



PURCHASE OPTION FACT SHEET

Preservation Alliance of Minnesota Mission

The mission of the Preservation Alliance of Minnesota (PAM) is to preserve, protect, and promote historic properties in Minnesota. PAM does this, in part, by utilizing purchase options on important historic buildings and sites across the state.

What is a Purchase Option?

A purchase option is an agreement between the property owner and the Preservation Alliance of Minnesota. The agreement includes the amount of time that the option is valid for and the purchase price for the property. The time period generally lasts around a year, although it can be shorter or longer depending upon the agreement. This system is essentially an alternative to the traditional real estate market – meant to assist properties that are not currently being supported by the market.

The purchase option ensures that PAM has the opportunity to buy the property at a set price, within the given timeframe. If at the end of the period, the Preservation Alliance of Minnesota has not exercised the option to purchase then the agreement can end (leaving the owner to sell to another potential buyer) or the option can be extended. During the option period, the risk of damage or loss is on the owner, and the owner is responsible for holding costs, such as insurance, mortgage interest, taxes and so on. Our organization will obtain liability insurance in order to protect itself from accidents on the premises.

The Preservation Alliance of Minnesota has experience working with difficult properties so it is able to market a troubled property to a much broader market than most local real estate agents. As a nonprofit group with a mission of saving endangered historic properties, PAM typically works with properties that the traditional real estate market has passed by.

How Does a Purchase Option Work?

- PAM and the owner agree to an amount of time and purchase price.
- PAM then markets the property. If a buyer is found, PAM will exercise the right to purchase the property at the agreed upon price and then sell it to our buyer immediately.
- During the purchase option period, the owner cannot sell the property to anyone other than PAM.
- Upon exercising the right to purchase, the Preservation Alliance of Minnesota will likely put a façade easement on the property to ensure future preservation.

Snapshot

- Purchase options establish a price and an amount of time for PAM to find a buyer.
- If we find a buyer, we will exercise our right to purchase the property at the stated price.
- If we don't find a buyer, the owner has the ability to sell to whomever.
- We are not your Realtor.

For More Information

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