CA-PRopt09

Option to buy land and property: extension of term for a fixed length of time

This agreement is dated: [date]

[Private individuals]

The Seller is: [name] of [address]

The Buyer is: [name] of [address]

The Guarantor: [name] of [address]

[For Companies]

The Seller is: [name of company] a company incorporated in Canada, under incorporation number [number] [redacted] [[redacted]].

The Buyer is: [name] of [address].

It is now agreed as follows:

1. Definitions

The following definitions apply in this agreement:

"Completion Date"	means the date of legal completion [redacted].
"Deposit"	means the deposit payable on exchange of [redacted].
"Extended Exercise Date"	means the last date by which the Buyer may exercise the Option after [redacted].
"Extended Option Notice"	means a notice by the Buyer to the Seller whereby [redacted].
"Extended Option Price"	means the additional Option Price, payable at the time [redacted].
"Land"	means [the land and building containing 12 residential flats known as Plumly Gardens, Plumly Street, Alberta T3H 3E2] [[redacted], [redacted]

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[redacted]].

OR

"Land" — means the land and buildings as [redacted] 1 .

"Last Exercise Date"" — means the last date by when the Buyer [redacted] .

“Notice of Exercise" — means notice in writing posted to or served upon the Seller by the Buyer in which [redacted] .

"Option” — means the option granted by this agreement.

"Option Price" — means the price paid now for the Option, by the Buyer to the [redacted] .

"Sale” — means the sale of the Land by the Seller to the Buyer as [redacted]

"Sale Price" — means the total purchase price for the Land.

"Scheme" — means a scheme of development for the Land, broad details of which are set out in Schedule 1, or any other scheme [redacted] .

2. Interpretation

This agreement shall be interpreted as [redacted] .

2.1. A reference to a person includes a human individual, a corporate entity and any organisation [redacted] .

2.2. If any party to this agreement comprises more than one person, all obligations of that [redacted] .

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2.3. A reference to a paragraph or schedule is to a paragraph or schedule to this agreement unless the context [redacted]. [redacted].

2.4. The headings to the paragraphs and schedules (if any) to this agreement are inserted [redacted].

2.5. Any agreement by any party not to do or omit to do something includes an obligation not to allow some [redacted].

2.6. [Except where stated otherwise], any obligation of any person arising from this [redacted].

2.7. A reference to the knowledge, information, belief or awareness of any person shall be deemed to include the knowledge, information, [redacted].

2.8. This agreement contains the entire agreement between the parties and supersedes all previous agreements whether written or oral, discussion, promises and understandings between the parties. Each party acknowledges that while entering into this [redacted], [redacted].

3. Particulars of transaction

3.1. The Option [redacted]: $ [1 , 000].

3.2. The Deposit is: $ [100 , 000 ([redacted])].

3.3. The Sale Price is: $ [1 , 000 , 000 ([redacted])].

3.4. The Last [redacted]: [31st [redacted] 20xx].

3.5. The Completion Date is: [[redacted]].

3.6. If the Option is exercised, [redacted] [[redacted] / [redacted]] [redacted].

3.7. The Extended Option [redacted]: $ [20 , 000].

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3.8. The Extended Exercise Date is: [date]

4. Seller's warranties

The Seller represents and warrants that:

4.1. his title to [redacted] [[redacted]];

OR

4.2. he is the owner of the Land and knows no reason [redacted] , [redacted] .

OR

4.3. title to the [redacted] [[redacted]].

4.4. all [planning] applications and informal discussions with planning officers [redacted] , [redacted] , [redacted] 3 ;

4.5. he knows of no development project in sufficient proximity [redacted] [[redacted]] [redacted] .

4.6. there are not now nor have been during [redacted] [[redacted]] [redacted] .

4.7. all of the Seller's interest in the [redacted] , [redacted] .

4.8. [add more warranties that will vary from one Land to another, [redacted] . [redacted] - [redacted]].

