**CALIFORNIA RENT-TO-OWN LEASE AGREEMENT**

THIS AGREEMENT MADE and entered into on this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_ by and between, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [Name of Lessor], with a mailing address of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ City of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, in the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [Name of Lessee], with a mailing address of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ City of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, in the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Lessee, hereby leases to Lessee, his/her heirs or assignees, the premises situated in the City of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, County of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, State of California, legally described as, with the street address of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ upon the following terms and conditions:

**1.** **Option to Purchase**: In consideration of the Lessee meeting all obligations as stated herein under this lease, the Lessor hereby grants the Lessee an option to purchase under the following terms and conditions:

1. The option price is terms of purchase will be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ dollars ($\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_).
2. Lessee understands that time is of the essence in this agreement. The option will expire without notice and be of no further effect if not exercised on or before the \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_
3. Lessee shall pay the sum of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ dollars ($\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) as a non-refundable option consideration that will be applied toward the purchase price of the property if, and only if, Lessee exercises this option to purchase. In the event Lessee fails to exercise the option or defaults under any terms of the lease, the option will be void and all monies will be retained by Lessor as liquidated damages and not as a penalty. The option consideration will be refundable only if 1) a pre-closing home inspection by a certified home inspector reveals structural damage in excess of four (4)% of the option price of the property (provided, however, that lesser damage will be the responsibility of Lessor to correct prior to closing); or (2) Lessor fails or is unable to meet any of the obligations set forth in the lease option agreement.
4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ percent (\_\_\_\_%) of the rent paid, pursuant to this lease agreement, will be applied as additional option consideration to reduce the option price if and only if the Lessee exercises this option to purchase, provided, however, that no payments made after the 15th of any month for which rent is due, or for which payment tendered is returned NSF, shall be credited towards a reduction in the option price.
5. The option shall be exercised by mailing or delivering written notice to the Lessor prior to the expiration of this agreement. Notice, if mailed, shall be by certified mail, postage prepaid, to the Lessor at the address set forth below, and shall be deemed to have been given upon the day shown on the postmark of the envelope in which such notice is mailed.
6. This purchase option is not contingent upon Lessee’s ability to obtain financing from a lender.
7. Personal Property: Said lease shall include the following personal property: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**2.** **Term**:

The term hereof shall commence on this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_ and continue for a period of \_\_\_\_ - Month(s) - Year(s) and ending on the \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_.

**3.** **Rent**:

Rent shall be per month, payable in advance, upon the first day of each calendar month to Lessor or his or her authorized agent at the following address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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In the event the rental payment is not received within \_\_\_\_ days after the due date, Lessee agrees to pay a late charge of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ dollars ($\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) plus interest at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ percent (\_\_\_\_%) per annum on the delinquent amount and will not be applied as an additional consideration towards the option price of the property. Any check tendered in payment of rent that is returned NSF will be subject to a service charge of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ dollars ($\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) be applied as an additional consideration towards the option price of the property.

**4.** **Utilities**:

Lessee shall be responsible for the payment of all utilities and services except for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**5.** **Use**:

The premises shall be used as a residence and for no other purpose without prior written consent of Lessor.

**6.** **Maintenance, Repairs or Alterations**:

Lessee shall maintain the premises in a clean and sanitary manner including all equipment, appliances, furniture and furnishings therein, and shall surrender the same at termination thereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for damages caused by his/her negligence and that of his/her family, or invitees or guests. Lessee shall maintain any surrounding grounds, including lawns and shrubbery, and keep the same clear of rubbish and weeds, if such grounds are part of the premises and are exclusively for use of the Lessee. Lessee shall make no alterations to the buildings or improvements on the Premises or construct any building or make any other improvements on the Premises without the prior written consent of Lessor. Any and all alterations, changes, and/or improvements built, constructed or placed on the Premises by Lessee shall, unless otherwise provided by written agreement between Lessor and Lessee, are and will become the property of Lessor and remain on the Premises at the expiration or earlier termination of this Agreement.

**7.** **Entry and Inspection**:

Lessee shall permit Lessor or Lessor’s agents to enter the premises at reasonable times and upon reasonable notice for the purpose of inspecting the premises or for making necessary repairs.

**8.** **Possession**:

If Lessor is unable to deliver possession of the premises at the commencement hereof, Lessor shall not be liable for any damage caused thereby nor shall this agreement be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this agreement if possession is not delivered within the term hereof.

**9.** **Security/Damage Deposit**:

The security deposit of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ dollars ($\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) shall secure the performance of the Lessee’s obligations hereunder. Lessor may apply all or portions of said deposit on account of Lessee’s obligations hereunder. Upon exercise of the option, Lessor shall credit said deposit towards the purchase price of the property.

**10.** **Deposit Funds**:

In the event Lessee does not exercise the purchase option, any returnable portion of the security/damage deposit shall be refunded within \_\_\_\_ days from the date possession is delivered to Lessor or his/her authorized agent.

