

# LEASE WITH OPTION TO BUY FORM

for the property located at \_\_\_\_\_

- (1) This Form does not commit either Applicants or Owners to lease this Property. If Applicants are accepted after providing Owners their Rental Application Form, this Form must accompany a separate and accepted Rental Agreement Form. The purpose of this Form is to spell out legal obligations under our Lease with Option to Buy agreement if Owners rent to Applicants with Option to Buy.
- (2) Owners can't consider any Applicant for a Lease with Option to Buy until Owners review and accept this Form, and Applicant's Rental Application Form and Rental Agreement Form. If this Form is not accepted by Owners, and Owners accept Applicant's Rental Agreement Form, then Applicant will be legally obligated to rent from Owners under the Rental Agreement but without Option to Buy.
- (3) Owners may change this Form at any time without prior notice by them or liability to them.
- (4) This Form is a legal document so Applicants may wish to consult with your Attorney.

Please print clearly in ink or type. Please hand us your original signed, dated Lease with Option to Buy Form, Fax or Certified Mail to:

\_\_\_\_\_  
THIS LEASE WITH OPTION TO BUY AGREEMENT ("AGREEMENT") is dated: \_\_\_\_\_ by and between:

Names: \_\_\_\_\_ AND \_\_\_\_\_

Street Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Phone # / Email Address: \_\_\_\_\_

Herein hereafter referred to as, "Landlord/Seller"

AND

Principal Applicant Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City/Sate/Zip: \_\_\_\_\_

Phone # / Email Address: \_\_\_\_\_

Co-Applicant Name (if there is a Co-Applicant): \_\_\_\_\_

Street Address: \_\_\_\_\_

City/Sate/Zip: \_\_\_\_\_

Phone # / Email Address: \_\_\_\_\_

Herein hereafter referred to as the "Tenant/Buyer"

## **LANDLORD/SELLER AND TENANT/BUYER DO HEREBY COVENANT, CONTRACT AND AGREE AS FOLLOWS**

### **The Property:**

This Lease with Option to Buy Agreement is subject to the Rental Agreement between Landlord/Seller and Tenant/Buyer, dated: \_\_\_\_\_.

In consideration of the Option Fee and Option to Buy Credit payments described herein to be paid by Tenant/Buyer and of all the other covenants and agreements contained herein and pursuant to the Rental Agreement, The Landlord/Seller leases to Tenant/Buyer the Property, located at \_\_\_\_\_ with Option to Buy.

INITIAL: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
Landlord/Seller #1    Landlord/Seller #2    Tenant/Buyer #1    Tenant/Buyer #2

The Landlord/Seller hereby and for the Lease Term as defined in the Rental Agreement grants to Tenant/Buyer an exclusive Option to Buy the Premises ("Property"). The Landlord/Seller and Tenant/Buyer acknowledge that they will, to the best of their ability, comply with the necessary requirements set out pursuant to the applicable legislation of the State of New Mexico.

The Property shall be used only for the purposes explicitly described and agreed upon in the Rental Agreement. The Tenant/Buyer shall comply with all Zoning Ordinances, Protective Covenants, Deed Restrictions, and provisions of the Rental Agreement.

**Lease with Option to Buy Agreement Terms; Defaults:**

This Agreement shall remain in effect for the Lease Term as established by the Rental Agreement, unless the Tenant/Buyer at an earlier date: (A) Exercises his Option to Buy and successfully closes the conveyance of the Property in a timely manner, (B) Initiates but fails to close the conveyance of the Property in a timely manner, (C) Fails to or is late to pay two or more Rents, (D) Fails to maintain the Property according to the Rental Agreement, (E) Violates the Exclusivity condition of this Agreement, or (F) This Agreement or the Rental Agreement terminates earlier due to any other Tenant/Buyer violation of either agreement. In cases (B) - (F), the Tenant/Buyer shall be held in default of this Agreement, and this Agreement shall automatically terminate without prior notice by or liability to the Landlord/Seller. "Timely manner" means: *From the time that the Tenant/Buyer notifies the Landlord/Seller in writing within the Lease Term that he intends to exercise his Option to Buy, he has 45 days to obtain all of his required financing (owner financing is not available), appraisals and inspections, and 60 days to successfully close the conveyance of the Property.* This Agreement shall never extend beyond the Lease Term.

