

OPTIONS, LEASE OPTIONS, AND LEASE PURCHASES

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4 Hour Course Outline

COURSE DESCRIPTION

This four-hour class is designed to provide attendees with a professional working knowledge of the RANM Option, Lease Option and Lease Purchase Agreements along with three additional forms that are used with those forms. Attendees will learn the meaning of various components and negotiating strategies of the option, lease option and lease purchase transactions.

TEACHING TECHNIQUES

The class will incorporate lecture, PowerPoint slides, and general discussion with questions and answers.

LEARNING LEVELS AND LEARNING OBJECTIVES

1. Knowledge: Licensee will be able to identify and select the appropriate current RANM form for the type of transaction being requested by the licensee's principal.
2. Understand: Licensee will be able to explain and interpret the differences between an option, lease option and lease purchase and assist the principal to negotiate his or her transaction.
3. Apply: Licensee will be able to apply the current RANM forms as he or she prepares transaction documents.
4. Analyze: Licensee will be able to identify and illustrate to his or her customer or client the meaning of the paragraphs in the current RANM forms described above and distinguish this explanation from the unauthorized practice of law.
5. Evaluate: Licensee will be able to summarize and justify the meaning and the importance of the verbiage in the current RANM forms described above.
6. Create: Licensee will be able to prepare professional transaction documents for his or her client or customer, incorporating the current RANM forms described above.

MEANS OF ASSESSING WHETHER THE LEARNING OBJECTIVES HAVE BEEN MET

Class discussion.

TIMED OUTLINE WITH TEACHING TECHNIQUE AND SEGMENT DESCRIPTION

Length in Time (15 min increments)	Teaching Technique	Subject Matter Segment and Description
8:00 - 8:15	Discussion	Review class objective; discuss how to obtain RANM forms; review the forms that will be included in today's class
8:15 - 8:30	Lecture / PowerPoint / Discussion	Review basic definitions and dynamics of the options transactions, including the issue of due diligence. Review seller's obligations and buyer's rights
8:30 - 8:45	Lecture / PowerPoint / Discussion	Review RANM 6220, "Option Agreement to Purchase"; discuss payment of option fee and various strategies involved in negotiating the option fee
8:45 - 9:00	Lecture / PowerPoint / Discussion	Continue review of RANM 6220 with regard to due diligence opportunities and acts which the seller is prohibited from doing
9:00 - 9:15	Lecture / PowerPoint / Discussion	Review RANM 6230 ("Memorandum of Option"), RANM 6240 ("Notice of Exercise"), and RANM 6250 ("Release of Option")
9:15 - 9:30		BREAK
9:30 - 9:45	Lecture / PowerPoint / Discussion	General overview of the lease with option to buy transaction, and the motivations of the parties that make this a viable transaction; discuss avoidance of becoming a property manager
9:45 - 10:00	Lecture / PowerPoint / Discussion	Review RANM 6260, "Option Agreement to Purchase To Be Used in Conjunction With Residential Rental or Commercial Lease Agreement"
10:00 - 10:15	Lecture / PowerPoint / Discussion	Compare similar areas of RANM 6220 and RANM 6260
10:15 - 10:30	Lecture / PowerPoint / Discussion	Discuss payment of option fee, payment of periodics rent, and various strategies involving application of these amounts and possible credits at closing
10:30 - 10:40	Lecture / PowerPoint / Discussion	Discuss unique provisions in RANM 6260 that are not in RANM 6220
10:40 - 10:50		BREAK
10:50 - 11:05	Lecture / PowerPoint / Discussion	Review the basic transaction dynamics of RANM 6220 and 6260, and how a lease option differs from a lease purchase with regard to obligations of the parties
11:05 - 11:20	Lecture / PowerPoint / Discussion	Review RANM 6270, "Lease Purchase Addendum" including specific language that obligated both buyer and seller to perform by a certain date
11:20 - 11:35	Lecture / PowerPoint / Discussion	Continue review of RANM 6270 with regard to both purchase fee and earnest money, how they are separate, and due diligence opportunities; review default provisions in contract
11:35 - 11:50	Lecture / PowerPoint / Discussion	Review potential tax treatments of options, with regard to an option fee being received before an option is exercised, and especially the importance of the licensee sending his or her client or customer to professional tax counsel
11:50 - 12:00	Discussion	Final wrap-up and questions