

RESIDENTIAL LEASE WITH OPTION TO PURCHASE

THIS AGREEMENT MADE and entered into on this \_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_ by and between \_\_\_\_\_,  
hereinafter called Lessor, and \_\_\_\_\_, hereinafter called  
Lessee, hereby leases to Lessee, his/her heirs or assignees, the premises situated in the city of  
\_\_\_\_\_, County of \_\_\_\_\_, State of \_\_\_\_\_, legally described as  
\_\_\_\_\_, with the street address of  
\_\_\_\_\_  
\_\_\_\_\_

upon the following terms and conditions:

**1. Option to Purchase:** In consideration of the Lessee meeting all obligations as stated herein under this lease, the Lessor hereby grants the Lessee an option to purchase under the following terms and conditions:

a. The option price is \_\_\_\_\_. The terms of purchase will be: \_\_\_\_\_.

b. Lessee understands that time is of the essence in this agreement. The option will expire without notice and be of no further effect if not exercised on or before \_\_\_\_\_, \_\_\_\_\_.

c. Lessee has paid the sum of \$\_\_\_\_\_ as a non-refundable option consideration which will be applied toward the purchase price of the property if, and only if, Lessee exercises this option to purchase. In the event Lessee fails to exercise the option or defaults under any terms of the lease, the option will be void and all monies will be retained by Lessor as liquidated damages and not as a penalty. The option consideration will be refundable only if 1) a pre-closing home inspection by a certified home inspector reveals structural damage in excess of four (4) % of the option price of the property (provided, however, that lesser damage will be the responsibility of Lessor to correct prior to closing); (2) Lessor fails to produce a satisfactory termite letter prior to closing; or (3) Lessor fails or is unable to meet any of the obligations set forth in the lease option agreement.

d. \_\_\_\_\_ % of the rent paid pursuant to this lease agreement will be applied as additional option consideration to reduce the option price if and only if the Lessee exercises this option to purchase, provided, however, that no payments made after the 15<sup>th</sup> of any month for which rent is due, or for which payment tendered is returned NSF, shall be credited towards a reduction in the

option price.

e. The option shall be exercised by mailing or delivering written notice to the Lessor prior to the expiration of this agreement. Notice, if mailed, shall be by certified mail, postage prepaid, to the Lessor at the address set forth below, and shall be deemed to have been given upon the day shown on the postmark of the envelope in which such notice is mailed.

f. This purchase option is not contingent upon Lessee's ability to obtain financing from a lender.

2. **Personal Property:** Said lease shall include the following personal property:

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3. **Term:** The term hereof shall commence on \_\_\_\_\_, \_\_\_\_\_ and continue for a period of \_\_\_\_\_.

4. **Rent:** Rent shall be \$\_\_\_\_\_ per month, payable in advance, upon the first day of each calendar month to Lessor or his or her authorized agent at the following address:

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In the event the rental payment is not received within five (5) days after the due date, Lessee agrees to pay a late charge of \$\_\_\_\_\_ plus interest at \_\_\_\_\_% per annum on the delinquent amount. If payment is not received by the 15<sup>th</sup> of any month for which rent is due, the payment will be subject to an additional late fee of \$\_\_\_\_\_ and will not be applied as an additional consideration towards the option price of the property. Any check tendered in payment of rent that is returned NSF will be subject to a service charge of \$\_\_\_\_\_ and will not be applied as an additional consideration towards the option price of the property.

5. **Utilities:** Lessee shall be responsible for the payment of all utilities and services.

6. **Use:** The premises shall be used as a residence and for no other purpose without prior written consent of Lessor.

7. **Maintenance, Repairs or Alterations:** Lessee shall maintain the premises in a clean and sanitary manner including all equipment, appliances, furniture and furnishings therein, and shall surrender the same at termination thereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for damages caused by his/her negligence and that of his/her family, or invitees or guests. Lessee shall maintain any surrounding grounds, including lawns and shrubbery, and keep the same clear of rubbish and weeds, if such grounds are part of the premises and are exclusively for use of the Lessee. Lessee shall make no alterations to the buildings or improvements on the Premises or construct any building or make any other improvements on the Premises without the prior written consent of Lessor. Any and all alterations, changes, and/or improvements built, constructed or placed on the Premises by Lessee shall, unless otherwise provided by written agreement between Lessor and Lessee, be and will become the property of Lessor and remain on the Premises at the expiration or earlier termination of this Agreement.

