

RESIDENTIAL LEASE WITH OPTION TO PURCHASE

AGENCY RELATIONSHIP CONFIRMATION. The following agency relationship is hereby confirmed for this transaction and supersedes any prior agency election (if no agency relationship insert "NONE"):

LISTING AGENT: _____ is the agent of (check one):

the Owner exclusively; or both the Tenant and the Owner.

SELLING AGENT: _____ (if not the same as the Listing Agent) is the agent of (check one):

the Tenant exclusively; or the Owner exclusively; or both the Tenant and the Owner.

Note: This confirmation DOES NOT take the place of the AGENCY DISCLOSURE form which may be required by law.

RECEIVED FROM _____, hereinafter referred to as Tenant, the sum of \$ _____ (_____ dollars), evidenced by _____ as a deposit. Upon acceptance of this Lease, the Owner of the premises, hereinafter referred to as "Owner", will apply as follows:

	TOTAL	RECEIVED	BALANCE DUE PRIOR TO OCCUPANCY
Non-refundable option consideration	\$ _____	\$ _____	\$ _____
Rent for the period from _____ to _____	\$ _____	\$ _____	\$ _____
Security deposit	\$ _____	\$ _____	\$ _____
Other	\$ _____	\$ _____	\$ _____
TOTAL	\$ _____	\$ _____	\$ _____

In the event this Agreement is not accepted by the Owner or his or her authorized agent, **within _____ days**, the total deposit received will be refunded.

Tenant offers to rent from the Owner the premises commonly known as _____ (Street Address)

_____, upon the following **terms and conditions:** (City/State/Zip)

- 1. TERM.** The term will commence on _____, and continue for a period of _____ months thereafter.
- 2. RENT.** Rent will be \$ _____, per month, payable in advance, upon the _____ day of each calendar month to Owner or his or her authorized agent, at the following address: _____, or at such other places as may be designated by Owner from time to time. In the event rent is not paid in full and received by Owner **within _____ days** after due date, Tenant agrees that it would be impracticable or extremely difficult to fix the actual damages to Owner caused by that failure, and Tenant agrees to pay a **late charge** of \$ _____. Tenant further agrees to pay \$ _____ for each dishonored bank check. The late charge period is **not** a grace period, and Owner is entitled to make written demand for any rent if not paid when due and to collect interest on said sum. Any unpaid balance including late charges, will bear interest at 10% per annum, or the maximum rate allowed by law, whichever is less.
- 3. UTILITIES.** Tenant will be responsible for the payment of all utilities and services, except: _____ which will be paid by Owner.
- 4. USE.** The premises 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 Owner will constitute a violation of this Agreement.
- 5. ANIMALS.** No animals will be brought on the premises without the prior consent of the Owner; except _____.
- 6. ORDINANCES AND STATUTES.** Tenant will comply with all statutes, ordinances, and requirements of all municipal, state and federal authorities now in force, or which may later be in force. If the premises is located in a rent control area, the Tenant should contact the Rent and Arbitration Board for his or her legal rights.
- 7. ASSIGNMENT AND SUBLETTING.** Tenant will not assign this Agreement or sublet any portion of the premises without prior written consent of the Owner. Any such assignment or subletting without consent will be void and, at the option of Owner, will terminate this Lease.
- 8. MAINTENANCE, REPAIRS, OR ALTERATIONS.** Tenant acknowledges that the premises are in good working order and repair, unless otherwise indicated. Tenant will, at his or her own expense, maintain the premises in good working order and repair, including all equipment, appliances, and smoke detectors, plumbing, heating and air conditioning, will keep the premises in a clean and sanitary condition, and will surrender the same, at termination, in as good condition as received, normal wear and tear excepted. Tenant will be responsible for damages caused by his or her negligence and that of his or her family, invitees, and guests. Tenant will not paint, paper or otherwise redecorate or make alterations to the premises without the prior written consent of the Owner. Tenant will irrigate and maintain any surrounding grounds, including lawns and shrubbery. Tenant will not commit any waste upon the premises.
- 9. INVENTORY.** Any furnishings and/or equipment to be furnished by Owner will be listed in a separate inventory. The inventory will be signed by both Tenant and Owner concurrently with this Agreement. Tenant 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.

