

I am submitting for your review a lease of residential property with an Option to Purchase the property. This form can be used for a single-family home including a condominium unit. I emailed you one earlier but decided to update and modernize it.

I anticipate that more owners will be considering a lease of their home, if financially feasible, together with an option to purchase in favor of the tenant. The difficulty in preparing the option is to arrive at a purchase price since the option date may be years in the future. I prefer (you may not) to have an actual amount for the option as opposed to stating that "the price shall be negotiated" because if you put "price to be negotiated" you could get into substantial delays in coming to a final bargain thus potentially depriving the seller of other attractive offers while the option is on the table. If you put an amount in the option and the tenant decides to subsequently offer a lower amount, then the owner does not have to accept it and can consider the option void.

The option price should be calculated using an inflated amount equal to today's price plus an annual inflation factor of your choosing. As an example, consider a two-year lease for a house worth \$300,000.00 today. If you factor in 3% annual inflation, you should use \$318,270.00 as the purchase price (3% increase per year compounded for 2 years). If the house is actually worth more in two years, then the purchaser got a bargain; if it is worth less, then the tenant will probably not exercise the option and would probably submit a lower offer. There is educated guesswork involved. Nevertheless, you can use historical examples to arrive at a fairly close amount.

I hope you find this lease option useful to you.

RESIDENTIAL LEASE

DATE OF LEASE: _____, _____

LANDLORD (I, WE, US, OUR, OURS): _____

OUR ADDRESS IS: _____

TENANT (YOU, YOUR, YOURS): _____

PROPERTY LEASED: _____ **CONNECTICUT**

THE TERM OF THIS LEASE IS _____ YEARS/MONTHS BEGINNING _____ AND ENDING _____ (THE LAST DAY YOU CAN EXERCISE THE PURCHASE OPTION.

RENT: \$ _____ FOR THE ENTIRE TERM PAYABLE \$ _____ EACH MONTH

ON THE _____ DAY OF EACH MONTH BEGINNING _____.

SECURITY DEPOSIT: \$ _____ (THIS MONEY CANNOT BE USED BY YOU FOR RENT)

You will get the security deposit back after the lease ends minus the cost of any repairs to the property minus any damages or costs which we must pay because you have not lived up to the agreements you made in this lease. Also, we may use all or part of your security deposit to pay any rent you do not pay during the term of the lease or to repair any damage you cause to the property or to cure any default by you (if the payment of money will cure the default). You must then restore the security deposit to the amount stated above within 10 days of receipt of notice by us to you. If you fail to do so, you will be in default.

1. WHAT YOU CAN USE THE PROPERTY FOR

You can only use the property as a home for you, your spouse and your children and you must leave it in a good and clean condition when you move out.

2. WHAT WE AGREE TO PAY FOR AND WHAT YOU AGREE TO PAY FOR

YOU AGREE TO PAY FOR:

- a) any repairs which must be made because you or your guests damaged the property or anything

in it in any way;

- b) any damage to your own property from any cause so long as you live here;
- c) trash and snow removal and lawn and garden care if the property is a one-family house or condominium;
- d) as much of our lawyer's fee as the law allows if we hire one to sue you or to evict you;
- e) your share of any increase in real estate taxes if your lease is for more than one year;
- f) all utilities you use, except those we agree to pay for;
- g) lightbulbs.

WE AGREE TO PAY FOR:

- a) any repairs which you are not responsible for;
- b) the following utilities: _____;
- c) any other expenses which you are not responsible for by law or by this lease.

3. WHAT YOU AGREE NOT TO DO WHILE YOU LIVE HERE

YOU AGREE NOT TO:

- a) make any noises to disturb your neighbors;
- b) keep any animals on the property without our written consent;
- c) make any changes to the property in any way without our written permission;
- d) redecorate the property without our written consent;
- e) put nails or screws in the walls, ceilings or floors of the property;
- f) put in a waterbed;
- g) litter or leave your personal belongings on the lawn, driveways, grounds or public halls of the property;
- h) change the locks;
- i) do anything against the law;
- j) keep on the property anything that is dangerous, explosive or can catch fire easily; and
- k) do anything that will damage the property in any other way.

