

**OPTION AGREEMENT FOR THE PURCHASE OF
REAL PROPERTY AND IMPROVEMENTS**

THIS AGREEMENT (hereinafter “Agreement”) is made and entered into this _____ day of _____, 20____, by and between _____, whose address is _____, (hereinafter referred to as “Sellers”); and _____ whose address is _____, (hereinafter referred to as “Purchaser”).

WHEREAS, the Sellers intend to acquire ownership of certain real property and improvements or own certain real property and improvements, hereinafter referred to as the “Property”, located at__.

WHEREAS, the Sellers wish to grant to Purchaser and the Purchaser wishes to acquire from Sellers, an option to purchase the Property in its condition “as is”, “where is” and “with all faults” on the date of Closing of such purchase by Purchaser, upon the terms, conditions, and contingencies contained herein.

NOW, THEREFORE, in consideration of the mutual promises, terms, covenants, warranties, and conditions hereinafter set forth, the parties intending to be legally bound thereby, mutually agree as follows:

I. OPTION

1.1. **GRANT OF OPTION.** Sellers hereby grant to Purchaser an option to purchase the Property identified in Article II below, upon the terms and conditions set forth herein (“Option”).

1.2. **CONSIDERATION FOR GRANT OF OPTION.** As and for consideration for the granting of the Option for the Initial Term (as defined below), Purchaser, upon execution of this Agreement, shall pay to Sellers the sum of \$ _____ (“Option Payment”) in cash, cashiers’ check, or other form of payment acceptable to Sellers in the sole discretion of Sellers. If the Option is extended past the Initial Term, Extension Payment(s) (as hereinafter defined) shall be required.

1.3. **INITIAL TERM.** Unless earlier terminated pursuant to the provisions of this Agreement, this Option shall be for an initial term (“Initial Term”) which expires at 11:59 p.m. on the date that is two (2) years after the Commencement Date as defined in the terms of the Lease (“Lease” is identified in Section 2.3.). The term of the Option may be extended as provided hereinafter below.

1.4. **EXTENSION OF TERM.** The term of this Option may be extended by three consecutive additional periods of one year each (each an “Extended Term”) by giving written notice to Sellers of each such extension, to be received by Sellers no later than 60 days prior to the last day of the Initial Term or the Extended Term then in effect. Each such written notice shall be accompanied by an additional payment to the Sellers in the amount of \$ _____, in the form of cash or cashiers’ check (“Extension Payment”). Notwithstanding the foregoing, no extension of the term of this Option will be allowed if this Option Agreement has otherwise terminated, or if Purchaser is in default under the terms of this Agreement, or if Purchaser is in default under the terms of the Lease for the Property. Failure to timely provide the required written notice and payment shall terminate and waive all rights of extension of the term of this Option.

Purchaser Initials: _____

1.5. **MANNER OF EXERCISE OF OPTION.** To exercise the Option, Purchaser is required to give written notice (“Notice of Election to Purchase”) to Sellers that Purchaser has elected to exercise the Option, and shall accompany such written notice with payment of earnest money towards the purchase price of the Property in the amount of \$_____ (“Earnest Money”) in the form of cash or cashiers’ check payable to Sellers. The required written notice and payment must be received by the Sellers no later than 21 days before the date of expiration of the Initial Term if the term of the Option has not been extended, and if the Option has been extended, then no later than 21 days before the date of expiration of the Extended Term then in effect. Failure to timely provide the required written notice and payment shall terminate the Option and extinguish all rights of whatsoever nature of the Purchaser under this Agreement.

1.6. **CONTINGENCY FOR SELLERS’ ACQUISITION OF PROPERTY.** If this box is checked , Sellers have entered into, or intend to enter into, a contract for purchase by Sellers of the Property. In the event Sellers have not acquired title to the Property on or before _____, 20____, this Agreement shall terminate and be deemed null and void, the consideration paid by Purchaser to Sellers for the Option shall be returned to Purchaser and the parties shall be released from all obligations hereunder. Except in the event of failure of this contingency, all monies paid by the Purchaser to Sellers for the Option Payment and any Extension Payments are nonrefundable and are the sole and separate property of the Sellers.

