

**Lease or Rental Agreement of Residential Property with
Option to Purchase and Own Property**

Lease Agreement made on the _____ (*date*), between _____
(*Name of Lessor*) of _____
_____ (*street address, city, county, state, zip code*), referred to herein as
Lessor, and _____ (*Name of Lessee*), of _____
_____ (*street address, city, county, state, zip code*),
referred to herein as *Lessee*.

1. Property Leased

Lessor leases to *Lessee*, and *Lessee* leases from *Lessor*, (*description of real property*) _____,
hereinafter called the *Property*, pursuant to the terms set forth below in this Agreement.

2. Term

The term of this Lease shall be for a period beginning _____
(*commencement date*), and ending _____ (*termination date*).

3. Rent

In consideration for the leasing of the above-described *Property*, *Lessee* agrees to pay to *Lessor*, as rent for such *Property*, the total sum of \$_____, payable in monthly installments as follows: \$_____, upon the execution of this Lease, receipt of which is acknowledged, \$_____, in payment of rent for the period from _____ (*commencement date*) to _____ (*date of end of first month*); and \$_____, on the _____ (*ordinal number*) day of each subsequent month during the term of this Lease. Any past due payment of rent will bear interest at the rate of _____% per year. All payments will be made at the principal place of business of *Lessor* at _____ (*address of Lessor*), or such other place as shall be designated by written notice from *Lessor* to *Lessee*.

3. Utilities

Lessee will be responsible for the payment of all utilities and services, except: _____ which will be paid by *Lessor*.

4. USE

The *Property* will be used exclusively as a residence for no more than _____ persons. Guests staying more than a total of _____ days in a calendar year without written consent of the *Lessor* will constitute a violation of this Agreement.

5. Animals

No animals will be brought on the *Property* without the prior consent of the *Lessor*: except _____.

6. Ordinances and Statutes

Lessee will comply with all statues, ordinances, and requirements of all municipal, state and federal authorities now in force, or which may later be in force.

7. Assignment and Subletting

Lessee will comply will not assign this Agreement or subject any portion of the *Property* without prior written consent, of the *Lessor*. Any such assignment or subletting without consent will be void and, at the option of the *Lessor*, will terminate the lease.

8. Inspection by Lessee

Lessee shall inspect the *Property* within _____ (**number**) hours after receipt of such *Property*. Unless *Lessee* within such period of time gives written notice to *Lessor* specifying any defect in or other proper objection to the *Property*, *Lessee* agrees that it shall be conclusively presumed, as between *Lessor* and *Lessee*, that *Lessee* has fully inspected and acknowledged that the *Property* is in good condition and repair, and that *Lessee* is satisfied with and has accepted the *Property* in such good condition and repair.

9 Inspection by Lessor

Lessor shall at all times during business hours have the right to enter on the premises where the *Property* may be located for the purpose of inspecting it or observing its use. *Lessee* shall give *Lessor* immediate notice of any attachment or other judicial process affecting any item Leased and shall, whenever requested by *Lessor*, advise *Lessor* of the exact location of the item.

10. Maintenance, Repairs, or Alterations

Lessee acknowledges that the *Property* is in good working order and repair, unless otherwise indicated. *Lessee* will, at his own expense, maintain the premise in good working order and repair, including all equipment, appliances, and smoke detectors, plumbing, heating and air conditioning, will keep the *Property* in a clean and sanitary condition and will surrender the same, at termination, in as good condition as received, normal wear and tear accepted *Lessee* will be responsible for damages cause by his or her negligence and that of his or her family, invitees, and guests. *Lessee* will not paint paper or otherwise redecorate or make alterations to the *Property* without the prior written consent of the *Lessor*. *Lessee* will irrigate and maintain any surrounding grounds, including lawns and shrubbery. *Lessee* will not commit any waste upon the *Property*.

11. Inventory

Any furnishings and/or equipment to be furnished by *Lessor* will be listed in a separate inventory. The inventory will be signed by both *Lessee* and *Lessor* concurrently with this Agreement. *Lessee* will keep the furnishings and equipment in good condition and repair, and will be responsible for any damage to them other than normal wear and tear.