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5. Leases or other occupants

5.1. the Land shall [redacted].

OR

5.2. [the leases / tenancy agreements / [redacted] / [redacted] 4 [redacted]]

AND

5.3. [all rent is paid to date and that the [redacted] .]

OR

5.4. Within [4] weeks of the date [redacted] , [redacted] [4].

AND

5.5. If the tenant fails to vacate the Land within the [redacted] , [redacted] .

6. Taxation

6.1. the Sale will not [redacted] / [redacted] .

OR

6.2. the Sale will constitute a supply that is taxable for GST/HST purposes. [redacted] / [redacted] / [redacted] .

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7. Seller's compliance

The Seller agrees [redacted] :

7.1. not communicate to any person or authority, an [redacted] ;

7.2. not submit any [planning] application;

7.3. not charge the Land;

7.4. not grant over the Land any right whatever;

7.5. allow the Buyer and anyone with his [redacted] ;

7.6. send to the Buyer [redacted] .

8. The agreement

8.1. For the Option Price, and subject to the terms of [redacted] .

8.2. The Option may be exercised by the Buyer at any time before the Last Exercise Date , [redacted] ([redacted]) [redacted] .

8.3. The Deposit may be paid by:

8.3.1 electronic means to [redacted] ;

8.3.2 cheque , then [redacted] ;

8.3.3 in cash;

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8.3.4 by any other transfer whereby [redacted] 24 [redacted];

8.3.5 by any other means agreed by the Seller.

And such amount is to be held by [redacted]

8.4. The Option shall expire if [redacted] 24 . 00 [redacted].

8.5. The Sale shall proceed in [redacted].

8.6. The transfer to the Buyer shall [redacted] 5 .

8.7. Completion of the Sale and purchase shall take place on the Completion Date, [redacted], [[redacted]] [[redacted]] [redacted].

8.8. The Seller agrees to transfer the Land to any person [redacted].

9. Easements, rights and reservations

9.1. In this paragraph, land which has the benefit of [redacted] “ [redacted] ” [redacted] “ [redacted] ”.

9.2. The Land is sold subject to all [redacted], [redacted], [redacted].

9.3. The Land is sold with the benefit of such rights over [redacted], [redacted], [redacted].

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9.4. The transfer of the Land [redacted] 2 .

9.5. If, within five years of the Last Exercise Date, either party wishes to [redacted] , [redacted] - [redacted] , [redacted] .

9.6. The compensation shall be twice [redacted] .

9.7. If any such change is made, the [redacted] .

10. The Extended Option

10.1. At any time before the [redacted] .

10.2. The Extended Option Notice [redacted] .

10.3. The Extended Option Notice takes [redacted] .

11. Buyer's activity

11.1. The Buyer warrants that [redacted] .

11.2. The Buyer may appeal against [redacted] , [redacted] .

11.3. Notify the Seller if at any [redacted] , [redacted] .

11.4. The Buyer may take whatever action he [redacted] , [redacted] , [redacted] :

11.4.1 making any [[redacted]] [redacted] ;

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11.4.2 applying for any other relevant permission;

11.4.3 making any site investigation;

11.4.4 undertaking any public [redacted];

11.4.5 speaking in any public [redacted].

12. Insurance

12.1. The Seller shall do everything required to maintain and [redacted].

12.2. The Seller is not [redacted].

13. Guarantor's warranties and guarantee

13.1. The Guarantor warrants that he is not aware [redacted].

13.2. [redacted].

13.3. [redacted].

14. Confidentiality

[redacted].

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15. Indemnity - Seller to Buyer

[redacted]:

15.1. failing to complete the Sale, or

15.2. any breach of this agreement;

15.3. a warranty being shown to have been breached.

16. Default by Buyer

[redacted].

17. Miscellaneous matters

17.1. [redacted].

17.2. [redacted].

17.3. [redacted].