1.7. **PURCHASE AGREEMENT.** Upon the valid and timely exercise of the Option, this Agreement shall serve as the parties’ purchase and sale agreement for the Property.

II. TERMS OF PURCHASE

2.1. **SALE AND PURCHASE OF PROPERTY.** Subject to the terms and conditions of this Agreement, if the Option is validly and timely exercised by Purchaser, the Sellers shall sell, transfer, assign, and deliver to the Purchaser on the Closing Date, as defined herein, and the Purchaser shall purchase and accept from Sellers, the following described real property, and improvements (“Property”): Real property commonly known by street and number as _____, which is more particularly described upon Exhibit “A” attached hereto and incorporated herein by this reference.

2.2. **INCLUSIONS.** The Property shall include the real property with any and all improvements, and fixtures thereon owned by Sellers on the date of Closing, and the following personal property now on the Property: _____.
The Property shall also include any and all easements, and appurtenances of record.

2.3. **LEASE.** Contemporaneously with execution of this Agreement, Sellers and Purchaser have entered into a lease agreement by which the Purchaser shall lease from Sellers the Property for residential use by Purchaser (“Lease”). Such Lease is incorporated herein by this reference. The lease payments and other payment obligations under the Lease are independent of the Option payments, and no portion of any payments made by Purchaser to Sellers under the Lease shall be credited to or applied against the Purchase Price for the Property. If any improvements to the Property are made by Purchaser during the term of the Lease, no credit for any such improvements shall be applied toward the Purchase Price (as hereinafter defined) of the Property.

Purchaser Initials: _____

2.4. **CONDITION OF PROPERTY.** Sellers make no representation as to the physical condition or defects that may exist on or in the Property. Purchaser may obtain expert assistance to accurately and fully evaluate the Property regarding use and access, water, sewer, utilities, environmental and geological conditions, noxious weeds and other matters that may affect Purchaser's use of the Property. Valuable information may be obtained from various local/state/federal agencies, and other experts may perform more specific evaluations of the Property. Purchaser acknowledges that Purchaser has made or will make a thorough inspection and investigation of the condition of the Property. No representations or warranties either verbal or written have been made by Sellers, or any agent of Sellers, to Purchaser concerning the Property or inclusions, or concerning the structural condition of the improvements; the type or condition of the plumbing, sewer, heating and cooling, electrical systems; the condition of any fixtures, personal property, or inclusions; the condition of any utility service lines, soil, or subsoil circumstances. Purchaser realizes the Property is used and Purchaser has made or will make such investigation of all such aspects concerning the Property as the Purchaser deems appropriate, and Purchaser hereby waives all claims against Sellers for any condition of or defect in the Property, improvements, fixtures, personal property, inclusions and service lines, AND SUCH WAIVER EXPRESSLY EXTENDS TO APPARENT AS WELL AS LATENT, IF ANY, DEFECTS IN SUCH ITEMS AND FURTHER EXTENDS TO ANY WARRANTIES OTHERWISE IMPLIED BY LAW. Purchaser agrees to accept the Property as is, where is and with all faults on the date of Closing, and Sellers do hereby exclude and disclaim all implied warranties of design, fitness for Purchaser's uses, merchantability, and habitability with respect to the Property, water supply, the personal property, appliances, inclusions, fixtures and plumbing and sewer and heating and electrical systems, and service lines, and improvements. The risk of loss due to casualty to the Property; or damage or failure of any appliances, fixtures, equipment, personal property, inclusions (if any, of the foregoing are included in the sale of the Property), utility systems and lines and services, on the Property shall be borne by the Purchaser, notwithstanding any other provisions of this Agreement to the contrary. The Purchaser states that Purchaser is familiar with the Property and has had ample opportunity to examine and inspect the Property and that Purchaser agrees to possession of the Property in its "AS IS", "WHERE IS" and "WITH ALL FAULTS", condition on the date of Closing without warranty of any kind.