4. WHAT YOU AGREE TO DO WHILE YOU LIVE HERE

- a) obey all rules and regulations for the property;
- b) pay the rent by mail not later than nine (9) days after it is due;
- c) live on the property for the full term of the lease;
- d) keep the property clean and safe;
- e) use all the appliances on the property in a normal manner and keep them in good working order;
- f) comply with all health, safety and fire codes;
- g) allow us to enter the property to repair, inspect, improve or show it;
- h) take good care of the property and keep it in the same condition as it is now; and
- i) take out trash for trash removal.
- j) save and hold harmless us from any suit or claim for injury to person or damage to property arising out of your use and occupancy of said premises and, to carry public liability insurance covering said obligation in insurance companies licensed to do business in the State of Connecticut in a coverage not less than \$500,000.00 for injury to any one person or \$1,000,000.00 for any one accident with property damage coverage of \$10,000 for any one person and \$25,000 for any one accident, which policy shall name us as an additional insured and/or certificate holder, and to furnish us with a certificate evidencing such insurance, which certificate shall provide that we shall receive notice of termination or cancellation at least ten (10) days prior to said date of termination or cancellation.

5. THE PROPERTY YOU ARE LEASING

- a) The condition of the property you are leasing: You agree by signing this lease that you have looked the property over and have accepted it in the condition it is in, including all appliances and furniture, if any.
- b) Changes to the property: If you make any changes or improvements to the property (including wall to wall carpeting) you cannot take them with you when you move out. The only things you can take with you when you move out are your furniture and anything you installed which can be removed without damaging the property.
- c) Damage to the property by fire or other cause: If, without your fault, the property is damaged by fire or other cause so badly that you cannot live there, then this lease shall end. If you can live there, then we will repair the property as quickly as possible. As long as you live there, you must pay the full rent. It is up to us to decide if you can or cannot live there.

6. MOVING OUT BEFORE OR STAYING AFTER THE END OF THE LEASE

- a) Before: If you move out before the end of the lease without our written permission, then you will owe us the rest of the rent until the end of the lease. However, if we rent the property to someone else, you will only owe us the rent we actually lost and any expenses we had in renting the property.
- b) After: You cannot stay after the lease ends without our written permission. If you stay after the lease ends without our written permission, we can go to court to evict you. During that time, you agree to live up to all your agreements and to pay the regular rent plus \$500.00 additional rent each month. If you want to renew or extend the lease, you must ask us in writing at least 90 days before the lease ends. We can refuse to renew this lease for any reason.
- c) Assignment or Subleasing: If you decide to move out before the end of the lease and want to get someone else to take over your lease, or lease from you, you must get our written permission. We can refuse to give you our permission for any reason.

7. THIS LEASE

We both agree that any mortgage which is on the property or which we may put on the property after you sign this lease shall come before this lease and shall be considered to have a prior lien position regardless of the date of the lease, the mortgage or any extensions thereof. You agree that if any mortgage holder assumes ownership of the property you will accept the mortgage holder as the new landlord. This is called attornment. You agree not to put this lease or a notice of this lease on the public land records. If you do so, we both agree that the recording is of no effect for any purpose. We may sign and record on your behalf at the town hall where the property is any papers necessary to accomplish this. You appoint us as your attorney in fact so that we can do this.

8. WHAT WE CAN DO IF YOU DO NOT LIVE UP TO YOUR AGREEMENTS

- a) If you do not pay the rent within 9 days after it is due, we may end the lease and evict you if you do not move out. We may also sue you for any unpaid rent and the rest of the rent for the full term of the lease.
- b) If you fail to live up to any other agreement you made or any of your responsibilities under law other than the payment of rent, we may end the lease and evict you if you do not move out. We may also sue you for any unpaid rent and all the rest of the rent for the full term of the lease. We may also sue you for all other charges set forth in this Agreement and for our actual damages, including reasonable attorney's fees and costs, the cost of re-entering, finding a new tenant, cleaning and repairing the property and recovering all the money which you owe us.

9. ADDITIONAL RENT WE CAN CHARGE

- a) Animals. If you keep any animals on the property without our written permission, and we decide not to end the lease, you agree to pay \$100.00 per month additional rent until the animal is removed AND you agree to remove said animal immediately.
- b) Late Payments. If we receive and accept your rent payment more than nine (9) days after it is due, you agree to send us an additional \$100.00 for being late.
- c) Mechanics Lien: If someone puts a mechanics lien on the property because of what you did or had done to the property, you agree to pay the lien and remove it immediately. If you refuse or fail to do so, we can end the lease and evict you, or pay it and charge it to you as additional rent.