12. Damages to Property

If the *Property* is damaged by fire or any other cause which renders the *Property* untenable, either party will have the right to terminate this Agreement as of the date which the damage occurs. Written notice of termination will be given to the other party within fifteen (15) days after occurrence of such damages. Should such damage or destruction occur as the result of the negligence of *Lessee*, or his invitees, and then only the *Lessor* will have the right to terminate. Should this right be exercised by either *Lessor* or *Lessee*, and then rent for the current month will be prorated between the parties as of the date the damage occurred. Any prepaid rent and unused security deposit will be refunded to *Lessee*. If this Agreement is not terminated, then *Lessor* will promptly repair the *Property* and there will be a proportionate reduction of rent until the *Property* is repaired and ready for *Lessee*'s occupancy. The proportionate reduction will be based on the extent which repairs interfere with *Lessee*'s reasonable use of the *Property*.

13. Indemnity

Lessee will indemnify *Lessor* against, and hold *Lessor* harmless from, all claims, actions, proceedings, costs, damages, and liabilities, including attorney's fees, arising out of, connected with, or resulting from the *Property*, including but not limited to the manufacture, selection, delivery, possession, use, operation, or return of such *Property*.

14. Default

If the *Lessee* fails to pay rent when due, or perform any provision of this Agreement, after not less than three (3) days (or longer if required by local law) written notice of such default given in the manner required by law, the *Lessor*, at his or her option, may terminate all rights of *Lessee*, unless *Lessee*, within said time, cures such default. If *Lessee* abandons or vacates the property while in default of the payment of rent, *Lessor* may consider any property left on the *Property* to be abandoned and may dispose of the same in any manner allowed by law. In the event the *Lessor* reasonable believes that such abandoned property has no value, it may be discarded. All property on the *Property* will be subject to a lien for the benefit of *Lessor* securing the payment of all sums due, to the maximum extent allowed by law. In the event of a default by *Lessee*, *Lessor* may elect to: (a) continue to lease in effect and enforce all his or her rights and remedies, including the right to recover rent as it becomes due; or (b) at any time, terminate all of *Lessee's* rights and recover from *Lessee* all damages he or she may incur by reason of the breach of the lease, including the cost of recovering the *Property*, and including the worth at the time of such termination, or at the time of an award if suit be instituted to enforce this provision, of the amount by which the unpaid rent for the balance of the term exceeds the amount of such rental loss which the *Lessee* proves could be reasonably avoided.

15. Deposit of Security

Lessor acknowledges that *Lessee* has deposited with *Lessor* as security \$_____ and agrees that such deposit shall be security for performance of *Lessee's* obligations under this Lease. Such sum may, at *Lessor's* option, be applied to satisfy any such obligation which may be in default, but the making of such deposit will not excuse *Lessee* from performance of any such obligation. Any portion of such sum which has not been so applied by *Lessor* will be returned to *Lessee* at the termination of this Lease. No interest on said Deposit shall be payable by *Lessor* to *Lessee*.

16. Holding Over

Any holding over after expiration of this Agreement, with the consent of the *Lessor*, will be construed as a month-to-month tenancy in accordance with the applicable terms of this Agreement. No such holding over or extension of this Agreement will extend the time for the exercise of the option to purchase unless agreed upon in writing by *Lessor*.

17. Fair Housing

Lessor and *Lessee* understand that the state and federal housing laws prohibit discrimination in the sale, rental, and appraisal, financing or advertising of housing on the basis of race, color, religion, sex, martial status, sexual orientation, national origin, ancestry, familial status, age, or disability.

18. Option to Purchase

Lessor grants to *Lessee* the option to purchase the *Property* in this Agreement for \$_____ (the *Purchase Price*), provided that *Lessee* gives notice to *Lessor*, in writing, of his intention to exercise such option during the period of _____ (*number*) days immediately preceding the expiration of this Lease, and provided further that *Lessee's* right to so purchase the *Property* is conditioned upon *Lessee's* complete performance of all the terms and provisions

of this Lease on his part to be performed, including full payment of the rental as specified. Should Lessee exercise the option, [(all sums) or (_____% of the sum)] paid as rent under this Lease shall be applied to the *Purchase Price* of the *Property* in this Agreement, and on receipt of the balance of the *Purchase Price* by Lessor, Lessor will transfer title of such *Property* to Lessee, pursuant to the terms of this **Paragraph 18**.

