

CALIFORNIA LEASE TO OWN AGREEMENT

This **Lease Agreement with Option to Purchase Real Estate** (hereinafter referred to as the Lease/Option) made this ____ Day of _____, ____ by and between _____ the "Landlord" and _____, _____, _____, _____ the "Tenant(s)". The Landlord and Tenant are collectively referred to in this Agreement as the "Parties."

In consideration of the mutual promises and covenants hereinafter stipulated, the parties hereby agree as follows:

- 1. DESCRIPTION:** The Landlord/Seller agrees to lease, and, the Tenant/Buyer agrees to rent the real property and improvements, hereinafter called property; located at

_____, _____

as more fully described as follows:

- 2. TERM:** The term of this Lease shall be for a period of _____ months commencing on _____, _____, 20____ and ending on _____, _____, 20____. The term will be automatically extended for _____ periods of _____ months, unless the Tenant/Buyer gives notice to the Landlord/Seller of its intent to terminate this Lease/Option, by mailing a written notice to the last provided address of the Landlord/Seller. Liability for payment will not extend beyond notice to terminate this agreement. Possession shall be given to Tenant/Buyer on _____.

- 3. RENT:** Tenant/Buyer agrees to pay to the Landlord/Seller, the sum of \$_____ per month, with the first payment beginning _____ as rent for the property, for the term of this Lease/Option, and during any extensions thereof. All rental payments shall be due and payable in advance on the 10th day of each and every month. An amount equal to \$_____ for each month in which rent was paid, shall be credited to the Tenant/Buyer and applied to the purchase price of the property in the event that the



Tenant/Buyer exercises its option hereunder; otherwise, this credit shall be non-refundable and considered forfeited if the option is not exercised.

4. **OPTION TO PURCHASE:** The Tenant/Buyer, as part of the consideration herein, is hereby granted the exclusive right, option and privilege of purchasing property at any time during the term of this Lease/Option agreement or any extension thereof. The Tenant/Buyer shall notify the Landlord/Seller in writing of the exercise of this option at least _____ days prior to the expiration of the initial term of this Lease/Option or the expiration of any extension thereof, by mail to the last-provided address of Landlord/Seller.

5. **COVENANTS OF TENANT/BUYER:** Commencing with and during the term of this agreement, including extensions, the Tenant/Buyer hereby covenants and agrees as follows:
 - a. That the Tenant/Buyer will pay all utility charges and bills, including, but not limited to, water, sewer, gas, oil, and electric, which may be assessed or charged against the property;
 - b. That the Tenant/Buyer will not use the property for any unlawful purpose; and that the Tenant/Buyer will conform to and obey all laws, ordinances, *rules*, *regulations*, requirements and orders of all Federal, State, and Local governmental authorities, agencies, departments, bureaus, boards or officials, respecting the use of the property; and
 - c. That the Tenant/Buyer will surrender and deliver up the property, at the end of the term or any extensions thereof, should the option herein not be exercised, in as good order and condition as the same now exists, reasonable use and natural wear and tear excepted.

6. **COVENANTS OF LANDLORD/SELLER:** The Landlord/Seller hereby covenants and agrees as follows:
 - a. That the Landlord/Seller shall pay for and maintain fire and extended coverage insurance on said property in the minimum amount of \$_____. The Tenant/Buyer shall be named as an additional insured or loss-payee on the insurance policy and copy of which shall be provided to Tenant/Buyer.



b. That the Tenant/Buyer shall peaceably and quietly hold, occupy, use and enjoy the property, without any let, hindrance or molestation by Landlord/Seller or any person associated therewith.

7. BREACH BY TENANT/BUYER: If the Tenant/Buyer shall fail to keep and perform any of the covenants, agreements, or provisions of this Lease/Option, or If the Tenant/Buyer shall abandon the property; it shall be lawful for the Landlord/Seller to enter into said property and again have, repossess, and enjoy the same as if this Lease/Option had not been made, and thereupon this Lease/Option and everything herein contained on the part of the Landlord/Seller to be done and performed shall cease, determine and be utterly void. The commencement of a proceeding or suit in forcible entry and detainer or in ejectment, or otherwise after any default by the Tenant/Buyer, shall be equivalent in every respect to actual entry by the Landlord/Seller.

8. COSTS OF IMPROVEMENTS: In the event the Tenant/Buyer exercises the option to purchase set forth in paragraph (4), above, and through no fault of the Tenant/Buyer, the Landlord/Seller fails to convey said property to Tenant/Buyer In accordance with the terms of this Lease/Option, the Tenant/Buyer, *in* addition to any other rights which Tenant/Buyer may have in law or equity for the enforcement of Tenant/Buyer's option to purchase, shall be entitled to reimbursement for the cost of all repairs, maintenance and improvements.

