

OPTION AGREEMENT

1 This Option Agreement should only be used in conjunction with an Oregon Real Estate Forms, LLC Real Estate Sale Agreement (hereinafter the "Sale
2 Agreement"). If not fully understood, seek competent legal advice before signing. It is strongly recommended the parties review OREF 085SUM Advisory
3 Regarding Lease Option before signing this or any similar Option or Lease-Option Agreement.

4 This Option Agreement is entered into on (*insert date*) _____ between _____
5 ("Grantor"), who is granting certain option rights as hereinafter defined, and _____ ("Grantee"), who is
6 acquiring said option rights. For ease of reference, the designation "Grantor" shall hereinafter be referred to as "Seller," and the designation "Grantee" shall
7 hereinafter be referred to as "Buyer."

8 **1. SELLER REPRESENTATIONS AND WARRANTIES:** Seller makes the following representations and warranties to Buyer:

- 9 (a) Seller currently has marketable title to the Property, subject only to those easements, liens, and deed restrictions currently of record (the
10 "Encumbrances");
- 11 (b) All of the Encumbrances are current and free from default;
- 12 (c) Seller has not received any notices from the holders of any of the Encumbrances they are or will be in default;
- 13 (d) The parties agree prior to execution of this Option Agreement (*select one*), Seller will will not order a current title report (not a title insurance
14 policy) on the Property in order to verify for Buyer the status of the title to the Property, which will be paid for by (*select one*)
15 Buyer or Seller.
- 16 (e) Seller covenants and agrees Seller will not voluntarily encumber marketable title to the Property prior to termination of this Option Agreement or the
17 Option Deadline (as defined below), whichever first occurs, without first securing the written consent of Buyer. The preceding sentence shall not be
18 construed to prohibit the assessment of normal property taxes which Seller will pay in the ordinary course up to the date of Closing, if applicable, nor
19 prohibit any encumbrances not unreasonably interfering with Seller's ability to convey marketable title to Buyer in accordance with the Sale Agreement.
20 Excepting only real property taxes not yet due, in the event the Option is exercised, all liens, assessments, or other charges against the Property
21 attaching to the title after the date this Option Agreement has been signed by all parties, shall be removed by Seller at Seller's sole cost and expense, on
22 or before the date of Closing.

23 **2. RENTAL / LEASE AGREEMENT:** A Rental/Lease Agreement, dated _____ (*select one*) is is not attached hereto as Exhibit
24 _____ and made a part hereof. If a Rental/Lease Agreement is to be attached, the parties are encouraged to use a form of agreement that is currently used for
25 similar properties in their local area. When applicable, if no agreement can be reached regarding the form of the Rental/Lease Agreement by
26 (*insert date*) _____, this Option Agreement shall be null and void, and any consideration paid for it by Buyer shall be promptly refunded, and
27 this entire transaction shall be terminated, excepting only those provisions, such as Section 14 below, which by their terms are intended to survive. So long as
28 Buyer is not otherwise in default under the Rental/Lease Agreement, at the exercise of the Option and Closing of the purchase of the Property pursuant to the
29 Sale Agreement in accordance with Sections 7 and 8 below, the Purchase Price shall be reduced by the following percentage of the monthly rental or lease
30 payments actually paid on time in accordance with the Rental/Lease Agreement: ____%.

31 **3. GRANT OF OPTION; RECORDING:** Subject to the terms and conditions contained below, Seller hereby grants to Buyer the option ("Option") to acquire
32 the following property: _____
33 _____ (the "Property").

34 Prior to checking one of the following boxes, Buyer and Seller should consult with competent legal counsel, as there may be significant legal consequences to
35 either or both parties arising from recording – or failing to record – a Memorandum of the Option:

36 Is a Memorandum of the Option (the "Memorandum") to be recorded in the county records where the Property is located? Yes No

37 If "Yes," the recording charge will be paid as follows:

- 38 Entirely by Buyer
- 39 Entirely by Seller
- 40 Shared as follows: _____ Buyer/ _____ Seller

41 If the Memorandum is to be recorded, it should be done promptly following execution of this Option Agreement. OREF 085 Memorandum Of Option
42 Agreement is available for this purpose depending upon advice of the parties' legal counsel. Buyer agrees to cooperate in good faith by executing any and all
43 documents required by any title company of Seller's choice, to remove the recorded Memorandum if, for any reason, Buyer does not exercise the Option in
44 accordance with this Option Agreement.