2.5. **PURCHASE PRICE AND TERMS.** The Purchase Price for the Property shall be the total of the Base Purchase Price and Additions to Base Purchase Price as follows:

2.5.1 **Base Purchase Price.** If Closing occurs within 12 months of the date of this Agreement, the Base Purchase Price shall be \$_____. If Closing occurs on a date which is more than 12 months from the date of this Agreement, but less than 24 months from the date of this Agreement, the Base Purchase Price shall be \$_____. If Closing occurs on a date which is 24 months or more from the date of this Agreement, but less than 36 months from the date of this Agreement, the Base Purchase Price shall be \$_____. If Closing occurs on a date which is 36 months or more from the date of this Agreement, but less than 48 months from the date of this Agreement, the Base Purchase Price shall be \$_____. If Closing occurs on a date which is 48 months or more from the date of this Agreement, but less than 60 months from the date of this Agreement, the Base Purchase Price shall be \$_____.

Purchaser Initials: _____

2.5.2 **Additions to Base Purchase Price.** There shall be added to the Base Purchase Price the following:

(i) All of the costs incurred by Sellers in the acquisition of the Property, including but not necessarily limited to, title insurance premiums; documentary fees and closing costs; survey expenses; inspection expenses; attorney fees; deposits, costs and payments associated with any common interest community; and all costs incurred by Sellers in connection with financing of the Property;

(ii) Expenses incurred by Sellers for repair, replacement, maintenance, and improvement of the Property;

(iii) Attorney fees incurred by Sellers for preparation of this Agreement, and the Lease, and any attorney fees Sellers incur in connection with enforcement of the terms of this Agreement or the Lease, and in connection with Closing of the purchase by Purchaser of the Property;

(iv) All other costs and expenses of whatsoever kind, if any, incurred by Sellers in connection with Closing of the purchase of the Property by Purchaser, including but not limited to, costs related to release of encumbrances against the Property such as release fees and recording costs, and any deposits or costs arising in connection with any common interest community; and

(v) All amounts to be added to the Purchase Price pursuant to Section 3.8.

2.5.3 **Credits at Closing.** At Closing, Purchaser shall receive credit against the Purchase Price for the Option Payment and the Earnest Money paid by Purchaser to Sellers. **No credit** shall be given for any Extension Payments; or **Credit** in the amount of \$ _____ only will be given for each Extension Payment. If neither of the foregoing boxes are checked then no credit shall be given for any Extension Payments.

2.6. **CLOSING DATE.** The parties agree that the date of closing (“Closing Date”) shall be on the twenty-first calendar day following the date of the Notice of Election to Purchase.

2.7. **COMPUTATION OF PERIODS OF TIME.**

2.7.1 **Day.** As used in this Agreement, the term “day” shall mean the entire day ending at 11:59 p.m., United States Mountain Time (Standard or Daylight Savings as applicable).

2.7.2 **Computation of Period of Days.** In computing a period of days, when the ending date is not specified, the first day is excluded and the last day is included. If any deadline falls on a Saturday, Sunday or federal or Colorado state holiday (Holiday), such deadline shall be extended to the next day that is not a Saturday, Sunday or Holiday.

2.7.3 **Month.** A month shall mean a calendar month measured from the date in the month that an event occurs, and expiring at 11:59 p.m. on the day immediately preceding that date in the next calendar month. For example, if this Agreement were executed on December 5, 2017, the 12-month period would expire at 11:59 p.m. on December 4, 2018.

Purchaser Initials: _____

2.8. **EVIDENCE OF TITLE.** The Sellers shall provide to Purchaser, a copy of title work obtained by Sellers in connection with the Sellers' acquisition of the Property. All other title insurance, and title work, which Purchaser desires to obtain, shall be obtained by the Purchaser at the expense of the Purchaser. Any such title work obtained by Purchaser shall promptly be provided by Purchaser to the Sellers, including copies of documents shown as exceptions to any title insurance commitment obtained by the Purchaser. The title work, including any title insurance commitments, together with any copies or summaries of such documents obtained by Purchaser pursuant to this Section, shall constitute the "Title Documents".

