

Agreement to Lease Commercial Property with Option to Purchase at End of Lease Term

Lease Agreement made on the ___ day of _____, 20___, between _____, **Inc.**, a corporation organized and existing under the laws of the State of _____, with its principal office located at _____ (**street address, city, county, state, zip code**), referred to herein as **Lessor**, and _____, **Inc.**, a corporation organized and existing under the laws of the State of _____, with its principal office located at _____ (**street address, city, county, state, zip code**), referred to herein as **Lessee**.

Whereas, **Lessor** is the sole owner of certain land, a building and other facilities located at _____ (**street address, city, county, state, zip code**) and more fully described below, which it desires to lease to **Lessee**; and

Whereas, **Lessee** is a corporation that desires and is empowered to lease said property; and

Whereas, **Lessee** intends to purchase said property from **Lessor** at the end of the term of this Lease Agreement for a nominal sum; and

Whereas, **Lessor** has agreed to sale said property to **Lessee** at the end of the term of this Lease Agreement for a nominal sum; and

Whereas, the parties desire to enter into a lease agreement to define their respective rights, duties, and liabilities concerning such a lease;

1. Demise and Description of Premises

Lessor hereby leases to **Lessee** property located at _____ (**street address, city, county, state, zip code**), comprising land and a building, together with the improvements on such property, and more particularly described in **Exhibit A (legal description)**, which is attached to and made a part of this Lease Agreement. Said leased premises, including all land and improvements located on the demised premises and described in **Exhibit A**, are hereinafter referred to as **Premises**.

2. Term

The term of the Lease shall be _____ (**number**) years, commencing on the ___ day of _____, 20___, and terminating on the ___ day of _____, 20___, unless sooner terminated under the provisions of this Lease Agreement.

3. Rent

During the term of this Lease, **Lessee** shall pay to **Lessor** rental of \$_____ per month, payable in advance due on the _____ day of each month, except that the first installment of \$_____, will be due and payable on the execution of this Lease Agreement. Rent checks shall be made payable **Lessor** and mailed to _____ (**street address, city, county, state, zip code**), or to such other address as **Lessor** shall notify **Lessee** of in writing at _____ (**street address, city, county, state, zip code**).

4. Use of Premises

The *Premises* are to be used for the purposes of _____
(description of purpose). *Lessee* shall restrict its use to such purposes and shall not use or permit the use of the *Premises* for any other purpose without the prior, express, and written consent of *Lessor*.

5. Restrictions on Use

A. *Lessee* shall not use the *Premises* in any manner that will increase risks covered by insurance on the *Premises* and result in an increase in the rate of insurance or a cancellation of any insurance policy, even if such use may be in furtherance of *Lessee's* business purposes.

B. *Lessee* shall not keep, use, or sell anything prohibited by any policy of fire insurance covering the *Premises* and shall comply with all requirements of the insurers applicable to the *Premises* necessary to keep in force the fire and liability insurance.

C. *Lessee* shall not allow any waste or nuisance on the *Premises*, or use or allow the *Premises* to be used for any unlawful purpose.

6. Utilities

Lessee shall arrange and pay for all utilities furnished to the *Premises* for the term of this Lease Agreement, including but not limited to electricity, gas, water, sewer, and telephone service.

7. Repairs and Maintenance

Lessee shall maintain the *Premises* and keep them in good repair at its expense including side and rear exterior walls and the roof. *Lessee* shall also maintain and repair windows, doors, skylights, adjacent sidewalks, the building front, and interior walls.

8. Delivery, Acceptance and Surrender of Premises

A. *Lessor* represents that the *Premises* are in fit condition for use by *Lessee*. Acceptance of the *Premises* by *Lessee* shall be construed as recognition that the *Premises* are in a good state of repair and in sanitary condition.

