

OPTION

THIS OPTION IS GRANTED this ___ day of _____, 200__, by Monroe56th, L.L.C., a Kansas limited liability company (“Developer”), to _____,

(Address) (“Optionee”);

WHEREAS, Developer is in the process of platting an approximate seventy-eight (78) acre site located at the northeast corner of the intersection of 56th and Monroe, Hutchinson, Kansas, said subdivision to be named “Deer Run”, as indicated on the preliminary plat attached hereto and marked Exhibit “A”; and

WHEREAS, Optionee is interested in purchasing a lot within said subdivision at such time as the subdivision has been approved and paved roads have been constructed within the subdivision, and desires to have the option to purchase said lot, without being legally obligated to complete said purchase;

NOW, THEREFORE, the parties hereto agree as follows:

1. **Grant of Option.** In consideration of the sum of TWO THOUSAND DOLLARS (\$2,000.00) paid by Optionee to Developer, Developer grants to Optionee the exclusive option to purchase the lot shown on Exhibit “A” as Lot ____, Block ____, for the total sum of \$_____. If Optionee elects to exercise this Option, the price paid to Developer for the Option shall be credited against said sales price in full. If Optionee elects to not exercise this Option, or is in default hereof, Developer shall retain said purchase price for this Option without further obligation to Optionee.

2. **Expiration Date.** This Option shall expire thirty (30) days after Developer provides written notice to Optionee that the paved roads are substantially complete within the subdivision, provided that Developer shall have complied with all duties set forth below in Paragraph 4.

3. **Notice of Exercise.** Optionee may exercise this Option only by giving written notice thereof to Developer through its managing member, Brad Dillon, Box 2977, Hutchinson, Kansas 67504-2977. If Optionee exercises this Option, Developer and Optionee shall perform their respective obligations set forth herein. In the event that Optionee exercises this Option, the terms of Optionee’s purchase of the subject lot shall be as follows:

(a) **Closing Date.** This transaction shall be closed no later than thirty (30) days after Developer’s receipt of written notice from Optionee of his desire to exercise this Option.

(b) **Title Commitment.** Developer shall convey title to the subject real property to Optionee by good and sufficient general warranty deed, free and clear of all liens, charges, and encumbrances, EXCEPT restrictive covenants, substantially in the form of Exhibit “B” attached hereto, special assessments associated with the cost of installing the paved roads, and easements and restrictions of record. (Developer anticipates that said special assessments will commence in the year 2009.) Developer shall further deliver to Optionee at Closing a policy of title insurance in the amount of the purchase price of the lot,

prepared by Reno County Abstract & Title Company, insuring marketable title to be good in Optionee, subject only to the exceptions referenced herein. Developer shall pay the cost of said title insurance, and Optionee shall pay any costs of a mortgagee title insurance policy.

(c) Possession. Optionee shall receive possession of the subject real estate as of the date of Closing.

(d) Proration of Taxes. At Closing, the closing agent shall prorate all general real estate taxes and assessments between Developer and Optionee as of the date of Closing. In the event that such taxes are not yet known at the date of Closing, the closing agent shall use the rate and valuation shown on the last available tax bill for the subject property.

(e) Cost of Closing. Any closing charges assessed by the closing agent shall be divided evenly between Developer and Optionee.

(f) Water. Developer warrants that sufficient underground water is available for residential purposes. In the event that Optionee is unable to secure a suitable supply of potable water following two good faith attempts to drill a water well, Developer shall have the option of paying for a third well at Developer's cost. Should all of these efforts be unsuccessful, Developer agrees to repurchase from Optionee the subject lot, at its original purchase price, and to reimburse Optionee for costs incurred to drill said wells. Developer further warrants to Optionee that it has undertaken a good faith effort to determine that adequate underground water exists to support residential usage of the entire subdivision.

4. Developer's Warranties. Developer warrants as follows:

(a) Developer shall diligently pursue finalization of the contemplated subdivision, with approval thereof expected no later than June 1, 2007.

(b) Developer shall diligently pursue installation of paved roads within the subdivision, with said roads expected to be completed by September 1, 2007.

(c) The preliminary plat and the restrictive covenants attached hereto will not be materially changed by Developer.

(d) The subdivision and paved roads shall be completed no later than December 31, 2007.

(e) Optionee shall have the right to rescind this Option and be returned the full amount of the Option price, without interest thereon, if Developer defaults in its obligations under this agreement.

5. Assignment. This Option, together with all rights hereunder, is not assignable by Optionee.

6. Broker. Optionee acknowledges that:

- (a) No broker participated in completing this Option; or
- (b) The following named broker participated in completing this Option:

Developer agrees to pay to the broker identified above a brokerage fee of five percent (5%) of the purchase price of the subject lot in the event that Optionee desires to exercise this Option. Said fee shall be paid upon Closing of the transaction. Optionee's election to secure the services of a broker subsequent to the date of this Option will result in Optionee being liable for any broker's fee claimed by said broker.

7. **Recording Option.** Optionee shall not record this Option, and has no legal interest in the real estate which is the subject of this Agreement. Rather, Optionee simply has a contractual agreement with Developer.

8. **Entire Agreement.** This Option constitutes the entire agreement between the parties. No representations, warranties, or promises pertaining to this Option have been made by, or shall be binding upon, any of the parties, except as expressly stated in this Option Agreement. This Option may not be changed orally, but only by an agreement signed by the party against whom enforcement of any such change is sought.

9. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, as well as their respective heirs and successors.

10. **Time of Essence.** Time is of the essence of this Agreement.

11. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement the day and year first above referenced.

DEVELOPER:

MONROE56TH, L.L.C.

By _____
Bradley D. Dillon, Managing Member

OPTIONEE:
