



LEASE-OPTION

Contract for Deed

Prepared by: Agent _____
Broker _____

Phone _____
Email _____

NOTE: This form is used by an agent when a seller holds out property for sale under a lease-option sale arrangement, to structure the change in ownership as a lease-option sale with the seller conveying title on the buyer's full performance of the lease and exercise of the option.

DATE: _____, 20_____, at _____, California.
Items left blank or unchecked are not applicable.

FACTS:

1. This lease agreement and option to purchase is entered into by Lessor/Optionor and Lessee/Optionee, regarding property situated in the City of _____, County of _____ California, referred to as _____
_____.
Personal property, see attached Personal Property Inventory [See **RPI** Form 256], _____.

2. This agreement is comprised of this three page form and the following checked attachments:

- Credit Application [See **RPI** Form 302]
- Residential Earthquake Hazards Report [See **RPI** Form 315]
- Occupant's Operating Expense Sheet [See **RPI** Form 562]
- Addendum — General Use [See **RPI** Form 250]
- Notice of Your Supplemental Property Tax Bill [See **RPI** Form 317]
- Natural Hazard Disclosure Statement [See **RPI** Form 314]
- Financial Disclosure Statement [See **RPI** Form 309]
- Brokerage Fee Addendum [See **RPI** Form 273]
- Lead-Based Paint Disclosure [See **RPI** Form 313]
- Condition of Property Disclosure [See **RPI** Form 304]

3. Term of Lease:

This lease commences _____, 20_____ and continues until _____, 20_____.

3.1 The lease terminates on the last day of the term without further notice.

3.2 If Lessee holds over, Lessee to be liable for rent at the daily rate of \$_____.

4. Rent: Lessee to pay, in advance, a base monthly rent of \$_____ due on the _____ day of each calendar month.

4.1 Rent to be paid by: personal check made payable to _____, or _____.

4.2 Rent to be tendered by: mail, or personal delivery.

4.3 Lessee to pay a late charge of six percent of all rent amounts due in the event rent is not received within ten days of the due date.

4.4 Lessee to pay \$_____ for each rent check returned for insufficient funds and thereafter pay rent by cash or cashier's check.

5. Additional Rent: In addition to the base monthly rent, Lessee to pay additional monthly rent equal to the increased costs incurred by Lessor after entering into this lease-option, due to:

- a. variable/adjustable interest rate on existing loans secured by the property;
- b. variable/adjustable monthly principal or acceleration of existing loans secured by the property;
- c. property taxes on the property;
- d. fire and extended coverage insurance premiums on the property;
- e. any Homeowners' Association (HOA) assessments;
- f. any special or improvement assessments on the property; and
- g. any other expenditures required of Lessor to protect his interest.

5.1 The additional monthly rent will be the actual monthly cost increase and 1/12th of any annual cost increase

5.2 The additional monthly rent is due on, or beginning with, the monthly rent payment next due following notice to Lessee by Lessor.

6. Utilities: Lessee will pay all costs of public utilities to the property, including any required deposits, installation, or service fees.

- 7. Maintenance of Premises:** Lessee agrees to maintain and perform all necessary repairs to the property during the lease term at his sole expense.
- 8. Insurance:** Lessee will maintain at their sole expense, naming Lessor as an additional insured:
 - 8.1 A standard fire insurance policy with extended coverage, vandalism and malicious mischief endorsements, fully covering the replacement cost of all structures on the property during the entire term of the lease; and
 - 8.2 Public liability and property damage insurance with a single combined liability limit of at least \$300,000 and property damage limits of at least \$100,000, insuring against all liability of Lessee arising out of Lessee's use or occupancy of the premises.
- 9. Use of the Property:** The property is to be used only as a private residence occupied by Lessee and for no other purpose. Lessee will comply with all laws regarding the use of the property, and will not allow any waste or nuisance to occur on the property.
- 10. Assignment and Subletting:** Lessee will not assign this lease, nor sublet or encumber any interest in the property without the prior written consent of Lessor. Any transfer of an interest in the property by Lessee without the prior written consent of Lessor will, at the option of Lessor, terminate this lease and call for payment of all sums due.
- 11. Waiver of Damage:** Lessee releases Lessor from liability for loss or damage to Lessee or any property of Lessee caused by water leakage, breaking pipes, theft, vandalism, or any other cause beyond the reasonable control of Lessor
- 12. Hold Harmless:** Lessee will indemnify Lessor from liability, damages, and/or expenses arising from the death or injury of any person, including Lessee, or from the damage or destruction of any property, including property owned by Lessee, caused or allegedly caused by some condition of the property, or some act or omission of Lessee or any other person.