Tenant [_____] [_____] has read this page.

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Property Address _____

- 10. DAMAGES TO PREMISES.** If the premises are damaged by fire or from any other cause which renders the premises untenantable, either party will have the right to terminate this Agreement as of the date on which the damage occurs. Written notice of termination will be given to the other party **within fifteen (15) days after occurrence** of such damage. Should such damage or destruction occur as the result of the negligence of Tenant, or his or her invitees, then only the Owner will have the right to terminate. Should this right be exercised by either Owner or Tenant, 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 Tenant. If this Agreement is not terminated, then Owner will promptly repair the premises and there will be a proportionate reduction of rent until the premises are repaired and ready for Tenant's occupancy. The proportionate reduction will be based on the extent which repairs interfere with Tenant's reasonable use of the premises.
- 11. ENTRY AND INSPECTION.** Owner and owner's agent will have the right to enter the premises: (a) in case of emergency; (b) to make necessary or agreed repairs, decorations, alterations, improvements, supply necessary or agreed services, inspect the condition of the property, show the premises to prospective or actual buyers, lenders, tenants, workers, or contractors; (c) when tenant has abandoned or surrendered the premises. Except under (a) and (c), entry may be made only during normal business hours, and with at least 24 hours prior notice to Tenant.
- 12. INDEMNIFICATION.** Owner will not be liable for any damage or injury to Tenant, or any other person, or to any property, occurring on the premises, or in common areas, unless such damage is the legal result of the negligence or willful misconduct of Owner, his or her agents or employees. Tenant agrees to hold Owner harmless from any claims for damages, no matter how caused, except for injury or damages caused by negligence or willful misconduct of Owner, his or her agents or employees. It is understood that Owner's insurance does not cover Tenant's personal property. To the maximum extent permitted by insurance policies which may be owned by the parties, Owner and Tenant waive any and all rights of subrogation against each other which might otherwise exist.
- 13. PHYSICAL POSSESSION.** If Owner is unable to deliver possession of the premises at the commencement date set forth above, Owner will not be liable for any damage caused, nor will this Agreement be void or voidable, but Tenant will not be liable for any rent until possession is delivered. Tenant may terminate this Agreement if possession is not delivered **within _____ days** of the commencement of the term in Item 1.
- 14. DEFAULT.** If Tenant 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 Owner, at his or her option, may terminate all rights of Tenant, unless Tenant, within said time, cures such default. If Tenant abandons or vacates the property while in default of the payment of rent, Owner may consider any property left on the premises to be abandoned and may dispose of the same in any manner allowed by law. In the event the Owner reasonably believes that such abandoned property has no value, it may be discarded. All property on the premises will be subject to a lien for the benefit of Owner securing the payment of all sums due, to the maximum extent allowed by law.
- In the event of a default by Tenant, Owner may elect to: (a) continue the lease in effect and enforce all his or her rights and remedies, including the right to recover the rent as it becomes due; or (b) at any time, terminate all of Tenant's rights and recover from Tenant all damages he or she may incur by reason of the breach of the lease, including the cost of recovering the premises, 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 Tenant proves could be reasonably avoided.
- 15. SECURITY.** The security deposit will secure the performance of Tenant's obligations. Owner may, but will not be obligated to, apply all portions of said deposit on account of Tenant's obligations. Any balance remaining will be returned to Tenant, together with an accounting of any disbursements, **no later than three (3) weeks** after termination, or earlier if required by law. Tenant will not have the right to apply the security deposit in payment of the last month's rent. No interest will be paid to Tenant on account of the security deposit, unless required by local ordinance.
- 16. WAIVER.** Failure of Owner to enforce any provision of this Agreement will not be deemed a waiver. The acceptance of rent by Owner will not waive his or her right to enforce any provision of this Agreement.
- 17. NOTICES.** Unless otherwise provided, any notice which either party may give or is required to give, may be given by mailing the same, postage prepaid, to Tenant at the premises or to Owner at the address shown in Item 2, or at such other places as may be designated by the parties from time to time. Unless otherwise provided, notice will be deemed effective three (3) days after mailing, or on personal delivery, or when receipt is acknowledged in writing, whichever is earlier.
- 18. HEIRS, ASSIGNS, SUCCESSORS.** This Agreement is binding upon and inures to the benefit of the heirs, assigns, and successors in interest to the parties.
- 19. TIME.** Time is of the essence of this Agreement and of the right to exercise the Option to Purchase.
- 20. HOLDING OVER.** Any holding over after expiration of this Agreement, with the consent of Owner, 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 Owner.
- 21. ATTORNEY'S FEES.** In any action or proceeding involving a dispute between Tenant and Owner arising out of the execution of this Agreement or the sale, whether for tort or for breach of contract, and whether or not brought to trial or final judgment, the prevailing party