**11.** **Attorney Fees**:

The prevailing party shall be entitled to all costs incurred in connection with any legal action brought by either party to enforce the terms hereof or relating to the demised premises, including reasonable attorneys’ fees.

**12.** **Notices**:

Any notice which either party may or is required to give may be given by mailing the same, postage prepaid, to Lessee or at such other places as may be designated by the parties from time to time.

**13.** **Heirs, Assigns, Successors**:

This lease and option shall include and insure to and bind the heirs, executors, administrators, successors, and assigns of the respective parties hereto.

**14.** **Default**:

If Lessee shall fail to pay rent when due or perform any term hereof after not less than \_\_\_\_ days written notice of such default given in the manner required by law, the Lessor at his/her option may terminate all rights of the Lessee hereunder, unless Lessee, within said time, shall cure such default. If Lessee abandons or vacates the property while in default of payment of rent, Lessor may consider any property left on premises to be abandoned and may dispose of the same in any manner allowed by law. In the event the Lessor reasonably believes that such abandoned property has not value, it may be discarded.

**15.** **Encumbrances**:

Lessee shall take title to the property subject to: a) Real Estate Taxes not yet due and 2) Covenants, conditions, restrictions, reservations, rights, rights of way, and easements of record, if any.

**16.** **Examination of Title**:

Lessee shall have \_\_\_\_ days from the date of receipt of title report to examine the title to the property and to report, in writing, any valid objections thereto. Any exceptions to the title which would be disclosed by examination of the records shall be deemed to have been accepted unless reported in writing with said timeframe. If Lessee objects to any exceptions to the title, Lessor shall use all due diligence to remove such exceptions at his/her own expenses within sixty (60) days thereafter. But if such exceptions cannot be removed within the sixty (60) days allowed, all rights and obligations hereunder may, at the election of the Lessee, terminate and end unless he/she elects to purchase the property subject to such exceptions.

**17.** **Evidence of Title**:

Lessor shall provide evidence of title in the form of a policy of title insurance at Lessor’s expense.

**18.** **Bill of Sale**:

The personal property identified in Section 1, Title VII shall be conveyed by bill of sale.

**19.** **Closing**:

Closing shall be within \_\_\_\_ days from the exercise of the option unless otherwise extended by other terms of this agreement.

**17.** **GOVERNING LAW AND VENUE**.

This Option to Purchase Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of California. The parties further agree that the venue for any and all disputes related to this Option to Purchase shall be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ County, California.

**18.** **MEGAN’S LAW DATABASE DISCLOSURE**:

Notice: Pursuant to Section 290.46 of the Penal Code, information about specific registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender’s criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer’s inspection contingency period. Brokers do not have expertise in this area.)

**19.** **Closing Costs**:

Lessee shall be responsible for all closing costs other than those referenced herein as being the responsibility of the Lessor.

**20.** **Prorations**:

Tax and insurance escrow account, if any, to be transferred intact to Lessee with no prorations. Interest and other expenses of the property to be prorated as of the date of closing. In witness whereof, the parties hereto have executed this agreement the day and year first above written.

All parties agree to the terms and conditions of this agreement made on the \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_.

**SELLER/LANDLORD’S SIGNATURE**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Print: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SELLER/LANDLORD’S SIGNATURE**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Print: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**BUYER/TENANT’S SIGNATURE**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Print: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**BUYER/TENANT’S SIGNATURE**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Print: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**AGENT’S SIGNATURE**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Print: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**WITNESS’S SIGNATURE**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Print: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**CALIFORNIA FLOOD DISCLOSURE**

This Flood Disclosure Addendum is made part of the lease agreement dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Landlord”) and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Tenant”) for the property located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, City of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, State of California.

Per Section 8589.45 of the Government Code, the Landlord is required to provide any and all information if the rental property is at risk of flooding as deemed by the State of California.

The Landlord hereby discloses the following: (initial)

* The Landlord has **NO KNOWLEDGE** that the rental property is located in a special flood hazard area of an area at risk to potential flooding.

OR

* The Landlord **IS AWARE** and discloses to Tenant the rental property is located in a flood hazard area or an area that has a high risk to potential flooding. Under State law, the Landlord can declare they have actual knowledge of a flooding hazard on the rental property if one (1) of the following are true:
* The Landlord currently holds flood insurance on the rental property.
* The Landlord has received notice from a public, government, or equivalent agency that the rental property is located in a special flood hazard zone or an area of potential flooding; or
* The Landlord’s mortgage holder requires the Landlord to carry flood insurance.

The Tenant has the right to seek information about hazards, not limited to flooding, that may affect the rental property from the Office of Emergency Services at the web address of http://myhazards.caloes.ca.gov/.

It shall be known that the Landlord’s insurance does not cover the loss of the Tenant’s personal possessions or for any relocation expenses. Any losses would be the sole responsibility of the Tenant. Therefore, the Tenant should consider purchasing their own insurance to cover these items. The Landlord does not need to provide any additional information concerning the potential of flood hazards on the rental property.

The following parties have reviewed the information about and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.

**Tenant’s Signature** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Landlord’s Signature** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_