OPTION & PURCHASE DEAL TERM SHEET

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Use this term sheet to capture the agreed business terms of an option and purchase deal before a long-form agreement is drafted. Fill in the middle column with your deal's terms; the right column tells you what to watch for on each point. A completed term sheet gives your attorney a clear, organized starting point and helps both sides confirm they agree on the essentials before spending on drafting.

PROJECT & PARTIES			
Project / Working Title		**Date**	
Rights Holder / Writer		**Producer / Production Co.**	
Underlying Material		**Prepared By**	

OPTION TERMS

TERM	YOUR DEAL (fill in)	GUIDANCE / WHAT TO LOOK FOR
Option Fee		The payment for granting the option. Confirm it is due on signing, not on delivery or financing. Note whether it is credited against the purchase price or paid in addition to it.
Option Period		The exclusive window to exercise. Set a firm end date. A common structure is 12 months initial.
Extensions		Number of extensions, fee per extension, and total time cap. Keep total option time bounded, typically 18–24 months across all extensions.
Exclusivity		Confirm the option is exclusive during the period, so the rights holder cannot shop the material elsewhere while you develop it.

PURCHASE TERMS

TERM	YOUR DEAL (fill in)	GUIDANCE / WHAT TO LOOK FOR
Purchase Price		The amount paid if the option is exercised. Confirm whether it is a fixed sum or a percentage of budget, and whether the option fee is credited against it.
Payment Trigger		What event triggers payment: exercise of the option, financing close, or start of principal photography. Avoid a vague “when funded” standard.
Contingent Compensation		Any deferred or bonus payments, and what triggers them (e.g., box office thresholds, additional productions).

GRANT OF RIGHTS (SCOPE)

TERM	YOUR DEAL (fill in)	GUIDANCE / WHAT TO LOOK FOR

Rights Granted		Specify exactly what is licensed: one feature film, sequels, remakes, television, streaming, merchandising. The narrower the grant, the more the rights holder retains.
Rights Reserved		List what the rights holder keeps. Silent agreements can be read as granting more than intended. State reserved rights explicitly.
Life Rights (if applicable)		If based on a real person, confirm name, likeness, and life story rights are secured separately in writing, and who bears indemnification responsibility.
Territory & Term		Geographic scope and duration of the grant. Confirm whether rights are worldwide and whether they are perpetual or revert (see Reversion below).

PARTICIPATION & CREDIT

TERM	YOUR DEAL (fill in)	GUIDANCE / WHAT TO LOOK FOR
Backend Participation		Percentage and the base it is calculated against. Confirm whether “Net Proceeds” is defined in the agreement or an attached exhibit. The definition matters more than the percentage.
Credit		Exact wording (e.g., ‘Written by,’ ‘Based on the novel by’), card type (single or shared), placement, and whether it applies to paid advertising.
Approvals / Consultation		Any consultation or approval rights the rights holder retains over the adaptation, casting, or other creative elements.

REVERSION & TURNAROUND

TERM	YOUR DEAL (fill in)	GUIDANCE / WHAT TO LOOK FOR
Reversion Trigger		When rights return: option expiration, or failure to commence principal photography within a set period after exercise (commonly 24–36 months).
Reversion Mechanics		Confirm reversion is automatic on the trigger, with written notice and a defined cure period. Confirm no repayment of the option fee is required for rights to revert.
First Right of Re-Option		Optional. A limited window (e.g., 30 days) for the producer to re-option on newly agreed terms if rights revert.

OPEN ITEMS & NOTES

This term sheet is a non-binding tool for organizing deal points and is for educational purposes only. It does not constitute legal advice or a binding agreement. Option and purchase terms vary by project, rights holder, and jurisdiction. Have any final agreement drafted or reviewed by a licensed entertainment attorney.