2.9. **SURVEY - APPRAISAL.** The Purchaser may, at Purchaser's expense, acquire a survey or have surveying work done. Purchaser shall promptly provide Sellers with copies of such surveying work. Any survey or surveying work desired by the Purchaser shall be prepaid by the Purchaser to the firm performing the work and Purchaser shall not allow any lien claim for survey work to be asserted against the Property. If Purchaser obtains any appraisal of the Property, Purchaser shall promptly provide a copy to Sellers. All costs of appraisal shall be paid by Purchaser.

2.10. **TITLE.**

2.10.1 **Title Review.** Purchaser shall have the right to inspect the Title Documents. Written notice by Purchaser, or Purchaser's attorney, of unmerchantability of title or of any other unsatisfactory title condition shown by the title documents shall be signed by or on behalf of the Purchaser, and be given to the Sellers and Sellers' attorney, no later than the date of the Notice of Election to Purchase. If Sellers do not receive Purchaser's notice by such time, Purchaser shall be deemed to have accepted the condition of title as satisfactory.

2.10.2 **Matters not Shown by the Public Records.** Sellers make no representation as to matters not shown by public records, or as to applicable City of _____ County of _____ zoning, subdivision, and other land use regulations, if any, applicable to the Property.

2.10.3 Special Taxing Districts. SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND TAX TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. BUYERS SHOULD INVESTIGATE THE SPECIAL TAXING DISTRICTS IN WHICH THE PROPERTY IS LOCATED BY CONTACTING THE COUNTY TREASURER, BY REVIEWING THE CERTIFICATE OF TAXES DUE FOR THE PROPERTY, AND BY OBTAINING FURTHER INFORMATION FROM THE BOARD OF COUNTY COMMISSIONERS, THE COUNTY CLERK AND RECORDER, OR THE COUNTY ASSESSOR.

In the event the Property is located within a special taxing district or may be located within such district after the date of this Agreement, Purchaser shall be deemed to accept the effect of the

Purchaser Initials: _____

Property's inclusion in such special taxing district and waive the right to object to title or terminate this Agreement upon the basis of such inclusion.

2.10.4 **Right to Cure.** If Sellers receive notice of unmerchantability of title or any other unsatisfactory title conditions or commitment terms as provided in this Agreement, Sellers shall use reasonable efforts to correct said items and bear any nominal expense to correct the same prior to Closing. If such unsatisfactory title conditions are not corrected on or before Closing, this Agreement shall then terminate; provided, however, Purchaser may, by written notice received by Sellers, on or before Closing, waive objection to such items. If this Agreement is terminated due to the Sellers' inability to remove any unsatisfactory title conditions, the Earnest Money shall be returned to Purchaser and the parties be released from any further obligation to each other to close the sale of the Property.

2.10.5 **Title Advisory.** The Title Documents affect the title, ownership and use of the Property and should be reviewed carefully. Additionally, other matters not reflected in the Title Documents may affect the title, ownership, and use of the Property, including without limitation boundary lines and encroachments, area zoning, unrecorded easements, and claims of easements, leases, and other unrecorded agreements, and various laws and governmental regulations concerning land use, development, and environmental matters. **THE SURFACE ESTATE MAY BE OWNED SEPARATELY FROM THE UNDERLYING MINERAL ESTATE, AND TRANSFER OF THE SURFACE ESTATE DOES NOT NECESSARILY INCLUDE TRANSFER OF THE MINERAL RIGHTS. THIRD PARTIES MAY HOLD INTERESTS IN OIL, GAS, AND OTHER MINERALS, ON OR UNDER THE PROPERTY, WHICH INTERESTS MAY GIVE THEM RIGHT TO ENTER AND USE THE PROPERTY.**

2.11. **1031 EXCHANGE TRANSACTION.** Purchaser and Sellers agree upon the request of the other to cooperate with the requesting Party in closing this transaction as an exchange pursuant to Internal Revenue Code Section 1031, provided that:

2.11.1 The party to whom the request is made shall incur no additional liability in connection therewith, and said party shall not have an obligation to actually take title to an exchange property; and

2.11.2 The requesting party shall indemnify and hold the other harmless from any claims, demands, causes of action, judgments, expenses, costs and attorneys' fees (collectively, the "Claims") which result from Sellers' or a third party's non-performance of any exchange agreement(s); and

2.11.3 The Closing is not delayed beyond the outside Closing Date by the exchange. In the event the parties execute an exchange agreement and the exchange escrow is not in a position to close as of the Closing, Sellers and Purchaser shall immediately execute documents to effectuate a direct sale of the Property to Purchaser from Sellers as if the exchange document had never been executed.