17.4. [redacted].

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17.5. [redacted].

17.6. [redacted].

17.7. [redacted], [redacted].

17.8. [redacted].

17.9. [redacted]-[redacted].

It shall be deemed to have been delivered:

[redacted]:[redacted];

[redacted]: [redacted] 72 [redacted];

[redacted]-[redacted]-[redacted]: [redacted] 24 [redacted]-[redacted]. [[redacted]-[redacted]. [redacted], [redacted]([redacted])[redacted]].

17.10. [redacted], [redacted].

17.11. [redacted]

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[redacted].

17.12. [redacted].

17.13. [redacted] [redacted].

Signed by the parties

Signed by [personal name] on behalf of [name of Seller] as its / his representative who personally accepts liability for the proper authorisation by [name of Seller] to enter into this agreement.

Signed by [personal name] on behalf of [name of Buyer] as its / his representative who personally accepts liability for the proper authorisation by [name of Buyer] to enter into this agreement.

OR

Signed by [Seller personal name]

Signed by [Buyer personal name]

Signed by [Guarantor personal name]

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Schedule 1: Description of Land and development proposals

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Schedule 2: Rights granted and reserved

Example text

[redacted].

1. [redacted], [redacted], [redacted], [redacted]/[redacted], [redacted], [redacted] ([redacted]).

[redacted], [redacted], [redacted], [redacted].

2. [redacted].

3. . . . (more?).

[redacted]

[redacted]: [redacted], [redacted];

supply of water;
foul drainage systems;
surface water drains, ditches and the like

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Schedule 3: [Planning] applications and information

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Schedule 4: Leases, tenancies and other occupational rights

Example text

■ [■ ■ ■ ■] ■ ■ ■ ■ [■ ■ ■ ■].

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Schedule 5: Restrictive covenants

Example text

[redacted].

The Buyer shall not:

[redacted]) [[redacted]];

[redacted]) [redacted] [[redacted]/[redacted]...];

[redacted]) [[redacted]].

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Notice of Exercise

Date: [Enter]

To,

[Name of the Seller]

[Address]

Re: Notice of Exercise of option

[redacted] [redacted] [redacted] [redacted]

Agreement dated [date].

Dear [name of the Seller],

[redacted].

[redacted].

[redacted] $ [redacted], [redacted]. [redacted] [redacted].

[redacted], [redacted].

[redacted].

For and on behalf of Buyer;

Signature:

Date:

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Explanatory notes:

Option to buy land and property: extension of term for a fixed length of time

General notes:

1. The politics of your deal

An option agreement is unusual in that it is a selling proposal. It is up to you to convince the land owner that he should sign to a deal proposed by you. You therefore have a problem in deciding how far to push for terms which protect you. In our experience, most option agreements are rough and simple. The optioner takes many risks. This agreement is a [redacted]. [redacted], [redacted], [redacted].

2. Many options

This agreement is a full version of a fairly basic deal. Nevertheless, there are many drafting options, which we will now explain. Where we refer to “option” lower case, we mean your drafting option. Where we use upper case, we refer to the “Option” to buy land - the subject of the agreement. In these notes, we have assumed that you [redacted], [redacted].

3. Check every detail

This agreement may not be effective if you fail to complete some vital element, such as the matters set [redacted] 3 [redacted] 5.

4. Simpler version available

This is a full version agreement. In most cases when you need a document like this, you will want to tie up your deal simply - before your seller changes his mind or takes advice from family, friends and neighbours. You do not want to put off your buyer by giving him a long legal document he will not understand. Net Lawman also sells several simpler versions, which are less likely to provoke a strong [redacted]. [redacted], [redacted].

Paragraph specific notes:

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Note: numbering refers to paragraph numbers.

1. Definitions

Please read “Editing Legal Documents” sent to you [redacted].

This paragraph defines meanings. It also sets out critical figures and dates. If you change a defined term, make sure it applies [redacted].