B. Unless *Lessee* exercises its option to purchase as hereafter described, *Lessee* shall surrender the *Premises* at the end of the lease term, or any renewal of such term, in the same condition as when *Lessee* took possession, allowing for reasonable use and wear, and damage by acts of God, including fires and storms. Before delivery, *Lessee* shall remove all business signs placed on the *Premises* by *Lessee* and restore the portion of the *Premises* on which they were placed in the same condition as when received.

9. Partial Destruction of Premises

Partial destruction of the *Premises* shall not render this Lease Agreement void or voidable, nor terminate it except as specifically provided in this Lease Agreement. If the

Premises are partially destroyed during the term of this Lease Agreement, *Lessor* shall repair them when such repairs can be made in conformity with governmental laws and regulations, within _____ (**number**) days of the partial destruction. Written notice of the intention of *Lessor* to repair shall be given to *Lessee* within _____ (**number**) days after any partial destruction. Rent will be reduced proportionately to the extent to which the repair operations interfere with the business conducted on the *Premises* by *Lessee*. If the repairs cannot be made within the time specified above, *Lessor* shall have the option to make them within a reasonable time and continue this Lease Agreement in effect with proportional rent rebate to *Lessee* as provided for in this Lease Agreement. If the repairs cannot be made in _____ (**number**) days, and if *Lessor* does not elect to make them within a reasonable time, either party shall have the option to terminate this Lease Agreement.

10. Entry on Premises by Lessor

A. *Lessor* reserves the right to enter on the *Premises* at reasonable times to inspect them, perform required maintenance and repairs, or to make additions, alterations, or modifications to any part of the building in which the *Premises* are located, and *Lessee* shall permit *Lessor* to do so.

B. *Lessor* may erect scaffolding, fences, and similar structures, post relevant notices, and place moveable equipment in connection with making alterations, additions, or repairs, all without incurring liability to *Lessee* for disturbance of quiet enjoyment of the *Premises*, or loss of occupation of the *Premises*.

11. Signs, Awnings, and Marquees Installed by Lessee

A. *Lessee* shall not construct or place signs, awnings, marquees, or other structures projecting from the exterior of the *Premises* without the prior, express, and written consent of *Lessor*.

B. *Lessee* shall remove signs, displays, advertisements, or decorations it has placed on the *Premises* that, in the opinion of *Lessor*, are offensive or otherwise objectionable. If *Lessee* fails to remove such signs, displays, advertisements, or decorations within _____ (**number**) days after receiving written notice from *Lessor* to remove them, *Lessor* reserves the right to enter the *Premises* and remove them at the expense of *Lessee*.

12. Nonliability of Lessor for Damages

Lessor shall not be liable for liability or damage claims for injury to persons or property from any cause relating to the occupancy of the *Premises* by *Lessee*, including those arising out of damages or losses occurring on sidewalks and other areas adjacent to the *Premises* during the term of this Lease Agreement or any extension of such term. *Lessee* shall indemnify *Lessor* from any and all liability, loss, or other damage claims or obligations resulting from any injuries or losses of this nature.

13. Liability Insurance and Property Taxes

A. *Lessee* shall procure and maintain in force at its expense during the term of this Lease Agreement and any extension of such term, public liability insurance with insurers and through brokers approved by *Lessor*. Such coverage shall be adequate to protect against liability

for damage claims through public use of or arising out of accidents occurring in or around the *Premises*, in a minimum amount of \$ _____ for each person injured, \$ _____ for any one accident, and \$ _____ for property damage. The insurance policies shall provide coverage for contingent liability of *Lessor* on any claims or losses. Copies of said insurance policies shall be delivered to *Lessor*. *Lessee* shall obtain a written obligation from the insurers to notify *Lessor* in writing at least ____ days prior to cancellation or refusal to renew any policy.

B. If the insurance policies required by this Section are not kept in force during the entire term of this Lease Agreement or any extension of such term, *Lessor* may procure the necessary insurance and pay the premium for it, and the premium shall be repaid to *Lessor* as an additional rent installment for the month following the date on which the premiums were paid by *Lessor*.