2.12. **LEAD-BASED PAINT.** Unless exempt, if the improvements on the Property include one or more residential dwellings for which a building permit was issued prior to January 1, 1978, this agreement shall be void unless a completed Lead-Based Paint Disclosure (Sales) form is signed by Sellers

Purchaser Initials: _____

and Purchaser at the time the parties sign this Agreement. Purchaser hereby acknowledges timely receipt of such completed form signed by Sellers.

2.13. **METHAMPHETAMINE LABORATORY DISCLOSURE**. The parties acknowledge that Sellers are required to disclose whether Sellers know that the Property was previously used as a methamphetamine laboratory. Sellers herein state that Sellers are not aware of any such use of the Property. No disclosure is required if the Property was remediated in accordance with state standards and other requirements are fulfilled pursuant to C.R.S. 25-18.5-102. Purchaser further acknowledges that the Purchaser has the right to engage a certified hygienist or industrial hygienist to test whether the Property has ever been used as a methamphetamine laboratory. In the event that the Property has been used as a methamphetamine laboratory, Purchaser may deliver written notice to Sellers of such, on or before the Closing Date, and this agreement shall be terminated.

2.14. **MEGAN'S LAW**. If the presence of a registered sex offender is a matter of concern to the Purchaser, Purchaser understands and acknowledges that the Purchaser must contact local law enforcement officials regarding the obtaining of any information concerning whether or not registered sex offenders reside in the vicinity of the Property.

2.15. **CARBON MONOXIDE ALARMS**. If the improvements on the Property have a fuel-fired heater or appliance, a fireplace, or an attached garage and include one or more rooms lawfully used for sleeping purposes (Bedroom), the parties acknowledge that Colorado law requires that Sellers assure the Property has an operational carbon monoxide alarm installed within fifteen feet of the entrance to each Bedroom or in a location as required by the applicable building code. However, Purchaser acknowledges that pursuant to the Lease, Purchaser shall have possession of the Property and agrees to assume the responsibility for maintaining the required alarms in place at all times, and will provide written evidence at Closing that the Property has the necessary functioning alarms.

2.16. **SOURCE OF POTABLE WATER**. Potable water is supplied to the Property by the _____ . **Note to Purchaser: SOME WATER PROVIDERS RELY, TO VARYING DEGREES, ON NONRENEWABLE GROUND WATER. YOU MAY WISH TO CONTACT YOUR PROVIDER (OR INVESTIGATE THE DESCRIBED SOURCE) TO DETERMINE THE LONG-TERM SUFFICIENCY OF THE PROVIDER'S WATER SUPPLIES.**

2.17. **CLOSING**. Delivery of deed, and other appropriate transfer documents, from Sellers to Purchaser shall be done on the designated Closing Date, contingent on all of Sellers' contingencies being satisfied and on Purchaser satisfying all of Purchaser's obligations hereunder at or before the Closing. The Closing shall be held at a time and location in _____, Colorado as designated by Seller.

2.18. **TRANSFER OF TITLE**. Subject to tender of payment of the Purchase Price at the Closing Date and compliance by Sellers and Purchaser with the other terms and provisions hereof, Sellers shall execute and deliver a good and sufficient Special Warranty Deed conveying the Property to Purchaser on the Closing Date. Title shall be conveyed subject to: (1) the lien for real property taxes for the year of Closing; (2) all matters of record on the date of Closing, other than liens or encumbrances arising by, through or under Sellers; (3) easements in use, including without limitation, utility and communication lines; (4) building and zoning regulations; (5) inclusion in special districts; and

Purchaser Initials: _____

(6) rights of possession and use by third parties, if any. The Sellers shall also, at Closing execute and deliver a quit claim bill of sale as to any personal property being conveyed under the terms of this Agreement.

