

Form RD 3550-34 (03-04) FORM APPROVED
OMB NO. 0575-0172

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT**

OPTION TO PURCHASE REAL PROPERTY

1. In consideration of the sum of \$ _____ Earnest Money in hand paid, the undersigned (hereinafter called the "Seller"), who covenants to be the owner thereof, hereby, for the Seller and the Seller's heirs, executors, administrators, successors and assigns, offers and agrees to sell and convey to _____
(Buyer's Name, Address, Telephone Number)
(hereinafter called the "Buyer"), and hereby grants to the said Buyer the exclusive and irrevocable option and right to purchase, under the conditions hereinafter provided, the following-described property, located in _____ County, State of _____: Physical Address _____
(See attachment for full legal description)

The title to said property is to be conveyed free and clear of all encumbrances except for the following reservations, exceptions and leases, and no others: (See attachment for a full statement of all reservations and exceptions.)

2. The option is given to enable the Buyer to obtain a loan made by the United States of America, acting through the Rural Housing Service, hereinafter called the "Government," for the purchase of said property. It is agreed that the Buyer's efforts to obtain a loan constitute a part of the consideration for this option and any downpayment will be refunded if the loan cannot be processed by the Government or insured because of defects in the title or other land now owned by, or being purchased by, the buyer.

3. The total purchase price for said property is \$ _____; said amount includes excludes the dollar amount mentioned in paragraph 1.

4. The Seller agrees to pay all normal selling expenses for the above-mentioned county. Except for the following as agreed upon by both parties. (Attach list of closing costs to be paid by each party.)

5. Upon Buyer's exercise of the option, the Seller further agrees to convey said property to the Buyer by general warranty deed (except where the law provides otherwise for conveyances by trustees, officers of courts, etc.) in the form, manner and at the time required by the Government conveying to the Buyer a valid, unencumbered, indefeasible fee-simple title to said property meeting all requirements of the Government.

6. Taxes and other general and special assessments of whatsoever nature for the year in which the closing of the transaction takes place shall be prorated as of the date of the closing of the transaction and paid by the seller. If the closing of the transaction shall occur before the tax rate is fixed, the apportionment of taxes shall be on the basis of the tax rate for the next preceding year applied to the latest assessed valuation. Any different tax agreement is attached.

7. This option may be exercised by the Buyer, at any time while the offer herein shall remain in force, by mailing, telegraphing or delivering in person a written notice of acceptance of the offer herein to the Seller(s). The offer herein shall remain irrevocable for a period of _____ months from the date hereof and shall remain in force thereafter until one (1) year from the date hereof unless earlier terminated by the Seller. The Seller may terminate this offer at any time after the _____ months irrevocable period provided herein by giving to the Buyer ten (10) days written notice of intention to terminate at the address of the Buyer. Acceptance of this option by the Buyer within ten (10) days after the Buyer receives such notice shall constitute a valid acceptance of the option. Possession of described property will be at Loan Closing. Closing will be scheduled to occur within 30 days of Buyer's exercise of this option unless the parties otherwise mutually agree in writing.

8. Loss or damage to the property by fire or from an act of God shall be at the risk of the Seller until the deed to the Buyer has been recorded, and in the event that such loss or damage occurs, the Buyer may, without liability, refuse to accept conveyance of title, or may elect to accept conveyance of title, in which case there shall be an equitable adjustment of the purchase price.

9. The Seller agrees to furnish, at Seller's expense (unless other agreements were made in the attachment to paragraph 4), to the Buyer a certificate from a reliable firm certifying that the following described building(s) covered by this option (a) is now free of infestation by wood destroying pests and organisms, and (b) either is now free of unrepaid damage from wood destroying pests and organisms or has suffered unrepaid damage from such cause which is specifically described in the certificate during the option period.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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Used by the applicant/borrower to obtain option on real property to be purchased.

(see reverse)

- PROCEDURE FOR PREPARATION : HB-1-3550.
- PREPARED BY : Applicant.
- NUMBER OF COPIES : Original and two copies. (Original and three - Extra copy will be prepared for Attorney when the Agency so desires.)
- SIGNATURES REQUIRED : Original and one copy by seller and applicant.
- DISTRIBUTION OF COPIES : Original to applicant's loan docket; signed copy to seller; copy to applicant and copy to Attorney, if prepared.

PAGE 2 OF FORM RD 3550-34

10. The Seller agrees to furnish, at the Seller's expense, (unless other agreements were made in the attachment to paragraph 4) to the Buyer evidence from the Health Department or an approved reliable and competent source that the waste disposal system for the dwelling is functioning properly, and the water supply for domestic use meets State Health Department requirements.

11. Other (see attached)

LEAD-BASED PAINT INSPECTION/RISK ASSESSMENT

- Buyer has received the form "Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards."
 - Buyer has been informed that the property was constructed after Jan 1, 1978, and **should not contain** lead-based paint or lead-based _____ paint hazard; or
 - Buyer has been informed that the property was constructed before 1978, and **may contain** lead-based paint.
- Buyer has received a copy of the pamphlet, "Protect Your Family From Lead in Your Home."
- Buyer has been advised of their rights regarding lead-based paint inspections and risk assessments, and
 - Buyer **has waived** opportunity to have an inspection and/or risk assessment to check for the presence of lead-based paint or a lead-based paint hazard; or
 - Buyer **would like** a lead-based paint inspection and/or lead-based paint risk assessment. The contract will be contingent on the results of the lead-based paint inspection and/or lead-based paint risk assessment.
 - Contingency will terminate 10 days after this contract is accepted unless buyer or selling agent deliver written contract addendum listing deficiencies and corrections needed.
 - Seller shall indicate in writing within 10 days of delivery of an addendum whether they will correct the condition (s) or make a counter offer.
 - If the seller will not make corrections or makes a counter offer, the buyer shall have 3 days to respond or remove the contingency. The buyer may remove a contingency at any time without cause.

IF THIS OFFER IS NOT ACCEPTED BY THE SELLER(S), THE EARNEST MONEY WILL BE RETURNED TO THE BUYER(S). THIS IS A LEGAL AND BINDING CONTRACT.

We, the undersigned, have read the Informational Disclosure and Acknowledgment form and completed the blanks to the best of our knowledge.

(Seller's printed name and telephone number)

(Seller's printed name and telephone number)

(Seller's Signature)

Date

(Seller's Signature)

Date

(Buyer's Signature)

Date

(Buyer's Signature)

Date