9. FURTHER ENCUMBRANCES: The Landlord/Seller hereby warrants that the total of the leases, options, mortgages, liens, and any other encumbrances against the property, whether of public record or not, are as follows:

A first mortgage in favor of _____ in the approximate amount of \$_____.

Current taxes for _____ in the amount of \$_____ due on _____.

a. The Landlord/Seller agrees not to lease to another third party, nor to assign, sell, option, transfer, pledge or otherwise to convey any or all rights or interests had by Landlord/Seller in the property or in this Lease/Option agreement, nor to further encumber the property nor allow the same to occur. All third parties are hereby put on notice that any leases, assignments by the Landlord/Seller, liens, options, mortgages or any other conveyances or transfers occurring subsequent to the date of this Lease/Option are hereby declared by the Landlord/Seller to be null



and void and of no force and effect. The Landlord/Seller further agrees to keep all mortgages, liens, taxes or other encumbrances on the property, current and in good standing. Tenant/Buyer shall have the right to make payments on same in the event that Landlord/Seller becomes non-current or other-wise defaults thereon and said payments will be deducted from any equity due seller or recovered from future rent due seller.

- b. Current taxes for ____ in the amount of \$_____ due on _____.
- The Landlord/Seller agrees not to lease to another third party, nor to assign, sell, option, transfer, pledge or otherwise to convey any or all rights or interests had by Landlord/Seller in the property or in this Lease/Option agreement, nor to further encumber the property nor allow the same to occur. All third parties are hereby put on notice that any leases, assignments by the Landlord/Seller, liens, options, mortgages or any other conveyances or transfers occurring subsequent to the date of this Lease/Option are hereby declared by the Landlord/Seller to be null and void and of no force and effect. The Landlord/Seller further agrees to keep all mortgages, liens, taxes or other encumbrances on the property, current and in good standing. Tenant/Buyer shall have the right to make payments on same in the event that Landlord/Seller becomes non-current or other-wise defaults thereon and said payments will be deducted from any equity due seller or recovered from future rent due seller.

10. RIGHT OF ASSIGNMENT: The Tenant/Buyer shall have the unqualified right to sublet the property, and/or to assign, sell, transfer, pledge or otherwise convey any or all rights or interests which the Tenant/Buyer may have in the property or in this Lease/Option Agreement. Any such assignment will release original Tenant/Buyer from liability and substitute assignee in his/her or its place.

11. MAINTENANCE AND REPAIRS: The Tenant/Buyer accepts the property "as is" on the date of execution of this Lease/Option. The Tenant/Buyer shall henceforth be responsible for all maintenance and repair upon said property, both interior and exterior. The Tenant/Buyer shall have the right to make such repairs, maintenance, and improvements as Tenant/Buyer shall deem necessary proper or desirable. The Tenant/Buyer shall be solely liable for payment for said improvements and shall hold the Landlord/Seller



nameless there from, except that any electric, plumbing, heating or cooling system that is out of order or any repairs exceeding \$_____ at the commencement of this lease or within _____ days thereafter will be repaired by the landlord/Seller at his/her expense. If the landlord/Seller cannot or will not make the repairs necessary the Tenant/Buyer will have the option of either voiding this agreement by written notice to the landlord/Seller or making such repairs and, a) receiving a reimbursement from the next monthly payment or payments due the Landlord/Seller or, b) receiving a credit against the purchase price plus interest at 10% per annum from date of payment.

12. BINDING AGREEMENTS: The parties hereto agree that this Lease/Option comprises the entire agreement of the parties and that no other representation or agreements have been made or relied upon, and that this Lease/Option agreement shall inure to the benefit of arid shall be binding upon the parties, their heirs, executors, administrators, personal representatives, successors or assigns.

13. SPECIAL PROVISIONS:

- a. The landlord/Seller will complete the following by _____ or this Lease/Option will become null and void and all monies disbursed by Tenant/Buyer will be immediately refunded by Landlord/Seller or, at Tenant/Buyers option, these items will be completed by Tenant/Buyer and the cost of same will be recovered as provided for in paragraph (11) in which case this lease will continue in force.
- b. Other provisions



OPTION TO PURCHASE TERMS

14.PRICE AND TERMS: The Tenant/Buyer agrees to pay for said property the sum of \$ _____ less any sums for which the Tenant/Buyer is entitled to claim reimbursement or offset in accordance with this agreement; the net sum to be paid in cash, certified check, or cashier’s check at closing.