2.19. **PAYMENT OF ENCUMBRANCES.** Any encumbrance required to be paid so as to render title to the Property free of liens and encumbrances arising by through or under Sellers will be paid at or before Closing from the proceeds of this transaction or from any other source, at the Sellers' discretion.

2.20. **CLOSING COSTS, DOCUMENTS, AND SERVICES.** Purchaser shall pay, in good funds, all recording fees, documentary fees, fees of the title insurance company for providing closing services, expenses for tax certificates, release and recording fees for release of any lien or encumbrance, all deposits and payments and costs arising in connection with any common interest community, and all other costs of Closing whatsoever whether customarily assigned to Sellers or Purchaser, and all other items required to be paid at Closing, it being the intent of the parties that Sellers shall have no costs or expenses of any kind, other than prorations provided in Section 2.21.

2.21. **PRORATIONS AT CLOSING.** The following will be prorated to the date of Closing: (i) special taxing district assessments, if any, and general real estate taxes for the year of Closing, based upon taxes for the calendar year immediately preceding Closing; and, (ii) rents actually received by Sellers for the month of Closing; and, (iii) if any utility proration is to occur, it shall be based upon the provisions of the Lease which sets forth the party responsible for utility payments; and (iv) any common interest community assessments paid by Sellers.

2.22. **POSSESSION.** Possession of the Property by Sellers is provided by, and subject to, the terms of the Lease.

2.23. **SELLERS FURTHER CONTINGENCIES TO CLOSING.** In addition to any other provisions of this Agreement regarding contingencies to be satisfied as a condition to Sellers' obligation to close, Sellers' obligation to close on the transfer of the Property is further contingent upon the Purchaser having timely and fully satisfied each and every obligation of Purchaser under this Agreement, and each and every obligation under the Lease; and Purchaser shall not have made a general assignment for the benefit of creditors or admitted in writing an inability to pay Purchaser's debts as they mature, or be named as a debtor in proceedings under the United States Bankruptcy Code.

III. ADDITIONAL PROVISIONS

3.1. **RECOMMENDATION OF LEGAL AND TAX COUNSEL.** By signing this Agreement, Purchaser and Sellers acknowledge that this Agreement has important legal consequences and have to their separate satisfaction consulted with legal and tax or other counsel before signing this Agreement.

3.2. **TIME OF ESSENCE AND REMEDIES.** Time is of the essence hereof. If any obligation by either party, concerning this Agreement, is not performed or waived as herein provided, there shall be the following remedies:

Purchaser Initials: _____

3.2.1 **If Purchaser Defaults.** If this box is checked, Purchaser acknowledges that Sellers would not acquire the Property in the absence of this Agreement and the Lease. Regardless of whether the box is checked in the previous sentence, Sellers have undertaken significant financial risk in connection with this transaction. If Purchaser is in default, Sellers may elect to treat this Agreement as cancelled in which case all monies paid by Purchaser for the granting of the Option, and Earnest Money paid will be retained by Sellers; and Sellers may recover such damages as may be proper; or Sellers may elect to treat this Agreement as being in full force and effect and Sellers have the right to specific performance or damages, or both. Purchaser acknowledges that Purchaser's timely performance of all obligations under the Lease are a material consideration for this Agreement and Sellers may elect to deem Purchaser in default under the terms of this Agreement if Purchaser is in default of the obligations under the Lease, provided, that if the Lease allows a period of cure for a default under the Lease then default under this Agreement may not be deemed to have occurred unless such defaulting obligation under the Lease has not been timely cured.

3.2.2 **If Sellers Default.** If Sellers are in default of their obligations hereunder, and Purchaser is not in default, then this Agreement shall be deemed terminated and Purchaser will be entitled to payment from Sellers in the amount of \$ _____, as liquidated damages and not a penalty, and the parties shall be released from all other obligations hereunder. It is agreed that said amount designated as liquidated damages is fair and reasonable and will be Purchaser's sole and only remedy for Sellers' failure to perform the obligations of this Agreement, and Purchaser expressly waives the remedies of specific performance and additional damages.