**Accrued Interest:**

The Landlord/Seller shall pay 3% interest (APR) to the Tenant/Buyer on both the Option Fee and on the Option to Buy Credits, both of which shall also be credited to the purchase price at closing when the Tenant/Buyer successfully exercises this Option at the closing of the conveyance of the Property pursuant to this Agreement.

**Additional Monthly Charges Added to The Rent Under This Agreement:**

The Rent for the Property is established by the Rental Agreement. Neither this Rent nor any Deposit described in the Rental Agreement applies to this Lease with Option to Buy offer. IN ADDITION TO THIS MONTHLY RENT, pursuant to this Agreement, the Tenant/Buyer also agrees to pay monthly:

(1) The Tenant/Buyer shall pay the Landlord/Seller a monthly Option to Buy Credit of \$\_\_\_\_\_ per month. Should the Tenant/Buyer buy this Property under this Agreement and not be in default of this Agreement, the sum of all of his paid Option to Buy Credits shall be applied to the purchase price of the Property at the time of the closing of the conveyance. Should the Rental Agreement or this Agreement terminate for any reason before this Lease Term expires, the Tenant/Buyer forfeits to the Landlord/Seller the sum of all of his paid Option to Buy Credits plus all interest, if any, which has accrued to these Credits. Should the Tenant/Buyer successfully complete the Lease Term but chooses not to exercise his Option to Buy, the sum of all of the Tenant/Buyer's paid Option to Buy Credits shall be refunded to him, plus all accrued interest on these Credits, if any, within 30 days after the successful completion of the Lease Term.

(2) The Tenant/Buyer shall pay the Landlord/Seller a nonrefundable amount equal to one-twelfth (1/12) of the total of the current annual real estate taxes, insurance costs and neighborhood association fees (at this time there is no neighborhood association fee).

(3) The Tenant/Buyer shall pay for all repairs to the Property up to \$200 per month during the Lease Term regardless of who, what or why the damage occurred within seven days when such damage occurs, unless such damage was intentionally or negligently caused by the Landlord/Seller or by one of their agents. This provision does not replace or modify any other damage provision of the Rental Agreement or this Agreement.

**Option Consideration (Option Fee):**

The Tenant/Buyer shall remit a nonrefundable Option Consideration (Option Fee) in the sum of \$\_\_\_\_\_ as the Option Fee to Landlord/Seller upon execution of this Option to Buy Agreement. In the event Tenant/Buyer timely exercises this Option and successfully closes the conveyance of the Property and is not in default of this Agreement, this Option Fee shall be fully credited to the purchase price at closing along with the interest it has accrued, if any. If Tenant/Buyer fails to exercise this Option to Buy for any reason or fails to close the conveyance of the Property in a timely manner, Tenant/Buyer forfeits this Option Fee and any interest it has accrued.

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Landlord/Seller #1    Landlord/Seller #2                      Tenant/Buyer #1                      Tenant/Buyer #2

**Deposits:**

Upon executing of the Rental Agreement, the Tenant/Buyer shall remit all applicable deposits as described by the Rental Agreement, and these deposits shall be applied pursuant to the Rental Agreement.

**Exclusivity:**

This Option to Buy offer is both exclusive and nonassignable. Any attempted assignment, delegation, transfer or conveyance of this Option to Buy without the Landlord/Seller prior express written permission is null and void and shall automatically void and default this Agreement with no prior notice required from or liability to Landlord/Seller, and the Tenant/Buyer shall automatically forfeit his Option Fee, all of his Option to Buy Credits, and all interest accrued to both, if any.

**Utilities:**

The Tenant/Buyer pays for all of his utility costs, and all other services and products he contracts for as a Tenant to the Property pursuant to the Rental Agreement.

**Maintenance and Repairs:**

The Tenant/Buyer is responsible for all maintenance and repairs pursuant to the Rental Agreement.

**Disclosure of Information on Lead-Based Paint:**

The Home on this Property was built before 1978. Lead from paint, paint chips, and dust can pose health hazards if not taken care of properly. This Property is not known to have any lead paint in it or on it, and there is no known lead paint danger associated with this Property. The Landlord/Owner shall provide with the Rental Agreement a Federally-approved lead-based paint hazards pamphlet, which also includes lead poisoning prevention.