You should first decide on the contents of the document, then return to check what definitions are needed and whether they really [redacted].

“Land” description: many land disputes arise over the question of what was included. Boundaries, rights reserved and granted, must be carefully considered and set out as clearly as possible. A plan is essential. To avoid problems later, the description must satisfy the requirements of the land titles office of [redacted]. [redacted], [redacted].

Of course you will check the GST/[redacted].

2. Interpretation

Leave these items in place unless there is a good reason to edit or remove. Each of these items has been carefully considered in the context of this agreement and has been included for a purpose. Many of them [redacted]. [redacted].

3. Particulars of transaction

This paragraph provides additional detail and figures not fully specified in the defined terms. Of course you will [redacted] / [redacted].

4. Seller's warranties

The extent of seller’s warranties is a matter of negotiation. It is essential that you use this opportunity to tie the seller to any "facts" which you require to be full and accurate. If the land is [redacted], [redacted].

This paragraph covers points you would normally cover in pre-contract enquiries or through your own investigation. By obtaining a warranty from the seller, you will be able to sue for breach [redacted].

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5. Lease or other occupants

We have provided alternatives. By all means select the [redacted].

6. Taxation

You will know the GST/[redacted].

7. Seller's compliance

Here you are telling the seller to stay away. It is a matter of negotiation. This paragraph [redacted].

8. The agreement

This paragraph deals first with the **"exercise of the [redacted]" [redacted], [redacted] "[redacted]".**

Exercise of the option

We offer you alternative deals: a fixed purchase price or a price by reference to an increased value. A fixed price is the best solution because both sides know [redacted]. [redacted].

Of course, you can check the ownership of any piece of registered land through the land titles office in your province. Inevitably, the land is sold subject to third party rights. It [redacted]. [redacted], [redacted].

Contract for sale

For contract for sale, you can attach a contract [redacted], [redacted].

9. Easements, rights and reservations

Delete if none. If applicable, we have provided a separate schedule with "starter" examples to set down clearly specifying details of uses, [redacted]

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[redacted]. [redacted].

10. The Extended Option

Of course, the terms of the extension are critical. We advise the optioner to negotiate the most extreme possibility. It would be deeply frustrating to have spent money in successfully increasing the value of land, only for the option to expire two days (or even two years) before permission is granted. [redacted], [redacted], [redacted], [redacted]. [redacted].

The "extension" could involve an increase in the exercise price [redacted], [redacted].

11. Buyer's activity

Beware of the Seller's lawyer inserting provisions relating to an appeal or to a narrower type of development that [redacted]. [redacted].

12. Insurance

Edit as you require.

13. Guarantor's warranties and guarantee

If the land owner is a company, [redacted].

14. Confidentiality

Delete if not important to you.

15. Indemnity - Seller to Buyer

This is a short form of indemnity intended [redacted].

16. Default by buyer

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We have added this paragraph in [redacted]. [redacted].

17. Miscellaneous matters

A number of special points. We have identified each of these as important to [redacted]. [redacted], [redacted]. [redacted], [redacted]. [redacted].

These are just as valid in [redacted], [redacted].

Schedule 1 - Description of Land and development proposals

If the land is registered and [redacted], [redacted]/[redacted].

If unregistered, [redacted].

If [redacted], [redacted].

Make sure [redacted].

In any event provide an address.

Schedule 2 - Rights granted and reserved

Delete if none. Otherwise, set down clearly [redacted], [redacted]. [redacted].

Schedule 3 – [Planning] applications and information

We have no comment.

Schedule 4 - Leases, tenancies and other occupational rights

Delete if no lease

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Schedule 5 - Restrictive covenants

Enter as required, if any. Example:

“The transfer [redacted].

The Buyer shall not:

a) [[redacted]

b) Use or [redacted] [[redacted] / [redacted] . . .]

c) [[redacted]]”

End of notes

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