A. Fixtures

All items permanently attached to the *Property*, including light fixtures and bulbs, attached floor coverings, all attached window coverings, including window hardware, windows and door screens, storm sash, combination doors, awnings, TV antennas, burglar, fire and smoke alarms (except leased systems), pool and spa equipment, solar systems, attached fireplace screens, electric garage door openers with controls, outdoor plants and trees (other than in movable containers), are included in the purchase price free of liens,

B. Personal Property

The following personal property, on the *Property* when inspected by Lessee, is included in the purchase and will be transferred to Lessee free of liens and properly identified by a bill of sale at closing. Unless itemized below, no such personal property is included in the sale. No warranty is made as to the condition of the personal property.

C. Purchase Price

The *Purchase Price* of the *Property*, as set forth above, is \$_____. Said *Purchase Price* is payable as follows: Lessee shall make a cash down payment of \$_____ and shall qualify for a mortgage loan for the balance.

D. Closing Costs

Lessor agrees to pay up to, but no more than \$_____ in total closing costs.

E. Closing and Possession Date

The closing shall take place within _____ days after the mortgage loan is approved. The possession date shall be the same as the closing date.

F. Special Liens and Taxes

Any special liens against the *Property* shall be paid by Lessor, if any, at closing. *Property* taxes are to be prorated as of the closing date.

G. Title and Conveyance

Lessor is to convey title by general warranty deed and provide Lessee with a Certificate of Title prepared by an attorney upon whose certificate of title insurance may be obtained from a title insurance company qualified to do and doing business in the State of _____. Lessor shall, prior to or at closing, satisfy all outstanding mortgages, deeds of trust and special liens affecting the *Property* which are not specifically assumed by Lessee herein. Title shall be good and marketable, subject only

to the following items: **(e.g., easements, applicable zoning ordinances, protective covenants and prior mineral reservations)** _____; otherwise Lessee, at his option, may:

1. If defects cannot be cured by designated closing date, cancel this Agreement;
2. Accept title as is; or
3. If the defects are of such character that they can be remedied by legal action within a reasonable time, permit Lessor such reasonable time to perform the curative work at Lessor's expense. In the event that the curative work is performed by Lessor, the time specified herein for closing of this sale shall be extended for a reasonable period necessary for such action. Lessor represent that the property is zoned residential and that no government agency has served any notice requiring repairs, alterations or corrections of any existing condition except as stated herein.

H. Breach of Agreement

In the event of breach of this option portion of the Agreement by Lessee, Lessor at his option may cancel the Agreement.

I. Damage by Fire, etc.

This option portion of the Agreement is further conditioned upon delivery of the improvements in their present condition and in the event of damage by fire or otherwise, before closing, Lessee may declare this Agreement void and shall be entitled to the return _____ % of rent paid pursuant to this Agreement, or Lessee may elect to complete the transaction in accordance with this Agreement provided the Property is restored by Lessor at Lessor's expense prior to closing.

19. Severability

The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. If any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provision.

20. No Waiver

The failure of either party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of any of the terms and conditions of this Agreement, shall not be construed as subsequently waiving any such terms and conditions, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred.

21. Governing Law

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

22. Notices

Any notice provided for or concerning this Agreement shall be in writing and shall be deemed sufficiently given when sent by certified or registered mail if sent to the respective address of each party as set forth at the beginning of this Agreement.

23. Mandatory Arbitration

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.

24. Entire Agreement

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

25. Modification of Agreement

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

26. Assignment of Rights

The rights of each party under this Agreement are personal to that party and may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other party.

27. In this contract, any reference to a party includes that party's heirs, executors, administrators, successors and assigns, singular includes plural and masculine includes feminine.

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

(Printed name)

(Signature of Lessor)

(Printed name)

(Signature of Lessee)