C. *Lessor* shall pay all real estate taxes and assessments on *Premises* during the full term of this Lease. *Lessee* agrees to cooperate with *Lessor* in seeking a reduction from the taxing authorities in any real estate tax increase during the lease term and any renewals thereof. Furthermore, *Lessor* shall pay all special or local assessments that may be levied against the demised premises by reason of improvements made thereon by *Lessor* or of the street or sidewalks surrounding the property.

14. Assignment, Sublease or License

A. *Lessee* shall not assign or sublease the *Premises*, or any right or privilege connected with the *Premises*, or allow any other person except agents and employees of *Lessee* to occupy the *Premises* or any part of the *Premises* without first obtaining the written consent of *Lessor*. A consent by *Lessor* shall not be a consent to a subsequent assignment, sublease, or occupation by other persons.

B. An unauthorized assignment, sublease, or license to occupy by *Lessee* shall be void and shall terminate this Lease Agreement at the option of *Lessor*.

C. The interest of *Lessee* in this *Lease Agreement* may not be assignable by without the written consent of *Lessor*.

15. Breach

The appointment of a receiver to take possession of the assets of *Lessee*, a general assignment for the benefit of the creditors of *Lessee*, any action taken or allowed to be taken by *Lessee* under any bankruptcy act, or the failure of *Lessee* to comply with each term and condition of this Lease Agreement shall constitute a breach of this Lease Agreement. *Lessee* shall have _____ **(number)** days after receipt of written notice from *Lessor* of any breach to correct the conditions specified in the notice. If the corrections cannot be made within the _____ **(number)**-day period, *Lessee* shall have a reasonable time to correct the default if action is commenced by *Lessee* within _____ **(number)** days after receipt of the notice.

16. Remedies of Lessor for Breach by Lessee

Lessor shall have the following remedies in addition to its other rights and remedies if *Lessee* breaches this Lease Agreement and fails to make corrections as set forth in **Section Fifteen**:

A. *Lessor* may reenter the *Premises* immediately and remove the property and personnel of *Lessee*, store the property in a public warehouse or at a place selected by *Lessor*, at the expense of *Lessee*.

B. After reentry, *Lessor* may terminate this Lease Agreement on giving _____ **(number)** written notice of termination to *Lessee*. Without such notice, reentry will not terminate this Lease Agreement. On termination, *Lessor* may recover from *Lessee* all damages proximately resulting from the breach, including but not limited to the cost of recovering the *Premises* and the balance of the rent payments remaining due and unpaid under this Lease Agreement.

C. After reentering, *Lessor* may relet the *Premises* or any part of the *Premises* for any term without terminating this Lease Agreement, at such rent and on such terms as it may choose. *Lessor* may make alterations and repairs to the *Premises*. The duties and liabilities of the parties if the *Premises* are relet shall be as follows:

1. In addition to *Lessee's* liability to *Lessor* for breach of this Lease Agreement, *Lessee* shall be liable for all expenses of the reletting, for the alterations and repairs made, and for the difference between the rent received by *Lessor* under the new Lease Agreement and the rent installments that were due for the same period under this Lease Agreement.

2. *Lessor*, at its option, shall have the right to apply the rent received from reletting the *Premises*: (a) to reduce *Lessee's* indebtedness to *Lessor* under this Lease Agreement, not including indebtedness for rent, (b) to expenses of the reletting and alterations and repairs made, (c) to rent due under this Lease Agreement, or (d) to payment of future rent under this lease agreement as it becomes due.

D. If the new lessee does not pay a rent installment promptly to *Lessor*, and the rent installment has been credited in advance of payment to the indebtedness of *Lessee* other than rent, or if rentals from the new lessee have been otherwise applied by *Lessor* as provided for in this Section, and during any rent installment period, are less than the rent payable for the corresponding installment period under this Lease Agreement, *Lessee* shall pay *Lessor* the deficiency, separately for each rent installment deficiency period, and before the end of that period. *Lessor* may, at any time after such reletting, terminate this Lease Agreement for the breach on which *Lessor* based the reentry and relet the *Premises*.