3.2.3 **Costs and Expenses.** In the event of any arbitration or litigation relating to the enforcement of this Agreement, the arbitrator or court shall award to the prevailing party all reasonable costs and expenses, including attorney fees.

3.3. **VENUE – TRIAL TO COURT – CONSTRUCTION – SEVERABILITY.** This Agreement shall be binding upon the heirs, successors, representatives and assigns of the parties. It is expressly agreed that this Agreement is made and entered into in _____ County, Colorado and is governed by and its terms shall be construed under the laws of the State of Colorado. Any action relating to this Agreement may be brought and prosecuted in the courts of the County of _____, State of Colorado, and Purchaser waives any right or claim of right to elect to bring action or require action to be brought or maintained, or venue changed, to any other place. Trial of all issues shall be to a judge and Purchaser waives all right to jury trial of any matter arising under or in connection with this Agreement. If any word, phrase, sentence, clause, section, subsection or provision of this Agreement as applied to any party or to any circumstance is adjudged by a court to be invalid or unenforceable, the same will in no way affect any other circumstance or the validity or enforceability of any other word, phrase, sentence, clause, section, subsection or provision of this Agreement, and the parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to the expungement or judicial reaffirmation of the invalid provision.

3.4. **NO RECORDING.** Purchaser shall not record this Agreement, or any memo regarding this Agreement, in the records of any County Clerk and Recorder in the State of Colorado. Any such recording shall, at the option of Sellers, render any claim of Purchaser to the Property and any obligation of Sellers hereunder void and Sellers will have the remedies provided by Section 3.2.1 for Purchaser's default. Further, should Purchaser violate this provision, Purchaser shall forthwith execute and deliver to Purchaser Initials: _____

Sellers a quit claim deed to the real Property naming Sellers as Grantees. Sellers shall, in addition to all other remedies, be entitled to specific performance of this Agreement and entry of appropriate restraining orders and injunctions without the requirement of posting any bond or security, and if any security is required by the Court in connection with such orders, Purchaser shall pay the premium for any bond posted by Sellers. Purchaser shall also be liable to Sellers for all costs and expenses, including attorney fees, incurred by Sellers due to Purchaser's violation of this section.

3.5. **NO COMMISSION PAYABLE.** The parties agree that no Realtor, real estate broker, or realty company is involved in this transaction, and that a commission is not due to any person or entity.

3.6. **ASSIGNABILITY AND INUREMENT.** This Agreement is personal to Purchaser and is not assignable by Purchaser without Sellers' prior written consent. Any attempted or purported assignment by Purchaser without such consent shall be void and of no effect. Except as so restricted, this Agreement will inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of the parties. Sellers may assign this Agreement and may sell the Property, and in the event of any such assignment or sale (hereafter collectively "Transfer by Sellers"), Sellers shall be relieved of all liability under this Agreement and shall be relieved of all liability under this Agreement arising out of any act, occurrence or omission occurring after the consummation of such Transfer by Sellers; and the assignee or Purchaser (hereinafter collectively "Transferee") and any subsequent Transferee shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such Transferee, to have assumed and agreed to carry out any and all of the obligations of the Sellers under this Agreement.

3.7. **SUBORDINATION.** Purchaser agrees that this Agreement shall be subordinate to any deed of trust, mortgage, or ground lease that may now exist or which may hereafter encumber the Property and to any and all advances to be made thereunder, and all renewals replacements and extensions thereof. Purchaser shall execute and deliver whatever instruments may be required by Sellers' lenders for the above purposes, and if Purchaser fails to do so within 10 days after demand in writing, Purchaser makes, constitutes and irrevocably appoints Sellers as Purchaser's attorney-in-fact in Purchaser's name, place and stead to do so. In the event of the sale or assignment of Sellers' interest in the Property to the beneficiary of a deed of trust or mortgage, or in the event of any proceedings brought for the foreclosure of any deed of trust or mortgage encumbering the Property, Purchaser shall attorn to the person receiving title to the Property and recognize such person as having the rights of Sellers under this Agreement.