15.INCLUDED IN THE PURCHASE: The property shall also include all land, together with all improvements thereon, all appurtenant rights, privileges, easements, buildings, fixtures, heating, electrical, plumbing and air conditioning fixtures and facilities, window shades, venetian blinds, awnings, curtain rods, screens, storm windows and doors, affixed mirrors, wall to wall carpeting, stair carpeting, built in kitchen appliances, bath-room fixtures, radio and television aerials, landscaping and shrubbery, water softeners, garage door openers and operating devices, and all utility or storage buildings or sheds, range and refrigerator. The property shall also include the following items:

16.TITLE: The Landlord/Seller shall convey marketable title to the property with the above described inclusions, by good and sufficient General Warranty Deed in fee simple absolute, on or before closing; said title to be free, clear, and unencumbered except existing mortgages restrictions and easements of record shown in paragraph (9). Title to be conveyed to the Tenant/Buyer and/or assigns.

17.CLOSING: The deed shall be delivered and the purchase money shall *be* paid at the lending institutions, or other office, of Tenant/Buyer's choice, no later than _____ days after notification to the Landlord/Seller of the Tenant/Buyer's exercise of the option.

18.COSTS AND PRORATIONS: There shall be prorated between the landlord/Seller and the Tenant/Buyer, as of date of closing, the following items: (a) All real estate taxes and assessments; (b) Interest on encumbrances assumed or taken over by Tenant/Buyer with the Tenant/Buyer having responsibility for such items as follows:



Landlord/Seller will pay:

Tenant/Buyer will pay:

19. INSURANCE: While this option shall remain executory and up until the time of closing, the Landlord/Seller shall maintain fire and extended coverage upon the property, and immediately convert the owner occupied (if applicable) policy to a non-owner occupied policy. In the event of loss or destruction in whole or in part of said property, the Tenant/Buyer shall have the option to proceed with the closing and accept the insurance proceeds for said damage, or to declare this Lease/Option null and void, releasing both parties from any obligations hereunder, except for the return of reimbursable expenses previously paid by Tenant/Buyer which amounts shall become immediately due and payable from the insurance proceeds. Upon closing, the Tenant/Buyer shall be responsible for fire and extended coverage from that date forward.

20. ATTORNEY'S FEES In the event this agreement is placed in the hands of an attorney for enforcement the prevailing party shall be entitled to recover court costs and attorney fees.

Landlord/Seller will pay:

Tenant/Buyer will pay:

21. REQUIRED DISCLOSURES

LEAD BASED PAINT. For homes built before 1978, Federal Law requires Landlords give Tenant(s) a copy of an EPA-approved pamphlet on identifying and controlling lead-based paint dangers.

MEGAN'S LAW DISCLOSURE

Every residential lease must contain the statutory notice regarding the existence of public access to the state's sex offenders database (<https://www.meganslaw.ca.gov/>).



BED BUGS According to [§ 1954.602](#), Landlords should notify tenants of any known bed bug problems.

FLOOD HAZARDS

For residential leases entered into on or after July 1, 2018, the landlord must incorporate the following disclosures into the lease in type no smaller than 8-point font:

- Whether the property is located in a special flood hazard area or area of potential flooding, if the owner has actual knowledge of that fact. The owner is considered to have actual knowledge if:
 - the owner has received notice from a public agency that the property is located in a special flood hazard zone or an area of potential flooding;
 - the owner's mortgage holder requires the owner to carry flood insurance; or
 - the owner currently carries flood insurance.
- That the tenant can obtain information about hazards that may affect the property from the [Office of Emergency Services web site](#).
- That the owner's insurance does not cover the loss of tenant's personal possessions and the tenant should consider purchasing its own insurance.
- That the owner does not need to provide any additional information concerning flood hazards to the property. (Cal. Gov't Code § 8589.45.)

DEATH IN PROPERTY According to § 1710.2, Landlords must inform tenants if a previous tenant died within the last three years, unless the cause of death was due to AIDS.

22. ADDITIONAL DISCLOSURES



IN WITNESS WHEREOF: the parties hereto, have set their hands to this Lease/Option Agreement on this ____ day of _____, 20__.

LANDLORD SIGNATURE

PRINTED NAME

LANDLORD SIGNATURE

PRINTED NAME

TENANT SIGNATURE

PRINTED NAME

TENANT SIGNATURE

PRINTED NAME

AGENT SIGNATURE

PRINTED NAME

WITNESS SIGNATURE

PRINTED NAME

