RENT-TO-OWN (LEASE OPTION) AGREEMENT

1. 1. Parties and Property

This Residential Lease with Option to Purchase (the "Agreement") is made effective as of [EFFECTIVE DATE] between [SELLER/LANDLORD NAME], of [SELLER ADDRESS] (the "Seller"), and [TENANT/BUYER NAME], of [TENANT ADDRESS] (the "Tenant-Buyer"). The Seller represents that it holds fee simple title to the real property commonly known as [PROPERTY ADDRESS, CITY, STATE, ZIP], legally described as [LEGAL DESCRIPTION], together with all improvements, fixtures, and appurtenances (the "Property"). The Property is subject to the existing liens, mortgages, easements, and restrictions of record disclosed in Exhibit A. Each Party represents that the person signing below has full authority to do so, and notices under this Agreement will be sent to the addresses above and to [SELLER EMAIL] and [TENANT-BUYER EMAIL].

2. 2. Two Agreements in One Document

This Agreement contains two distinct arrangements. Sections 3 through 6 and Sections 10 through 12 create a residential lease under which the Tenant-Buyer occupies the Property as a tenant. Sections 7 through 9 create a separate option under which the Tenant-Buyer may, but is not required to, purchase the Property on the terms stated. The Tenant-Buyer holds no title, deed, or ownership interest in the Property unless and until the option is properly exercised and the purchase closes. Termination or expiration of the option does not automatically terminate the lease, and termination of the lease for default does terminate the option as described in Section 12. If any court determines that this Agreement creates an interest other than a lease and an option, the Parties intend that the remaining provisions be enforced to the greatest extent permitted by applicable law.

3. 3. Lease Term and Possession

The lease begins on [LEASE START DATE] and ends on [LEASE END DATE], a term of [LEASE TERM, e.g., 24 months], unless terminated earlier under this Agreement. The Seller will deliver possession of the Property to the Tenant-Buyer on the lease start date in the condition described in Section 10. The Tenant-Buyer will use the Property solely as a private residence for the occupants listed in Exhibit B and will not sublet, assign the lease, or grant possession to any other person without the prior written consent of the Seller. At the end of the term, if the option has not been exercised and neither Party has given written notice of non-renewal at least [NON-RENEWAL NOTICE, e.g., 60 days] in advance, the tenancy converts to a month-to-month tenancy on the same terms except that the option provisions do not renew unless extended in a signed writing.

4. 4. Monthly Rent

The Tenant-Buyer will pay total monthly rent of [TOTAL MONTHLY PAYMENT] in advance on the [DUE DAY, e.g., first] day of each month, without demand, offset, or deduction, by [PAYMENT METHOD] to [PAYEE NAME AND ADDRESS OR ACCOUNT]. The first monthly payment is due on [FIRST PAYMENT DATE] and covers the period from [PERIOD START] to [PERIOD END]. Rent is considered paid on the date the funds are actually received by the Seller, not the date sent. If any payment is not received within [GRACE PERIOD, e.g., 5 days] after its due date, the Tenant-Buyer will pay a late charge of [LATE FEE AMOUNT OR PERCENTAGE], or the maximum amount permitted by applicable law, whichever is less, and any payment returned for insufficient funds carries an additional fee of [NSF FEE]. A security deposit of [SECURITY DEPOSIT AMOUNT] is due on signing and will be held and returned in accordance with applicable state law; the security deposit is separate from the Option Fee and from any Rent Credit and may not be applied to the purchase price.

5. 5. Rent Credit Toward the Purchase Price

Of each timely monthly payment received, [RENT CREDIT AMOUNT OR PERCENTAGE] is designated as a "Rent Credit" and the remaining balance is designated as base rent for the use and occupancy of the Property. Rent Credits accumulate only for payments received in full and on time, or within the grace period in Section 4, and no Rent Credit accrues for any month in which a late charge is assessed unless the Seller waives that consequence in writing. Accumulated Rent Credits are applied against the Purchase Price at closing and are not a deposit, an escrow, or a debt owed by the Seller. The Seller is not required to hold Rent Credits in a separate account unless applicable state law requires it, and the Seller will provide the Tenant-Buyer with a written statement of accumulated Rent Credits at least [CREDIT STATEMENT FREQUENCY, e.g., annually] and within [STATEMENT REQUEST PERIOD, e.g., 10 days] of a written request. If the option is not exercised for any reason, or if the option terminates under Section 12, all accumulated Rent Credits are forfeited to the Seller as additional rent and are not refundable.

