

Sample Rent To Own Contract / Purchase Option Contract:

This is meant as information only, and in no way guarantees that a bank will finance the property in the end. We recommend that the contract be prepared by a lawyer, and that the purchaser, and seller seek legal counsel prior to entering a "Rent to own" agreement.

*****YOU MUST OBTAIN INDEPENDENT LEGAL ADVICE BEFORE YOU SIGN ANY CONTRACT*****

Optionor(s) _____

Optionee(s) _____

In Consideration of the Optionee(s) meeting all obligations as stated herein, the Optionor(s) hereby grants Optionee(s) an Option to Purchase under the following terms:

- 1) Optionee(s) shall have the Option To Purchase the property located at:

This option will expire without notice and shall be of no further effect if not exercised on or before _____ 20____ (i.e. normally 3 years from agreement)

- 2) **Notice of Intent to Exercise Option**

Notice must be delivered to the Optionor(s) in writing of Optionee's intention to exercise this Option to purchase at least 90 days prior to the exercise date stated above. This option to purchase is not contingent upon Optionee's ability to obtain financing from a Lender or any other contingency. Optionee(s) understands that Time is of the Essence for this agreement, and that the Optionee's failure to exercise their option in the manner prescribed herein, or the failure to purchase the property by the specified closing date for any reasons will result in the immediate cancellation of this Agreement and this Agreement will be deemed null and void by the specified closing date.

- 3) Optionor(s) and Optionee(s) agree that this contract is not an installment contract, contract for deed, or equitable mortgage, but merely Optionee's Option to Purchase the above referenced property under the terms stated in this agreement.

- 4) **Option Price.**

The Option Price is \$ _____ . The terms of the purchase are as follows:

5) The following items will be pro-rated at closing

i.e. taxes etc

6) Option Consideration Payment

Optionee(s) has/have paid the sum of \$_____ (i.e. normally 2% of the agreed option Option price.....ex if Option Price is \$300,000 the Option consideration payment would be \$6,000). as a non-refundable option consideration payment which shall be applied toward the down payment of the property, if and only if the Optionee(s) exercises the Option to Purchase. In the event that the Optionee(s) fails to exercise the Option to Purchase, or defaults under any terms of a lease entered into with the Option , this Option to Purchase shall be null and void and all these monies will be retained by the Optionor as liquidated damages and not as a penalty.

7) Default:

Optionee(s) agrees and understands that a fundamental condition of this Option Contract is that all terms and conditions of both the Optionee’s lease and or this Purchase Option Contract must not be in default or expired, or this Option Contract will be null and void. To further clarify, all covenants of said lease agreement must have been faithfully performed in order for this Option to Purchase to be valid and enforceable. This includes, but is not limited to the repairs, maintenance, and upkeep of said property, payment or other obligations required under such lease. Default of any of the terms and conditions of said lease will result in this Option to Purchase being automatically null and void and the non refundable option consideration payment will be retained by Optionor as liquidated damages and not as a penalty. “Sustainable default” includes but is not limited to failure to make any lease payment by midnight on the 1st day of the month.

8) Recording: (choose one of the following options):

_____ A filing of caveat against the subject legal title by the Optionee(s) referring to potential rights under the Option of Purchase will result in the automatic revocation and cancellation of this Option to Purchase and the non refundable option consideration payment will be retained by the Optionor(s) as liquated damages and not as penalty .

_____A filing of caveat against the subject legal title by the Optionee(s) referring to potential rights under the option of purchase is allowed. Said document must be provided to Optionor(s) , and/or his legal counsel, for approval prior to registration

9) Option Credit / Payment of Lease amount greater than current Market Rent

In the event that the Optionee(s) wishes to pay an amount greater than agreed upon , normal lease amount, the amount greater than initial lease amount will be kept in a Trust account by the Optionor(s), and said accumulated amount will be applied toward the down payment of the property, if an only if, the Optionee(s) exercises the Option to Purchase.

The Optionor(s) agrees to provide an annual statement of Option credits to the Optionee (s) for his/her/their records. Said statement will include copy of the bank "Trust Account" statement. These statements form proof of down payment should the Optionee (s) wish to obtain financing, and therefore play a vital role in qualifying.

In the event that the Optionee(s) fails to exercise the Option to Purchase, or defaults under any terms of a lease entered into with the Optionor(s) , this Option to Purchase shall be null and void and these monies will be returned to the Optionee(s).

Under this agreement the Optionee(s) will be exercising the Option of a \$ _____ monthly payment over and above the normal and agreed upon monthly lease payment.

10) Determination of "Fair Market Rent"

Fair Market Rent / Lease has been determined by the following:

_____ A Realtor's letter of Opinion as to Fair Market Rent / Lease for the subject property, complete with comparable for other similar properties in same local.

_____ Copies of current rent/lease advertisements for similar properties in the same local.

_____ An appraisor's letter of Opinion (Schedule A) as to current Fair Market Rents.

11) This option to purchase or any interest therein, is not transferable or assignable an the Option to Purchase can only be exercised by the individual (s) signing this Option to Purchase Agreement

12) Ordinances and Statutes

_____ Optionee(s) shall comply with all municipal, provincial, and federal laws, statutes and ordinances now in effect, or which shall be enacted in the future, and any violation of such shall be a complete and material breach of the Purchase Option Agreement.

_____ Furthermore, Optionee(s) shall abide by any and all condominium rules, regulations, and bylaws as well as any restrictive covenants and caveats on title. Optionee has no authority to, and shall not cause any lien to be placed against the subject legal title. In addition the Optionee will be liable to Optionor for all incidental and consequential damages for slander of title, or the wrongful filing of a caveat, including but not limited to solicitor and his own client costs on a full indemnity basis.

13) Acknowledgements

The undersigned Optionee(s) acknowledges that he/she has read this Options Contract; understands it, agrees to it, and has been given a copy. He/she further acknowledge that they have been advised to seek legal counsel, tax counsel, or technical expertise, or any other counsel of their choosing concerning this contract prior to signing. This agreement will constitute the full and complete understanding of the parties and supersedes all prior written or oral agreements. There shall be no further additions or changes to this agreement unless the same is reduced to writing and signed by both parties.