purchase (the "Option") said Property.

**NOW, THEREFORE WITNESSETH** that for and in consideration of the payments and promises contained  
herein, and other good and valuable consideration, the receipt of which is acknowledged, the parties agree as  
follows:

**1. OWNER'S GRANT OF OPTION TO TENANT.** Owner hereby grants to Tenant, for and during the term  
of this Option, as set forth hereinafter, the right to purchase the Property upon the terms and conditions set forth  
herein.

**2. OPTION TIME FRAME.** The term of this Option shall commence on \_\_\_\_\_  
and shall continue unless sooner terminated pursuant to the terms hereof. The Option expires at 11:59 p.m. on  
\_\_\_\_\_ (hereinafter "Option Time Frame"). If Tenant has not  
exercised the Option as provided in Paragraph 4 of this Option Agreement, within the Option Time Frame, the  
Option granted hereby shall be deemed expired, extinguished, released and of no further force and effect.

**3. OPTION FEE.** Upon execution of this Option Agreement, Tenant has paid to Owner a **non-refundable**  
Option Fee (hereinafter "Option Fee") in the amount of \_\_\_\_\_ Dollars  
(\$\_\_\_\_\_). It is understood and agreed that in the event Tenant exercises the Option  
granted hereby, and completes settlement on acquisition of the Property as set forth herein, this Option Fee shall  
be credited towards the purchase price for the Property. In the event, however, that Tenant fails to exercise the  
Option granted hereby, or breaches or defaults on any term, provision or condition of the Lease or this Option  
Agreement, or fails to complete settlement on acquisition of the Property after giving notice of intention to exercise  
said Option, then and in that event, the Option Fee shall be retained by Owner, as fully earned in consideration for  
the granting of the Option contained herein and Tenant shall have no claim or right whatsoever for refund of any  
portion of said Option Fee. It is further understood and agreed that said Option Fee shall be deemed fully earned  
and nonrefundable in the event Tenant fails to complete settlement due to the inability of Tenant to obtain financing  
or for any other reason after giving notice of intent to exercise the Option, the Option Fee being **non-contingent**, in  
any manner, upon the Tenant's ability to complete settlement pursuant to the Contract of Sale, as hereinafter set  
forth.

**4. EXERCISE OF OPTION.** Tenant may exercise the Option as provided herein by providing written notice  
to Owner of Tenant's election to purchase the Property and by entering into a written Contract of Sale with Owner  
within thirty (30) calendar days from the date of such written notice by Tenant to Owner upon terms and conditions  
as mutually agreed upon by and between Tenant and Owner. **Tenant's written notice to Owner to exercise the  
Option as provided herein AND any Contract of Sale as executed by and between Tenant and Owner shall  
provide that settlement shall occur on or before the expiration date of this Option as provided in Paragraph  
2 of this Option Agreement. In the event the Date of Settlement as provided in the Contract of Sale shall be**



a date occurring after the Option Time Frame as provided in Paragraph 2 of this Agreement, this Agreement and the Option Time Frame shall be automatically extended to the Date of Settlement as provided in the Contract of Sale. In the event Tenant shall (i) fail to provide written notice to Owner of Tenant's election to exercise the Option as provided herein; or (ii) shall fail to enter into a written Contract of Sale with Owner within thirty (30) calendar days from the date of such written notice, or (iii) shall fail to settle on the sale and purchase of the Property on or before the Date of Settlement, the Option as herein granted shall be deemed to be terminated, null and void and of no further legal force and effect.

**5. PURCHASE PRICE OF THE PROPERTY.** The Purchase Price of the Property and all improvements is \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) payable on the date of settlement to Owner.

**6. CREDIT TOWARDS PURCHASE PRICE FOR RENTS PAID.** In the event Tenant exercises the Option in accordance with Paragraph 4 and completes settlement on the Property in accordance with the Contract of Sale, Owner shall credit towards the Purchase Price of the Property to Tenant an amount equal to \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) for each month of Tenant's rental installment paid by Tenant and received by Owner during the Option Time Frame. Such credit shall be made by Owner to Tenant only in the event of the settlement of the Contract of Sale by Tenant and in no other event shall such credit be payable by Owner to Tenant.

**7. AVAILABILITY OF FINANCING.** Tenant is solely responsible for obtaining financing in order to exercise this Option. It is further understood that, notwithstanding any financing contingency contained in said Contract of Sale, the failure of Tenant to obtain financing shall not entitle Tenant to a refund of any portion of the nonrefundable Option Fee paid in accordance with the terms hereof.

**8. TERMINATION OF OPTION/DEFAULT.** The Option granted by Owner to Tenant pursuant to this Option Agreement may be terminated by Owner:

- a. Upon the breach or default by Tenant of any term, provision or condition contained in the Lease which, in accordance with the terms of said Lease, authorizes a termination thereof by Owner;
- b. Upon the breach or default by Tenant of any term, provision or condition contained in this Option Agreement; and
- c. Upon the failure of Tenant to complete settlement in accordance with the terms and provisions of the Contract of Sale, as set forth in Paragraph Four hereof.

It is agreed that upon the occurrence of any one of the above stated events, in addition to any other remedies available to Owner at law or in equity, Owner may, at Owner's option, terminate this Option Agreement and the Option granted hereby by providing written notice of same to Tenant in accordance herewith. If Owner terminates the Option Agreement and/or the Lease, Tenant shall not be entitled to a credit or refund of any rent or the Option Fee. For this Option Agreement to be enforceable and effective, Tenant must comply with all terms and conditions of the Lease and this Option Agreement.

A waiver by Owner of any prior default or breach shall not act as a bar to Owner's right to assert any claims against Tenant or as a waiver by Owner to assert any claims against Tenant for any subsequent default or breach by Tenant.

**9. NOT A CONTRACT TO BUY.** The parties understand and agree that **THIS IS NOT A CONTRACT TO BUY** and that in order to effectuate a purchase pursuant hereto Tenant must exercise the Option granted in accordance with the terms hereof.

**10. OPTION NOT ASSIGNABLE.** The Option granted hereby is not assignable or transferrable by Tenant and is an exclusive, personal, contract right granted to Tenant only.

**11. TIME IS OF THE ESSENCE.** It is agreed that **TIME IS OF THE ESSENCE** with respect to the performance of Tenant hereunder and the exercise of any of Tenant's rights pursuant to this Option Agreement.

**12. PUBLIC RECORD OF AGREEMENT.** Tenant shall not record this Option Agreement in the Public Records of any public office without the express written consent of Owner.