6. 6. Option Fee

In consideration for the grant of the option in Section 7, the Tenant-Buyer will pay the Seller a one-time option fee of [OPTION FEE AMOUNT] (the "Option Fee") on or before [OPTION FEE DUE DATE]. The Option Fee is earned by the Seller on receipt and is NON-REFUNDABLE under any circumstance other than a default by the Seller under this Agreement or a failure of the Seller to convey marketable title at closing. The Option Fee is not rent, not a security deposit, and not a down payment held in trust; it is payment for the exclusive right described in Section 7, and the Seller may use it without restriction. If the Tenant-Buyer properly exercises the option and the purchase closes, the full Option Fee is credited against the Purchase Price at closing. If the option expires unexercised or terminates under Section 12, the Seller retains the entire Option Fee.

7. 7. Grant of Option and Option Period

The Seller grants the Tenant-Buyer the exclusive and irrevocable option to purchase the Property on the terms of this Agreement. The option period begins on [OPTION START DATE] and expires at [EXPIRATION TIME, e.g., 11:59 p.m.] local time on [OPTION EXPIRATION DATE] (the "Option Period"), time being of the essence. During the Option Period the Seller will not sell, convey, further encumber beyond the liens disclosed in Exhibit A, or grant any competing option or right of first refusal on the Property to any third party. The option is personal to the Tenant-Buyer and may not be assigned, sold, or transferred without the prior written consent of the Seller, which will not be unreasonably withheld. The Parties may extend the Option Period only by a written amendment signed by both, and any extension may be conditioned on payment of an additional option fee of [EXTENSION FEE].

8. 8. Purchase Price

The purchase price for the Property is [PURCHASE PRICE] (the "Purchase Price"), fixed as of the Effective Date and not subject to adjustment for changes in market value during the Option Period. In the alternative, if the Parties initial this option, the Purchase Price will be determined at the time of exercise as the appraised fair market value of the Property established by a licensed appraiser selected by [APPRAISER SELECTION METHOD] and paid for by [WHO PAYS APPRAISAL], subject to a floor of [MINIMUM PRICE] and a ceiling of [MAXIMUM PRICE]; if either Party disputes the appraisal in writing within [APPRAISAL DISPUTE WINDOW, e.g., 10 days], a second appraisal will be obtained and the Purchase Price will be the average of the two. At closing the Purchase Price will be reduced by the Option Fee paid under Section 6 and by all accumulated Rent Credits earned under Section 5, and the Tenant-Buyer will pay the resulting balance in cash, by new mortgage financing, or by any other method the Parties agree to in writing. Only the Parties may select which pricing method applies, and the method selected must be marked and initialed on the signature page.

9. 9. Exercise of the Option and Closing

The Tenant-Buyer exercises the option by delivering written notice of exercise to the Seller at the notice address in Section 1 before the expiration of the Option Period, by [NOTICE METHOD, e.g., certified mail, return receipt requested, or a nationally recognized overnight courier]. Notice is effective on the date it is sent if properly addressed and prepaid. Failure to deliver a conforming notice before expiration terminates the option automatically and without further act by the Seller. On valid exercise, the Parties will execute a purchase agreement consistent with this Agreement within [PURCHASE AGREEMENT DEADLINE, e.g., 10 days] and will close at [CLOSING LOCATION OR TITLE COMPANY] on or before [CLOSING DEADLINE, e.g., 60 days] after the date of exercise. The Seller will convey title by [DEED TYPE, e.g., general warranty deed] free of all liens except those the Tenant-Buyer agrees in writing to accept, and closing costs will be allocated as follows: [CLOSING COST ALLOCATION]. If the Tenant-Buyer exercises the option but fails to close through no fault of the Seller, the option terminates, the Option Fee and Rent Credits are forfeited, and the lease continues under its remaining terms.

10. 10. Condition of the Property, Inspections, and Title

The Tenant-Buyer accepts possession of the Property in its present AS-IS condition, subject only to the repairs listed in Exhibit C, which the Seller will complete by [SELLER REPAIR DEADLINE]. The Tenant-Buyer has the right, at its own expense, to have the Property inspected by a licensed inspector within [INSPECTION WINDOW, e.g., 15 days] of the Effective Date and again within [PRE-CLOSING INSPECTION WINDOW, e.g., 15 days] after exercising the option. The Seller will deliver to the Tenant-Buyer within [DISCLOSURE DEADLINE, e.g., 10 days] all seller disclosures required by applicable state and federal law, including any lead-based paint disclosure required for housing built before 1978, and a current title report or preliminary title commitment. The Tenant-Buyer may obtain a title search at its own expense at any time during the Option Period and may object in writing to any title defect discovered, in which case the Seller will have [TITLE CURE PERIOD, e.g., 30 days] to cure the defect or the Tenant-Buyer may terminate the option and receive a refund of the Option Fee. The Seller will keep all existing mortgage payments, property taxes, and assessments current during the term and will promptly notify the Tenant-Buyer of any notice of default, foreclosure, or lien affecting the Property.