E. After reentry, *Lessor* may procure the appointment of a receiver to take possession and collect rents and profits of the business of *Lessee*. If necessary to collect the rents and profits, the receiver may carry on the business of *Lessee* and take possession of the personal property used in the business of *Lessee*, including inventory, trade fixtures, and furnishings and use them in the business without compensating *Lessee*. Proceedings for appointment of a receiver by *Lessor*, or the appointment of a receiver and the conduct of the business of *Lessee* by

the receiver, shall not terminate this Lease Agreement unless *Lessor* has given written notice of termination to *Lessee* as provided in this Lease Agreement.

17. Attorney's Fees

If *Lessor* files an action to enforce any agreement contained in this Lease Agreement, or for breach of any covenant or condition, *Lessee* shall pay *Lessor* reasonable attorney's fees for the services of *Lessor's* attorney in the action, all fees to be fixed by the court.

18. Condemnation

Eminent domain proceedings resulting in the condemnation of a part of the *Premises*, but leaving the remaining premises usable by *Lessee* for the purposes of its business, will not terminate this Lease Agreement unless *Lessor*, at its option, terminates this Lease Agreement by giving written notice of termination to *Lessee*. The effect of any condemnation, where the option to terminate is not exercised, will be to terminate this Lease Agreement as to the portion of the *Premises* condemned, and the Lease of the remainder of the *Premises* shall remain intact. The rental for the remainder of the Lease term shall be reduced by the amount that the usefulness of the *Premises* has been reduced for the business purposes of *Lessee*. *Lessee* assigns and transfers to *Lessor* any claim it may have to compensation for damages as a result of any condemnation.

19. Option of Lessee to Purchase at Expiration of Lease Term

Lessee shall have the option to purchase the *Premises* from *Lessor* for **\$10.00** on expiration of the term on the ___ day of _____, 20___. *Lessee* shall provide *Lessor*, at the address of *Lessor* stated above ___ months' notice of the exercise of this option to purchase. *Lessor* shall transfer title to the premises to *Lessee* by (**e.g., warranty**) deed within ___ days after receipt of the notice of intent to exercise the option to purchase from *Lessee*, but in no event later than the date of expiration of this Lease Agreement.

20. Waivers

Waiver by *Lessor* of any breach of any covenant or duty of *Lessee* under this Lease is not a waiver of a breach of any other covenant or duty of *Lessee*, or of any subsequent breach of the same covenant or duty.

21. Governing Law

This Lease Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of _____.

22. Entire Agreement

This Lease Agreement shall constitute the entire agreement between the parties. Any prior understanding or representation of any kind preceding the date of this Lease Agreement shall not be binding upon either party except to the extent incorporated in this Lease Agreement.

23. Modification of Agreement

Any modification of this Lease Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if evidenced in a writing signed by each party or an authorized representative of each party.

24. Notices

A. All notices, demands, or other writings that this Lease Agreement requires to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail, postage prepaid, and addressed as follows:

1. To Lessor: _____
(street address, city, county, state, zip code);

2. To Lessee: _____
(street address, city, county, state, zip code).

B. The address to which any notice, demand, or other writing may be given or made or sent to any party as above provided may be changed by written notice given by such party as above provided.

25. Binding Effect

This Lease Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of the parties.

26. Mandatory Arbitration

Notwithstanding the foregoing, and anything herein to the contrary notwithstanding, any dispute under this Agreement shall be required to be resolved by binding arbitration of the parties hereto. If the parties cannot agree on an arbitrator, each party shall select one arbitrator and both arbitrators shall then select a third. The third arbitrator so selected shall arbitrate said dispute. The arbitration shall be governed by the rules of the American Arbitration Association then in force and effect.

WITNESS our signatures as of the day and date first above stated.

_____, INC.

_____, INC.

By _____
(Name and Office in Corporation)

By _____
(Name and Office in Corporation)

***Attach Exhibit
Acknowledgment (form may vary state by state)***