3.8. **CASUALTY DAMAGE.** In the event that the Property is damaged by fire or other perils or causes of loss prior to Closing, Sellers at their sole option shall have the right to elect either to repair the damage, or to elect not to repair the damage. If Sellers elect to repair the damage, Purchaser shall cooperate to make available on a timely basis the proceeds of any insurance coverage maintained by Purchaser, which insurance shall be primary, for the purpose of paying the cost of such repair and Purchaser shall assign to Sellers all proceeds thereof, except for proceeds payable to Purchaser for damage to the Purchaser's personal property. If such repairs are not completed by the date of Closing, then the date of Closing shall be extended as necessary to allow such completion and unless abated by the terms of the Lease, the Purchase Price shall be increased by an amount equivalent to the prorated amount of rental last payable under the terms of the Lease as of the date of Closing. If the cost of repair exceeds

Purchaser Initials: _____

the insurance proceeds received by Sellers, then the difference in those amounts shall also be added to the Purchase Price, and the amount of any deductible payable by Sellers shall also be added to the Purchase Price. If the Sellers elect not to repair the damage, Sellers shall give written notice of such election to the Purchaser within 30 days following the date of casualty. Purchaser shall have 15 days from receipt of such notice to elect to exercise the Option to purchase and complete purchase of the Property notwithstanding such damage; in which event Purchaser shall be entitled to a credit at Closing for insurance proceeds received by Sellers as a result of such damage, provided that in no event will such credit exceed the Purchase Price, and if Sellers have not received such insurance proceeds prior to the date of Closing, then Sellers will assign such proceeds at Closing to Purchaser provided that in no event will the assignment of such proceeds exceed the total Purchase Price. If Purchaser does not give written notice of such election to proceed with the exercise of the Option and purchase of the Property within the time required, Purchaser shall be deemed to have waived all rights of purchase of the Property and this Agreement will be deemed terminated, any Earnest Money paid to Sellers shall be returned to Purchaser and the parties will be released from all further obligations under this Agreement.

3.9. **CONDEMNATION**. In the event the Property becomes the subject of a condemnation action which will result in a total taking of the Property prior to Closing, the entirety of the award for such taking will be the property of Sellers, any Earnest Money paid to Sellers will be returned to Purchaser, and this Agreement will terminate and the parties will have no further obligations under this Agreement. If the condemnation action will result in taking less than all of the Property, Purchaser may elect to nonetheless exercise the Option to purchase and shall be entitled to payment at Closing for all condemnation proceeds awarded to Sellers for diminishment in value of the Property, but any such payment in excess of the Purchase Price shall be paid to Seller.

3.10. **ENTIRE AGREEMENT; SUBSEQUENT MODIFICATION; SURVIVAL**. This Agreement constitutes the entire agreement between the parties relating to the subject hereof, and any prior agreements pertaining thereto, whether oral or written, have been merged and integrated into this Agreement. No subsequent modification of any of the terms of this Agreement shall be valid, binding upon the parties, or enforceable unless made in writing and signed by both parties. Any obligation in this Agreement which, by its terms, is intended to be performed after termination of the Closing Date shall survive the same.

3.11. **SIGNATURES**. Signatures may be evidenced by facsimile or electronically transmitted copies. This agreement may be signed in counterparts. Documents with original signatures shall be provided to the other party at the Closing Date, or earlier upon request of any party.

3.12. **NOTICE**. Any notice required to be given by one party to the other shall be effective when received by the Purchaser or by the Sellers at the addresses set forth above in the opening paragraph of this agreement.

3.13. **ADDITIONAL PROVISIONS**. _____

Purchaser Initials: _____

IN WITNESS WHEREOF, the parties hereby sign this Option Agreement for the Sale and Purchase of Real Property and Improvements effective on the day and year first above written.

SELLERS:

PURCHASER:

Date: _____

Date: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

Print Name: _____

Print Name: _____

Purchaser Initials: _____

EXHIBIT "A"

**TO OPTION AGREEMENT FOR THE PURCHASE OF REAL PROPERTY AND
IMPROVEMENTS**

LEGAL DESCRIPTION OF PROPERTY

(Legal Description to be placed here)

Purchaser Initials: _____