**Purchase Price**

The total purchase price for this Property pursuant to this Lease with Option to Buy Agreement is \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) or the appraised value at the time the Tenant/Buyer exercises this Option, whichever is greater. If Tenant/Buyer exercises this Option to Buy, is not in default of this Agreement, the Tenant/Buyer shall be credited, at closing, his Option Fee plus the sum of his Option to Buy Credits plus all accrued interest on both, if any. There shall be no real estate commissions paid as a result of this transaction.

**Notice To Exercise Option:**

To exercise and initiate his Option to Buy, Tenant/Buyer shall deliver written notice of intent to buy this Property to the Landlord/Seller. Such notice must specify a closing date to occur prior to the Lease Term date set forth in the Rental Agreement. Such Notice must be mailed by Registered Mail, and it shall be deemed to be given forty-eight (48) hours after the date of the Registered Mail receipt.

**Notice to Landlord/Seller Address:**

Name: \_\_\_\_\_ Name: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_ City/State/Zip: \_\_\_\_\_

**Notice to Tenant/Buyer Address:**

Name: \_\_\_\_\_ Name: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_ City/State/Zip: \_\_\_\_\_

**Appliances, Furniture, Equipment, Fixtures and Property:**

The property includes the Property itself plus all of the fixtures, appliances, furniture and equipment described in the Rental Agreement. The Tenant/Buyer shall return the Property and all of its fixtures, appliances, furniture and other equipment assigned to the Tenant/Buyer under the Rental Agreement to the Landlord/Seller upon expiry or termination of the Lease unless the Tenant/Buyer successfully exercises his Option to Buy and the Property is conveyed to him. A reasonable amount of wear and tear shall be allowed.

INITIAL: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
Landlord/Seller #1      Landlord/Seller #2      Tenant/Buyer #1      Tenant/Buyer #2

**Financing:**

Financing shall not be a condition of the Tenant/Buyer relevant to his performance of this Option to Buy Agreement. It is the Tenant/Buyer sole responsibility to arrange timely financing for all transactions relevant to this Agreement. Landlord/Seller has made no representations to Tenant/Buyer and has no duty to the Tenant/Buyer regarding the availability of financing of Tenant/Buyer or his ability to qualify for financing.

**Remedies Upon Default:**

In the event of any such default by the Tenant/Buyer of this Agreement or of the Rental Agreement, then in addition to any other remedies available to the Landlord/Seller at law or in equity, Landlord/Seller shall have the option to terminate this Option to Buy Agreement and all rights hereunder by giving written notice of termination with no prior written notice required or liability to Landlord/Seller. Tenant/Buyer is not entitled to any refund of Rent or Option Fee or Option to Buy Credits or accrued interest whatsoever.

In the event this Agreement conflicts with any part of the corresponding Rental Agreement, the terms and conditions of this Agreement shall be superior and prevail.

**Binding Effect of This Option to Buy Agreement:**

This Agreement shall be binding upon and for the benefit of the heirs, personal representatives, successors, and permitted assigns of the Landlord/Seller and Tenant/Buyer, subject to the requirement specifically mentioned in this Agreement.

**Amendment of Lease:**

Any amendment or modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall only be binding if evidenced in writing signed by all parties.

**Entire Agreement:**

This Agreement shall constitute the entire agreement between the Landlord/Seller and the Tenant/Buyer relevant to this Option to Buy offer. Any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding on either party except to the extent incorporated in this Agreement.

**Governing Law and Limitations to Recourse:**

The "Governing Law" provisions of the Rental Agreement shall also fully apply under this Option to Buy Agreement.

Furthermore, Tenant/Buyer agrees to limit any and all lawsuits and legal actions against Landlord/Seller to damages not to exceed the total amount Tenant/Buyer had paid to Landlord/Seller in Option Fee and Option to Buy Credits, and Tenant/Buyer furthermore agrees to forever waive, forego and abandon all claims, causes of actions and requests for damages which exceed this total amount.