8. **Entry and Inspection:** Lessee shall permit Lessor or Lessor's agents to enter the premises at reasonable times and upon reasonable notice for the purpose of inspecting the premises or for making necessary repairs.

9. **Possession:** If Lessor is unable to deliver possession of the premises at the commencement hereof, Lessor shall not be liable for any damage caused thereby nor shall this agreement be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this agreement if possession is not delivered within \_\_\_\_ days of the commencement of the term hereof.

10. **Security/Damage Deposit:** The security deposit of \$\_\_\_\_\_ shall secure the performance of the Lessee's obligations hereunder. Lessor may apply all or portions of said deposit on account of Lessee's obligations hereunder. Upon exercise of the option, Lessor shall credit said deposit towards the purchase price of the property. .

11. **Deposit Funds:** In the event Lessee does not exercise the purchase option, any returnable portion of the security/damage deposit shall be refunded within fifteen (15) days from the date possession is delivered to Lessor or his/her authorized agent.

12. **Attorney Fees:** The prevailing party shall be entitled to all costs incurred in connection with any legal action brought by either party to enforce the terms hereof or relating to the demised premises, including reasonable attorneys' fees.

13. **Notices:** Any notice which either party may or is required to give may be given by mailing the same, postage prepaid, to Lessee or at such other places as may be designated by the parties from time to time.

14. **Heirs, Assigns, Successors:** This lease and option shall include and insure to and bind the heirs, executors, administrators, successors, and assigns of the respective parties hereto.

15. **Default:** If Lessee shall fail to pay rent when due or perform any term hereof after not less than three (3) days written notice of such default given in the manner required by law, the Lessor at his/her option may terminate all rights of the Lessee hereunder, unless Lessee, within said time, shall cure such default. If Lessee abandons or vacates the property while in default of payment of rent, Lessor may consider any property left on premises to be abandoned and may dispose of the same in any manner allowed by law. In the event the Lessor reasonably believes that such abandoned property has not value, it may be discarded.

16. **Encumbrances:** Lessee shall take title to the property subject to: a) Real Estate Taxes not yet due and 2) Covenants, conditions, restrictions, reservations, rights, rights of way, and easements of record, if any.

17. **Examination of Title:** Lessee shall have fifteen (15) days from the date of receipt of title report to examine the title to the property and to report, in writing, any valid objections thereto. Any exceptions to the title which would be disclosed by examination of the records shall be

deemed to have been accepted unless reported in writing with said fifteen (15) days. If Lessee objects to any exceptions to the title, Lessor shall use all due diligence to remove such exceptions at his/her own expenses within sixty (60) days thereafter. But if such exceptions cannot be removed within the sixty (60) days allowed, all rights and obligations hereunder may, at the election of the Lessee, terminate and end unless he/she elects to purchase the property subject to such exceptions.

18. **Evidence of Title:** Lessor shall provide evidence of title in the form of a policy of title insurance at Lessor's expense.

19. **Bill of Sale:** The personal property identified in paragraph \_\_\_\_ shall be conveyed by bill of sale.

20. **Closing:** Closing shall be within \_\_\_\_ days from the exercise of the option unless otherwise extended by other terms of this agreement.

21. **Closing Costs:** Lessee shall be responsible for all closing costs other than those referenced herein as being the responsibility of the Lessor.

22. **Prorations:** Tax and insurance escrow account, if any, to be transferred intact to Lessee with no prorations. Interest and other expenses of the property to be prorated as of the date of closing.

In witness whereof, the parties hereto have executed this agreement the day and year first above written.

\_\_\_\_\_  
Lessee

\_\_\_\_\_  
Lessor

\_\_\_\_\_  
Lessee

\_\_\_\_\_  
Lessor

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address