Tenant [_____] [_____] has read this page.

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Property Address _____

will be entitled to receive from the other party a reasonable attorney fee, expert witness fees, and costs to be determined by the court or arbitrators).

22. **FAIR HOUSING.** Owner and Tenant understand that the state and federal housing laws prohibit discrimination in the sale, rental, appraisal, financing or advertising of housing on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, age, mental or physical disability.

23. **OPTION.** So long as Tenant is not in default in the performance of any term of this Agreement, Tenant will have the option to purchase the real property described herein for a PURCHASE PRICE OF \$ _____ (_____ dollars), upon the following TERMS and CONDITIONS:

24. **DISCLAIMER.** The parties acknowledge that the availability of financing and other purchase costs can not be ascertained with certainty. The parties agree that these items will not be conditions of performance of this Agreement, and the parties agree they have not relied upon any representations or warranties by Brokers, Owner, or other parties which are not set forth in this Agreement.

25. **DISCLOSURES.** Within _____ days after acceptance, or earlier if required by law, Owner will provide the following or comparable disclosures to Tenant:

- SELLERS REAL PROPERTY DISCLOSURE STMT. NATURAL HAZARD REPORT BY _____
- EARTHQUAKE HAZARDS DISCLOSURE MEGAN'S LAW DISCLOSURE _____
- NOTICE RE SEPTIC SYSTEMS OTHER _____
- LEAD-BASED PAINT DISCLOSURE (for dwellings constructed prior to 1978 - must be delivered prior to acceptance.)

26. **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, EXCLUDING: _____

27. **PERSONAL PROPERTY.** The following personal property, on the premises when inspected by Tenant, is included in the purchase price and will be transferred to Tenant free of liens and properly identified by a Bill of Sale **at close of escrow. Unless itemized here personal property is not included in the sale. No warranty is made as to the condition of the personal property.**

28. **EXAMINATION OF TITLE.** Owner will convey title to the property subject only to: [1] real estate taxes not yet due; and [2] covenants, conditions, restrictions, rights of way and easements of record, if any, which do not materially affect the value or intended use of the property.

Within three (3) days from exercise of the Option to Purchase, Tenant will order a Preliminary Title Report and copies of CC&Rs if applicable. **Within ten (10) days of receipt,** Tenant will report to Owner in writing any valid objections to title contained in such report (other than monetary liens to be paid upon close of escrow). If Tenant objects to any exceptions to the title, Owner will use due diligence to remove such exceptions at his or her own expense **before close of escrow.** If such exceptions cannot be reasonably removed before close of escrow, this Agreement will terminate, unless Tenant elects to purchase the property subject to such exceptions. In the event there is a bond or assessment which has an outstanding principal balance and is a lien upon the property, such principal will be assumed by tenant without credit toward the purchase price, EXCEPT AS FOLLOWS: _____

29. **EVIDENCE OF TITLE** will be in the form of a policy of title insurance, issued by _____ paid by Buyer Seller, Other _____. **NOTE:** In addition to coverage under a standard owner's policy, the ALTA Homeowner's Policy of Title Insurance may offer additional coverage for a number of unrecorded matters. Buyer should discuss the type of policy with the title company of their choice at the time escrow is opened. In the event a lender requires an ALTA lender's policy of title insurance, Buyer, Seller, Other _____ will pay the premium.