Buyer Initials ____ / ____ Date _____

Seller Initials ____ / ____ Date _____

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45 **4. ALLOCATION OF RISK:** Read carefully and secure legal counsel. Your Agent is not qualified to render advice regarding the legal effect of this provision.
46 Buyer and Seller each acknowledge if there are one or more underlying mortgage liens currently on the Property, they may contain prohibitions against
47 selling, leasing, or granting an option to purchase the Property without the lender(s)' consent. Both parties acknowledge as a result of this transaction,
48 there is a risk one or more such lenders could call the loan immediately due and owing and exercise other default remedies, such as foreclosure. The
49 parties agree (*select one*):
50 Buyer shall have the immediate right to exercise the Option within twenty (20) Business Days following any declaration of default by a lender; or
51 Seller shall undertake primary responsibility to refinance or pay off all mortgage liens and take such other steps reasonably necessary to cure the
52 default, during which time the Rental/Lease Agreement, the Sale Agreement, and/or Option Agreement shall remain in full force and effect, or
53 Other _____

54 Buyer and Seller acknowledge they have been advised by their Buyer's or Seller's Agents to secure separate legal advice before entering into the
55 Rental/Lease Agreement, Sale Agreement, and/or Option Agreement, and they have not been provided any legal advice by said Agents, whom they
56 acknowledge are not experts in the law.

57 **5. OPTION DEADLINE:** Unless exercised in accordance with the terms of this Option Agreement, the Option shall fully and completely expire at
58 (*check one*): 5:00 p.m. on _____, or _____ (the "Option Deadline"). Time is expressly declared to be of the essence as to all
59 obligations or performance deadlines required or permitted in this Option Agreement.

60 **6. CONSIDERATION FOR OPTION:** Seller acknowledges receipt of the consideration for the Option in the sum of \$ _____, (the "Option
61 Payment") evidenced by:
62 check
63 cash
64 promissory note
65 other (*describe*) _____

66 The Option Payment, regardless of its form (for example; check, cash, note, or other such instrument or consideration) shall, where applicable, be drawn
67 or made payable to Seller and upon signing of this Option Agreement by Buyer and Seller and delivery of the Option Payment to Seller or Seller's
68 authorized agent or representative, shall be deemed fully earned by and belong exclusively to the Seller, regardless of whether or not the Option is
69 exercised. Under no circumstances shall the Option Payment be deemed to be "trust funds" as defined in Oregon law or regulations, and, accordingly, the
70 Option Payment shall not be deposited in a client trust account or neutral escrow depository. If Buyer exercises the Option in accordance with the Sale
71 Agreement identified below, the Option Payment (*check one*): shall shall not be applied to the Purchase Price at Closing. If no box is checked, the
72 Option Payment shall not be applied to the purchase price of the Property at Closing. If the Option is exercised, under no circumstances shall the Option
73 Payment be designated, used, or applied as a refundable or nonrefundable earnest money deposit.

74 **7. EXERCISE OF OPTION:** So long as Buyer is not then in default under the Rental/Lease Agreement, if applicable, or this Option Agreement, Buyer may
75 exercise the Option once prior to the Option Deadline, by written notification to Seller, simultaneously sent by certified mail, return receipt requested and
76 regular first class mail, both addressed to Seller at _____,
77 or by manual delivery to Seller. Delivery shall be deemed to have occurred as of the date of postmark of the earliest letter (if mailings are not simultaneously
78 sent) or the date of manual delivery to Seller, whichever first occurs. For informational purposes only, Buyer shall simultaneously provide a copy of the written
79 notice to Buyer's Agent's Firm, if any. If this Option Agreement is accompanied by a Rental/Lease Agreement, unless and until the Option is exercised in
80 accordance with this Option Agreement, Buyer's legal rights to the Property shall be conclusively presumed to be limited to the rights of possession arising
81 under the ORLTA, as defined below, and Buyer's and Seller's rights and remedies shall be exclusively governed by ORS Chapter 90 and ORS 105.105, et.
82 seq.

83 **8. PURCHASE PRICE, TERMS, AND CLOSING:** The parties have entered into a Sale Agreement, dated _____, which is attached hereto
84 as Exhibit ____ and made a part hereof. In the event the Option is exercised, the Purchase Price and terms shall be in accordance with the Sale Agreement
85 to the extent they are not inconsistent with the terms of this Option Agreement. The Closing of the transaction shall be no sooner than ____ Business Days
86 (ten [10] if not filled in) nor later than ____ Business Days (thirty [30] if not filled in) after the date of Buyer's written notification of exercise of the Option. While
87 the Option Payment may be applied to the Purchase Price of the Property if so provided in this Option Agreement, it shall not be applied as earnest money in
88 the Sale Agreement.

