

Template from signwren.com. General information, not legal advice. Check your state's rules and adapt it before you use it.

Some states (Texas, for example) regulate lease-option deals as executory contracts, with required disclosures, recording, annual statements and cancellation rights. Check your state's law and have a local lawyer review this first.

RENT-TO-OWN AGREEMENT (LEASE WITH OPTION TO PURCHASE)

This Rent-to-Own Agreement ("Agreement") is made on [date] ("Effective Date") between:

Landlord/Seller: [full legal name(s) of the owner(s), as shown on the deed], of [mailing address] ("Seller"), and

Tenant/Buyer: [full legal name(s)] ("Buyer").

The home at [street address, city, state, ZIP], parcel / tax ID number [number], with the legal description in **Exhibit A** (the "Property").

Part A is a lease. Part B is an option to buy. Buyer is not required to buy.

PART A: THE LEASE

1. Term

The lease begins on [start date] and ends on [end date] (the "Lease Term"). If Buyer uses the option under Part B, the lease continues until closing.

2. Rent

Monthly rent is [\$ amount], due on the [day] day of each month, paid by [payment method] to [payee]. If rent is more than [number] days late, Buyer pays a late fee of [\$ amount], if permitted by law.

3. Security Deposit

Buyer pays a security deposit of [\$ amount] on signing. It is separate from the Option Fee. It will be returned, minus lawful deductions and with an itemized list, within the time required by state law after Buyer moves out. If Buyer buys the Property, the deposit is ☐ returned at closing ☐ credited to the price at closing.

4. Use and Occupants

Buyer will use the Property as a private residence for these occupants: [names], and will not sublet or assign without Seller's written consent.

5. Maintenance and Repairs

Seller keeps the Property safe and habitable as required by law and is responsible for the roof, structure, foundation, and the heating, plumbing and electrical systems, unless the damage is caused by Buyer or Buyer's guests.

Where the law allows, Buyer handles at Buyer's cost: [e.g. lawn care, air filters, minor repairs under \$ amount]. Buyer promptly tells Seller in writing about repairs Seller must make.

Buyer makes no alterations without Seller's written consent, and is not repaid for approved improvements if Buyer does not buy, unless agreed in writing.

6. Seller's Ownership Costs

During this Agreement, Seller will:

- keep any mortgage or other loan secured by the Property current;
- pay property taxes and homeowner's insurance on time;
- not take out a new loan on, sell or grant anyone else an interest in the Property, except subject to this Agreement; and
- give Buyer a copy of any notice of default, foreclosure, tax lien or insurance cancellation within [number] days after receiving it.

Current loans on the Property: [lender and approximate balance, or "none"].

Buyer will carry renter's insurance.

PART B: THE OPTION TO PURCHASE

7. Grant of Option

In exchange for the Option Fee, Seller gives Buyer the exclusive right to buy the Property on the terms below (the "Option"). The Option starts on the Effective Date and expires at 5:00 p.m. local time on [option expiration date] (the "Option Period").

8. Option Fee

Buyer pays Seller an option fee of [\$ amount] on signing (the "Option Fee").

The Option Fee is not a security deposit or rent. It is non-refundable, except that Seller refunds it in full if Seller defaults or cannot deliver title as required by Section 13.

If Buyer buys the Property, the Option Fee is ☐ credited toward the Purchase Price ☐ not credited toward the Purchase Price.

9. Purchase Price

The purchase price is (tick one):

- ☐ Fixed at [\$ amount].
- ☐ The appraised value on the date Buyer gives notice to use the Option, determined by a licensed appraiser chosen by [who], with the cost paid by [who], but not less than [\$ amount] or more than [\$ amount].

10. Rent Credits

For each monthly rent payment received in full by the due date (or within the grace period in Section 11), [\$ amount] is credited toward the Purchase Price if Buyer buys the Property ("Rent Credit").

Rent Credits are not cash, are not refundable, and have no value if Buyer does not buy the Property. A payment that is late beyond the grace period earns no Rent Credit for that month but does not cancel credits already earned.

Seller will give Buyer a written statement of rent paid and Rent Credits earned at least once a year and on request.

11. Conditions for Using the Option

To use the Option, Buyer must not be in default under Part A when Buyer gives notice. A rent payment that is no more than [number] days late and is paid in full, with any late fee, within [number] days after Seller's written notice is not a default for this purpose.

12. How to Use the Option

Buyer uses the Option by giving Seller written notice before the Option Period ends. The parties will then close the purchase within [number] days after the notice, at [title company or attorney], on the terms of this Agreement and the purchase terms in **Exhibit B**, if any.

Buyer is responsible for any financing; the Option is not conditioned on it unless Exhibit B says so.

13. Title and Closing

At closing, Seller will convey the Property by [general warranty / special warranty] deed, free of all mortgages and liens, except [list any accepted exceptions]. Buyer may order a title search and survey at any time during the Option Period. The owner's title insurance policy is paid by ☐ Seller ☐ Buyer.

Credits to Buyer at closing: the Option Fee (if Section 8 says so), the total Rent Credits, and the security deposit (if Section 3 says so).

Closing costs are paid ☐ as is customary in the county ☐ as follows: [describe]. Property taxes are prorated to the closing date.

14. If Buyer Does Not Use the Option

If Buyer does not give notice before the Option Period ends, the Option ends. Seller keeps the Option Fee, Buyer has no claim to the Rent Credits, and the lease continues to the end of the Lease Term unless both agree in writing to end it sooner.

15. Inspection and Condition

Buyer may inspect the Property before signing and again before closing. Seller has disclosed the following known problems with the Property: [describe, or "none known"]. Any state-required seller's disclosure form is attached as **Exhibit C**.

16. Lead-Based Paint Disclosure

- ☐ The Property was built in 1978 or later.
- ☐ The Property was built before 1978, and a signed lead-based paint disclosure and the EPA pamphlet "Protect Your Family From Lead in Your Home" are attached.

17. Recording

Seller will record a short memorandum of this Option with the county within [number] days after signing, at [Seller's / Buyer's] expense, and within any shorter time state law requires.

18. State Law

If state law treats this Agreement as an executory contract, lease-purchase or similar arrangement, the parties will follow that law, including any required disclosures, statements, recording and cancellation rights. If a term of this Agreement conflicts with that law, the law controls.

19. Notices

Notices must be in writing, delivered by hand, certified mail or email with confirmation, unless the law requires a specific method.

- Seller: [address, email]
- Buyer: [address, email]

20. General Terms

Entire agreement. This Agreement and its exhibits are the entire agreement between the parties about the Property.

Amendments. Changes must be in writing and signed by both parties.

Governing law. This Agreement is governed by the laws of the state where the Property is located.

Severability. If any part of this Agreement is found invalid, the rest stays in effect.

Counterparts and electronic signatures. The parties agree this agreement may be signed electronically and in counterparts, and an electronic signature has the same effect as a handwritten one. Any document to be recorded, and the deed at closing, will be signed and notarized as the county requires.

Exhibits: A, legal description. B, additional purchase terms (optional). C, seller's disclosure (if any).

Signatures

Landlord/Seller

Signature: _____

Name: [full name]

Date: [date]

Tenant/Buyer

Signature: _____

Name: [full name]

Date: [date]