30. **CLOSING COSTS.** Escrow fees, if any, and other closing costs will be paid in accordance with local custom and practice, except as otherwise provided herein.

31. **CLOSE OF ESCROW.** Within _____ days from exercise of the Option to Purchase, both parties will deposit with an authorized escrow holder, to be selected by the Tenant, all funds and instruments necessary to complete the sale in accordance with the terms of this Agreement.

32. **PRORATIONS.** Rents, real estate taxes, and other expenses of the property will be prorated as of the date of recordation of the deed. Security deposits, advance rentals or considerations involving future lease credits will be credited to Tenant.

33. **EXPIRATION OF OPTION.** This Option to Purchase may be exercised at any time after (date) _____ and will expire at midnight (date) _____. Upon expiration Owner will be released from any obligation to sell property to Tenant.

Tenant [_____] [_____] has read this page.

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34. EXERCISE OF OPTION. The Option to Purchase will be exercised by mailing or delivering written notice to the Owner prior to the expiration of this Option and by an additional payment, on account of the purchase price, in the amount of: \$ _____ (_____ dollars) for account of Owner to the authorized escrow holder **within 10 days after the exercise of the Option to Purchase.**

Notice, if mailed, will be by certified mail, return receipt requested, to the Owner at the address set forth in Item 2, and will be deemed to have been given on the date shown on receipt or upon the fifth day following deposit in the U.S. Mail, whichever is earlier.

In the event the Option to Purchase is exercised, the consideration paid for the Option and _____% from the rent paid by Tenant prior to the exercise of the Option to Purchase will be credited toward the purchase price.

NOTICE: Some states require that residential leases and purchase agreements contain language which notifies the parties as to how to access the convicted sex offenders data base ("Megan's Law"). If such a notice is required, an appropriate addendum should be attached to this form.

LIMITATION OF AGENCY: A real estate broker or agent is qualified to advise on real estate. If you have any questions concerning the legal sufficiency, legal effect, insurance, or tax consequences of this document or the related transactions, consult with your attorney, accountant or insurance advisor.

The undersigned Tenant hereby acknowledges that he or she has thoroughly read and approved each of the provisions contained in this Offer, and agrees to the terms and conditions specified.

Tenant _____ Date _____ Owner _____ Date _____

Tenant _____ Date _____ Owner _____ Date _____

Tenant Address _____ Owner Address _____

Tenant's Telephone _____ Owner's Telephone _____

Receipt for deposit acknowledged by _____ Date _____

ACCEPTANCE

The undersigned Owner accepts the foregoing Offer.

NOTICE: The amount or rate of real estate commissions is not fixed by law. They are set by each broker individually and may be negotiable between the owner and broker.

COMMISSION. Upon execution, the Owner agrees to pay to _____ the Broker in this transaction, _____% of the option consideration for securing the Option plus the sum of \$(_____ dollars) for leasing services rendered and authorizes Broker to deduct this sum from the deposit received from Tenant. In the event the option is exercised at any time during the term of the lease or any extension of the term or **within 180 days after termination of occupancy**, the Owner agrees to pay Broker the additional sum of \$ _____ (_____ dollars) upon close of escrow. This Agreement will not limit the rights of Broker provided for in any listing or other agreement which may be in effect between Owner and Broker.

In any action for commission the prevailing party will be entitled to reasonable attorney fees.

Owner acknowledges that he or she has read and understands the provisions of this Agreement, agrees to the terms and conditions specified, and acknowledges receipt of a copy.

Owner _____ Date _____

Owner _____ Date _____

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