

Form RD 440-34 (Rev. 03-04) Position 5 FORM APPROVED
OMB NO. 0575-0047

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY**

OPTION TO PURCHASE REAL PROPERTY

1. In consideration of the sum of \$ _____ in hand paid and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, 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

(Name and Address)

(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 _____ ;
(Insert here full and complete legal description, including volume and page where recorded, of the property including any water rights and water stock being purchased.)

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 0575-0047. 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.

RD 440-34 (Rev. 03-04)

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

(see reverse)

PROCEDURE FOR PREPARATION

: RD Instruction 1944-E.
FSA Transferred Instructions 1943-A and 1943-B.

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.

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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:
(Insert here a full statement of all reservations, exceptions and leases, including in the case of leases, the date of the termination of the lease, the correct name(s) and address(es) of the lessee(s) and, if recorded, the place of recordation)

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; Rural Utilities Service; Rural Business-Cooperative Service; Farm Service Agency, 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.

3. The total purchase price for said property is \$ _____; said amount

includes excludes the \$ _____ mentioned in paragraph 1.

4. The Seller agrees to pay all expenses of title clearance including, if required, abstract or certificate of title or policy of title insurance, continued down to the date of acceptance of this option and thereafter continued down to and including date of recordation of the deed from the Seller to the Buyer, costs of survey, if required, and attorney's fees; and the Seller agrees that, except as herein provided, all taxes, liens, encumbrances or other interests in third persons will be satisfied discharged, or paid by the Seller including stamp taxes and other expenses incident to the preparation and execution of the deed and other evidences of title. Title evidences will be obtained from persons and be in such form as the Government shall approve.

(Strike inapplicable language above or insert herein any different agreement regarding the paying of title clearance charges)

5. The Seller also agrees to secure for the Buyer, from the records of the Farm Service Agency, aerial surveys of the property when available, all obtainable information relating to allotments and production history and any other information needed in connection with the consideration of the proposed purchase of the property.

6. 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; that the purchase price shall be paid at the time of recording such deed; and that said lands, including improvements, shall be delivered in the same condition as they now are, customary use and wear excepted.

7. Taxes, water assessments 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, it being expressly agreed that for the purpose of such proration the tax year shall be deemed to be the calendar year. 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.

(Insert here any different tax agreement)

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(For use if Seller is a corporation)

IN WITNESS WHEREOF, the Seller has caused its corporate name to be hereunto subscribed by its _____
President, and its duly attested corporate seal to be hereunto affixed by its _____
Secretary, at _____, State of _____
on the _____ day of _____, _____.

(CORPORATE SEAL)

Name of Corporation

ATTEST: _____ By: _____

Secretary: _____ President.

ACKNOWLEDGMENT