OPTION TO PURCHASE:

- 13. Option Money:** Optionor acknowledges receipt of option money in the amount of \$_____, given in consideration for this option to purchase the property leased.
- 14. Option Period:** Optionor hereby grants to Optionee the irrevocable option to purchase the Optionor's right, title and interest in the property under the sales terms for a period commencing with the acceptance of this option and expiring on termination of the lease.
- 15. Exercise of Option:** Optionee may exercise this option during the option period by:
 - 15.1 Preparing and signing escrow instructions with _____;
 - 15.2 Depositing cash in Escrow of \$_____; and
 - 15.3 Delivering a certified copy of the signed escrow instructions to Optionor within the option period in person or by certified mail.
- 16. Delivery of Title:** Within _____ days after exercise, Optionor and Optionee will place in Escrow all documents and instruments necessary to close.
- 17. Sale Terms:** The purchase price is \$_____, payable:
 - 17.1 In cash.
 - 17.2 Down payment in the amount of \$_____.
 - 17.3 The cash price or down payment to be credited for \$_____ of option money paid, and for _____%, or \$_____, of each payment of base monthly rent.
 - 17.4 Take title subject to, or Assume, the existing trust deed note with an approximate unpaid balance of \$_____, currently payable \$_____ monthly, including principal and interest at _____%, adjustable, monthly impounds being an additional \$_____.
 - 17.5 Take title subject to, or Assume, a trust deed note with a principal balance of \$_____, currently payable \$_____ monthly, including principal and interest at _____%, due _____.
 - 17.6 Loan balance differences to be adjusted in: cash, §17.8 Note, or price.
 - 17.7 Assume bonds or assessment liens of record in the approximate amount of \$_____.
 - 17.8 A Note for the balance of the purchase price in the amount of \$_____, to be executed by Buyer in favor of Seller and secured by a trust deed on the property, payable \$_____ monthly, or more, commencing one month after closing, including interest at _____%, due _____ years after closing.
 - a. The Note and Trust Deed will not contain provisions for due-on clauses, prepayment penalties, or late charges.
 - b. Optionee to provide a Request for Notice of Default and Notice of Delinquency to senior encumbrancers. [See RPI Form 412]
 - c. The Note is an All-Inclusive Trust Deed Note.

d. As additional security, Optionee to execute a security agreement and file a UCC-1 financing statement on any personal property included in the price.

18. General Provisions:

- 18.1 Lessee/Optionee and Lessor/Optionor acknowledge receipt of the Agency Law Disclosure. [See RPI Form 305]
- 18.2 Optionee's transfer of any interest in this option terminates the option.
- 18.3 Before any party to this agreement files an action on a dispute arising out of this agreement which remains unresolved after 30 days of informal negotiations, the parties agree to enter into non-binding mediation administered by a neutral dispute resolution organization and undertake a good faith effort during mediation to settle the dispute.
- 18.4 The prevailing party in any action on a dispute will be entitled to attorney fees and costs, unless they file an action without first offering to enter into mediation to resolve the dispute.

19. Power of Sale: If this document is characterized as a security device, on default of rental payments or failure to exercise the option, the Lessor/Optionor may call all sums due and elect to proceed with a power of sale by a trustee substituted under Civil Code §2934(a), noticed and held in accordance with Civil Code §§2924 et seq.

20. Lessor/Optionor Default: If the Lessor/Optionor defaults on any obligation impairing the Lessee/Optionee's interest under this agreement, Lessee/Optionee may cure the default and demand reimbursement from the Lessor/Optionor of the amount advanced, and if not paid, deduct the amount paid from periodic payments and the purchase price due the Lessor/Optionor.

21. Expiration of Option: This option to purchase will be deemed expired if not exercised during the option period, and if not previously terminated, will automatically expire/terminate on _____, 20_____.

22. Brokerage Fee: Optionor to pay brokerage fees as follows:

- 22.1 _____% of the option money on receipt; plus
- 22.2 _____% of each month's base rent on receipt; and
- 22.3 \$_____ on exercise of the option.
- 22.4 Optionee's Broker and Optionor's Broker, respectively, to share the brokerage fee _____:_____.

23. _____

Lessee/ Optionee's Broker: _____ By: _____ Is the agent of: <input type="checkbox"/> Lessee/Optionee exclusively; or <input type="checkbox"/> Both Parties.	Lessor/ Optionor's Broker: _____ By: _____ Is the agent of: <input type="checkbox"/> Lessor/Optionor exclusively; or <input type="checkbox"/> Both Parties.
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I agree to the terms stated above.
 See attached Signature Page Addendum. [RPI Form 251]
 Date: _____, 20_____
 Lessee/Optionee: _____

 Signature: _____
 Lessee/Optionee: _____

 Signature: _____
 Address: _____

 Phone: _____ Cell: _____
 Email: _____

I agree to the terms stated above.
 See attached Signature Page Addendum. [RPI Form 251]
 Date: _____, 20_____
 Lessor/Optionor: _____

 Signature: _____
 Lessor/Optionor: _____

 Signature: _____
 Address: _____

 Phone: _____ Cell: _____
 Email: _____