89 **9. FAILURE TO EXERCISE OPTION:** If Buyer fails for any reason (other than Seller's default under this Option Agreement) to timely and properly exercise
90 the Option prior to the Option Deadline, the Option Payment shall be retained by Seller, and Buyer shall have no further rights under the Option Agreement or
91 Sale Agreement. If the Option is properly exercised, but the transaction fails to close, Buyer's and Seller's rights to any earnest money deposit shall be

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92 determined by the terms of the Sale Agreement, but in no event shall the Option Payment be refunded to Buyer. In the event Buyer fails, or refuses, to timely
93 exercise the Option Agreement or fails to close in accordance with the Sale Agreement or otherwise is in breach of the Sale Agreement, the Rental/Lease
94 Agreement (*select only one*):

- 95 shall continue for the balance of the lease or rental term;
- 96 shall be deemed automatically terminated with no further written notice from either party on the ____ Business Day (ten [10] if not filled in) following
97 failure to timely exercise the Option or close in accordance with the Sale Agreement; or
- 98 Other: _____.

99 **10. BREACH OF RENTAL/LEASE AGREEMENT:** If the Property is rented or leased to Buyer under a Rental/Lease Agreement, and, prior to the Option
100 Deadline, Buyer is in default under the Rental/Lease Agreement or abandons the Property, or a judgment of eviction is entered against Buyer, this Option
101 Agreement and the Sale Agreement shall automatically terminate with no further action of Seller. A "default under the Rental/Lease Agreement" shall be
102 defined to mean any matter for which Seller would have the right to institute eviction proceedings against Buyer under the Oregon Residential Landlord Tenant
103 Act ("ORLTA"), ORS Chapter 90, and ORS 105.105 et. Seq (Oregon's eviction laws). In such case, the Option Payment shall be retained by Seller, and this
104 Option Agreement and the Sale Agreement shall be of no further binding effect except to the extent that Buyer's and Seller's rights to any earnest money
105 deposit shall be determined by the terms of the Sale Agreement.

106 **11. NO TRANSFER:** Buyer shall not, without Seller's express written consent, sublease, assign, transfer or convey any right, title, or interest in this
107 Option Agreement, the Sale Agreement, the Rental/Lease Agreement, or the Property itself, to any third party prior to Closing. Any unauthorized
108 transfer by Buyer shall be void and of no effect, and this Option Agreement shall be deemed to be automatically null and void, in which case, Seller
109 shall retain the Option Money, and the Sale Agreement shall be of no further binding effect except to the extent Buyer's and Seller's rights to any
110 earnest money deposit shall be determined by the terms of the Sale Agreement.

111 **12. AMENDMENT:** This Option Agreement may not be modified or amended except by written agreement, signed by Buyer and Seller.

112 **13. PROPERTY DISCLOSURE/WAIVER OF RIGHT OF REVOCATION:** The Property (*select one*) is is not subject to Seller's Property Disclosure
113 under ORS 105.462 – 105.490. If Seller's Property Disclosure applies, a completed and signed disclosure form (*select one*) is attached hereto or will be
114 provided to Buyer within ____ Business Days (five [5] if not filled in) of the date Buyer and Seller sign and accept this Option Agreement. In consideration of
115 Seller providing the disclosure form in the manner provided above prior to exercise of the Option, Buyer expressly waives the right of revocation under ORS
116 105.475 if the Option is exercised. However, if the Property is subject to Seller's Property Disclosure, and no disclosure form is provided to Buyer pursuant to
117 this Section 13, it shall be provided to Buyer promptly upon Buyer's notice of exercise of the Option pursuant to Section 7, above, and Buyer shall thereafter
118 retain all rights of revocation as allowed by law. Notwithstanding anything to the contrary contained herein, any exercise of Buyer's right of revocation under
119 ORS 105.462-105.490 shall not entitle Buyer to any right of refund of the Option Payment or rents paid pursuant to a Rental/Lease Agreement. List any
120 exceptions to the preceding: _____
121 _____

122 **14. DISPUTE RESOLUTION:** Subject only to the following sentence, in the event of any dispute regarding any matters arising directly or indirectly out of this
123 Option Agreement, including interpretation of the documents and exhibits made a part hereof, the entire dispute resolution provisions contained in the Sale
124 Agreement, including but not limited to the mandatory mediation and arbitration provisions thereof, shall apply. However, in the event Buyer is in default under
125 a fully executed Rental/Lease Agreement, Seller shall have the right to initiate court action for eviction pursuant to ORS 105.105, et. seq. Any dispute
126 regarding Buyer's right of possession under the Rental/Lease Agreement shall be heard and decided exclusively in eviction court, and any remaining rights
127 relating to ownership of the Property shall be heard and decided exclusively in accordance with the dispute resolution provisions of the Sale Agreement. This
128 Section 14 shall survive termination, cancellation, or expiration of this Option Agreement.

129 **15. UNDERLYING ENCUMBRANCES/SELLER REPRESENTATIONS/DEFAULT:** Buyer is advised to verify the condition of title to the Property prior to
130 entering into this Option Agreement. In the event there are financial Encumbrances, such as voluntary or involuntary liens, recorded against the Property,
131 Seller shall provide Buyer with copies of one or more statements disclosing the following:

- 132 (a) The total current monthly installments of principal, interest, taxes, and insurance (regardless of whether they are paid directly or to the lender);
- 133 (b) Proof of insurance on all structures, together with the amount of the premiums;
- 134 (c) A copy of the promissory note(s) disclosing the term and nature of the financing (for example, fixed, adjusting, interest only, etc.).

Buyer Initials ____ / ____ Date _____

Seller Initials ____ / ____ Date _____

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135 It is understood, and agreed Seller will, if requested by Buyer, provide Buyer with evidence of payment of all sums made to the holder of the Encumbrances
 136 (select only one):

- 137 monthly,
- 138 quarterly,
- 139 annually, or
- 140 Other (describe) _____.

141 Seller warrants and represents:

- 142 (a) Seller is not in default of any payments required to be made under any financial Encumbrances as of the date of this Option Agreement;
- 143 (b) Seller will at all times pay all sums due under all financial Encumbrances; and
- 144 (c) Seller will promptly inform Buyer of any notices of default received from the holders or servicers of any financial Encumbrances. In the event Seller
 145 receives a notice of default under any financial Encumbrance arising on account of the failure to make any payments (excepting only an acceleration of
 146 the entire indebtedness on account of this transaction), Buyer shall have the immediate right to terminate this Option Agreement and receive a refund of
 147 the entire Option Payment, together with interest at the rate of 9.00% per annum. Provided, however, receipt of such refund shall not limit or prevent
 148 Buyer from pursuing any other legal remedies against Seller, including, but not limited to, specific performance of the Sale Agreement. Seller shall have
 149 the right to cure any such default within ten (10) days of receipt of such notice, or the time set forth in the notice of default, whichever first occurs, and
 150 avoid Buyer's right to immediately terminate this Option Agreement.

151 **16. ADDITIONAL PROVISIONS:** _____
 152 _____
 153 _____
 154 _____

155 Grantee (Buyer) _____ Date _____ a.m. _____ p.m. ←

156 Grantee (Buyer) _____ Date _____ a.m. _____ p.m. ←

157 Grantor (Seller) _____ Date _____ a.m. _____ p.m. ←

158 Grantor (Seller) _____ Date _____ a.m. _____ p.m. ←

159 Buyer's Agent _____ Seller's Agent _____

AFTER RECORDING RETURN TO:

TAX STATEMENT TO:

MEMORANDUM OF OPTION AGREEMENT

1 By Option Agreement dated _____, _____ as Grantor and _____ as Grantee,
2 Grantor agreed to grant an Option to Grantee for certain real property located in _____ County, Oregon which is
3 described as follows:

4 See the Attached Exhibit A

5 The terms and conditions of the Option are fully set forth in said Option Agreement and reference is made hereby. The true and actual
6 consideration for this conveyance is _____ (\$ _____). The term of the Option
7 expires on (*insert same date and time as stated in the Agreement*) _____, if not sooner exercised, waived, or terminated. If
8 this Option is not exercised, or is waived, expires or is terminated, Grantee agrees to cooperate with Grantor to record such document(s) as
9 reasonably necessary to remove or release this Memorandum from the public record.

10 "BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE
11 ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11,
12 CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO
13 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS
14 INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING
15 THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE
16 CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY
17 ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR
18 PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN
19 ORS30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300,
20 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17,
21 CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010"

22 IN WITNESS WHEREOF, the Grantor(s) has/have executed this Memorandum of Option Agreement on the ____ day of
23 _____, _____.

24 **GRANTOR(S) (Include all names of Grantors in Option Agreement):**

25 _____, Grantor _____, Grantor

26 STATE OF OREGON)

27) ss:

28 County of _____, _____

29 Personally appeared before me the above-named _____ and _____,
30 Grantor(s) and acknowledged the foregoing instrument to be their voluntary act and deed.

31 _____

32 Notary Public for _____

33 My commission expires: _____