10. NOTICES

Any written notice we have to give you can be mailed to the property. Any notice you wish to give us must be sent to the address you mail the rent.

11. SPECIAL AGREEMENTS

a) Security Deposit: You agree to pay your security deposit before the lease begins. We will use the security deposit if you fail to pay for repairs, cleaning, or other costs to us resulting from what you or your guests did or failed to do, because you have failed to live up to the agreements you have made under this lease or under the laws of the State of Connecticut.

- b) Entry by Us: We may enter the property at reasonable times to provide services, or to inspect, repair, improve or show it. We will give you reasonable notice of our intent to enter. We may enter the property without your consent in case of an emergency.
- c) Extended Absences: You must notify us if you will be away from the property for an extended period of time. Unless otherwise agreed, we may enter the property without your consent during such absence.
- d) Sale of Property: If we sell the property we may assign your security deposit to the new owner and we will be released of all further liability to you under this Lease. We will notify you if we do this.
- e) Injury or Damage: We are not liable for any damage, death or injury to you or others who stay with you or visit you which is not caused by our negligence. You will pay for any injury, death or damage which is caused by you or others who stay with or visit you for any reason.

12. WHAT YOU MUST ALSO DO IF EVICTED OR IF THIS LEASE ENDS

At the end of this lease, or upon eviction, you agree to:

- a) leave the property broom clean;
- b) Remove all of your belongings;
 - c) Clean all appliances, sinks, tubs, stoves.
 - d) Return all keys (there will be a \$10.00 charge for each lost key);
 - e) Clean and defrost the refrigerator;
 - f) Leave the property in a ready to move in condition.
 - g) Leave all furniture, appliances, utensils and any other items which were in the property when you moved in and in the same condition as when you moved in.

13. CARE OF GROUNDS

If this is a lease of a single-family dwelling, you are responsible to maintain the exterior of the property in proper and good condition by providing and paying for lawn, garden and shrubbery care and snow removal.

14. PURCHASE OPTION

a) The Purchase Option. You have the option to purchase the property to be exercised in the manner set forth below in subparagraph **b)** on or before _____ with **time being of the essence** for such notification. If the lease has been extended by you and us, the last date that you can exercise the Purchase Option shall be the last day of the extended lease term.

b) Notification of exercise of Purchase Option. You shall notify us of your intention to exercise the option by submitting to _____, our real estate agent, (in form containing covenants equivalent to the _____ Board of Realtors format in effect at the time of the offer) to purchase the property for \$_____ in cash with no contingencies and containing a closing date no later than 30 days after the signed offer is received by our real estate agent with **time being of the essence for said closing date.** This is the only way to exercise the Purchase Option. The offer shall be accompanied by a non-refundable deposit of \$_____ payable to our real estate agent to be held in escrow under the terms of the offer.

c) Attempted exercise while in default. You cannot exercise the Purchase Option at a time you are in default under any terms of the lease (“default” means that you are not living up to the agreements you made in this Lease), including but not limited to the failure to pay any sums when due pursuant to the lease, or in the event you record this Purchase Option on the Land Records of the town of Hamden. If you attempt to exercise the Purchase Option while you are not living up to your agreements contained in this Lease, such attempt to exercise shall automatically render this Purchase Option void *ab initio* and of no further effect.

d) When an offer is not an exercise of Purchase Option. If, at any time, you submit an offer to our real estate agent to purchase the property for an amount less than the above sum, the submitted offer shall not be considered as an exercise of the Purchase Option. The submission of an offer at a price less than the amount in subparagraph **a)** shall automatically render this Purchase Option void *ab initio* and of no further effect and we shall be free to accept, reject or offer a counterproposal to such submitted offer.

e) Additional adjustments at closing. If you purchase the property, the security deposit, interest on the security deposit, and rent shall be adjusted at the closing.

f) Assignability of Purchase Option. You cannot assign or transfer the Purchase Option independently of the lease or as part of an approved subletting or assignment of the lease. The Purchase Option is only in your favor.

g) Our Real Estate Agent. Our real estate agent is _____ located at _____, Connecticut.

By signing this lease, you agree that you have read this lease and received a copy of it.

[your signature]

[your signature]

[our signature]

[our signature]