**Independent Professional Advice:**

Tenant/Buyer hereby acknowledges and confirms that he was notified by the Landlord/Seller to obtain independent legal, financial and/or other professional advice and that by executing this Agreement, Tenant/Buyer hereby confirms that he has had the opportunity to seek independent legal, financial and/or professional advice prior to executing this Agreement.

**Miscellaneous:** The following miscellaneous provisions and conditions fully apply:

(a) **PRECEDENTS.** No indulgence, concession, permission, waiver, election or non-election by Landlord/Seller under this Agreement shall affect Tenant/Buyer's duties and liabilities hereunder, or be considered as a precedent for any other indulgence, concession, permission, waiver, election or non-election.

(b) **TIMELINESS.** Time is of the essence of this Agreement

(c) **DESCRIPTIVENESS OF HEADINGS.** The headings used herein are for convenience of reference only and they are not intended to have any effect whatsoever in determining the rights or obligations of the Landlord/Seller or Tenant/Buyer.

INITIAL: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
Landlord/Seller #1    Landlord/Seller #2                      Tenant/Buyer #1                      Tenant/Buyer #2

(d) **CONSTRUCTION.** The nouns and pronouns used herein shall include, where appropriate, either gender or both, and singular and plural. The verbs used herein shall include, where appropriate, singular and plural. Whenever used, the singular number shall include the plural or singular and the use of any gender shall include all appropriate genders.

(e) **ATTORNEYS' FEES AND COSTS.** Should it become necessary for Landlord/Seller to employ an attorney to enforce any of the conditions or covenants hereof, including the collection of rentals or gaining possession of the Property, Tenant/Buyer agrees to pay all expenses so incurred within 30 days of their incurrence, including all reasonable attorneys' fees and costs. Tenant/Buyer shall indemnify and hold harmless Landlord/Seller for all reasonable expenses incurred (including attorneys' fees and costs), within 30 days of their incurrence.

(f) **FORWARDING ADDRESSES AND CONTACTING.** Within 10 days of termination of this Agreement, if the Tenant/Buyer has moved, he must notify Landlord/Seller in writing of the correct address(es) of their next home(s). Failure to do so grants Landlord/Seller the right to notify Tenant/Buyer by publication of any and all notices relevant to this Agreement without liability to Landlord/Seller. Landlord/Seller have no notification liability regarding property or for any emergency situation if Landlord/Seller are unable to immediately contact Tenant/Buyer by telephone.

**Form, Extent, Application, Interpretation, and Dispute of Facts:** The covenants, obligations and conditions contained in this Agreement and in all other contracts, if any, between the Landlord/Seller and Tenant/Buyer shall be binding on and inure to the benefit of the heirs, legal representatives, and assigns of the parties hereto. This document contains the entire Agreement between the parties and this Agreement shall not be modified, changed, altered, canceled or amended in any way except through a written amendment signed by all of the parties hereto, and that this Agreement supersedes all prior or contradictory oral statements. If any provision of this Agreement or the application thereof shall, for any reason or to any extent, be invalid or unenforceable under the Uniform Owner-Resident Relations Act or any other law or regulation, neither the remainder of this Agreement nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforced to the maximum extent permitted by law. Should there be any disagreement between Landlord/Seller and Tenant/Buyer of the interpretation of this Agreement or of any other contract between Landlord/Seller and Tenant/Buyer, Landlord/Seller's interpretation shall prevail as long as it is a reasonable interpretation. For all factual disputes, if any, regarding any covenant, obligation or condition of this Agreement or of any other contract between Landlord/Seller and Tenant/Buyer, the Tenant/Buyer shall have the burden of proof to prove that his/her version of the facts is the correct version based on the preponderance of evidence standard, except in those cases where the Landlord/Seller's version of the facts is based on facts that would be reasonably available only to the Landlord/Seller, and that all relevant and material facts alleged by Landlord/Seller or Tenant/Buyer shall be made freely and immediately available to the other party to the dispute.

As to Landlord/Seller,

Landlord/Seller:

Sign Name: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Landlord/Seller:

Sign Name: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

As to Tenant/Buyer,

Tenant/Buyer:

Sign Name: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Tenant/Buyer:

Sign Name: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

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INITIAL: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
Landlord/Seller #1 Landlord/Seller #2 Tenant/Buyer #1 Tenant/Buyer #2