11. 11. Maintenance, Repairs, Taxes, Insurance, and Utilities

Unlike a standard lease, this Agreement allocates ongoing property costs as follows, and the Parties must complete each item. The Tenant-Buyer is responsible for [TENANT-BUYER MAINTENANCE RESPONSIBILITIES, e.g., all routine maintenance, lawn care, pest control, and repairs costing less than $500 per occurrence]. The Seller is responsible for [SELLER MAINTENANCE RESPONSIBILITIES, e.g., the roof, foundation, and major mechanical systems, and any repair exceeding $500]. Real property taxes and any homeowner association assessments will be paid by [WHO PAYS TAXES AND HOA] until closing. The Seller will maintain hazard and liability insurance on the structure in an amount not less than [SELLER INSURANCE AMOUNT], and the Tenant-Buyer will maintain renters or tenant liability insurance of at least [TENANT INSURANCE AMOUNT] naming the Seller as an additional interested party, with proof provided on request. Utilities and services are the responsibility of [WHO PAYS UTILITIES]. The Tenant-Buyer will not make structural alterations, additions, or improvements without the prior written consent of the Seller, and any improvement made without consent becomes part of the Property without compensation if the option is not exercised.

12. 12. Default and Termination of the Option

The Tenant-Buyer is in default if any monthly payment is more than [DEFAULT TRIGGER, e.g., 10 days] past due, if the Tenant-Buyer breaches any other obligation and fails to cure within [CURE PERIOD, e.g., 15 days] after written notice, if the Tenant-Buyer abandons the Property, or if the Tenant-Buyer allows any lien to attach to the Property. On default, in addition to any remedy available under the lease and applicable landlord-tenant law, the option granted in Section 7 terminates automatically, the Option Fee is retained by the Seller, and all accumulated Rent Credits are forfeited and treated as additional rent for the use and occupancy of the Property. If the Tenant-Buyer is late [REPEAT LATE COUNT, e.g., three] or more times in any twelve-month period, the Seller may terminate the option by written notice even if the account is current at the time of notice. The Seller is in default if the Seller fails to convey marketable title on a valid exercise, permits a foreclosure or involuntary lien to threaten the Property, or otherwise materially breaches this Agreement, in which case the Tenant-Buyer may recover the Option Fee and all accumulated Rent Credits and may pursue specific performance of the option or any other remedy available at law or in equity. Any eviction or termination of possession must follow the procedures required by the law of [PROPERTY STATE].

13. 13. Recording, Assignment, and Notices

The Tenant-Buyer may record a memorandum of this Agreement, in the form attached as Exhibit D, in the real property records of [COUNTY AND STATE] to give notice of the option, and the Seller will execute that memorandum on request. On expiration or termination of the option without exercise, the Tenant-Buyer will execute and deliver a release of the memorandum within [RELEASE DEADLINE, e.g., 10 days] of written request, and failure to do so entitles the Seller to recover any resulting damages and costs. Neither Party may assign this Agreement without the prior written consent of the other, except that the Seller may transfer the Property subject to this Agreement provided the transferee assumes all obligations under it in writing. All notices must be in writing and delivered as provided in Section 9, and a change of notice address is effective only when delivered in the same manner. The Tenant-Buyer will not permit any mechanic lien, judgment lien, or other encumbrance to attach to the Property and will remove any such lien within [LIEN REMOVAL PERIOD, e.g., 20 days].

14. 14. Governing Law and General Provisions

This Agreement is governed by the laws of the State of [PROPERTY STATE], without regard to conflict of laws rules, and any dispute will be brought exclusively in the state courts located in [VENUE COUNTY AND STATE]. Before filing suit, the Parties will attempt in good faith to resolve the dispute through direct negotiation for at least [NEGOTIATION PERIOD, e.g., 21 days] and then through non-binding mediation in [MEDIATION LOCATION]. This Agreement, with its exhibits, is the entire agreement between the Parties regarding the Property and supersedes all prior discussions, listings, and understandings; any amendment must be in a writing signed by both Parties. If any provision is held unenforceable, the remainder stays in effect and the unenforceable provision will be narrowed only as far as necessary. The prevailing Party in any action to enforce this Agreement may recover reasonable attorney fees and costs. Time is of the essence as to every date and deadline in this Agreement.

15. 15. Signatures

By signing below, each Party acknowledges having read this Agreement in full, having had the opportunity to consult independent legal counsel, and agreeing to be bound by its terms as of the Effective Date. Purchase Price method selected (initial one): Fixed price ______ / Appraised at exercise ______. SELLER: [SELLER NAME]. Signature: ______________________. Printed Name: [SELLER SIGNER NAME]. Date: [DATE]. TENANT-BUYER: [TENANT/BUYER NAME]. Signature: ______________________. Printed Name: [TENANT-BUYER SIGNER NAME]. Date: [DATE]. This Agreement may be signed in counterparts, and electronic signatures have the same effect as original signatures. If required in [PROPERTY STATE], the signatures below will be acknowledged before a notary public.

16. Disclaimer

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