



LEASE WITH OPTION TO PURCHASE

(Prepare on Field Office Letterhead)

FHA Case Number: _____

THIS AGREEMENT, made this ____ day of _____, 19__ between the SECRETARY OF HOUSING AND URBAN DEVELOPMENT (HUD), acting under the provisions of the National Housing Act, as amended, as LANDLORD, and _____ as TENANT.

WITNESSETH, that the LANDLORD leases to the TENANT, and the TENANT hires from the LANDLORD, premises known as:

for the term commencing on the ____ day of _____, 19__ and ending on the last calendar day _____, 19__, at the rental rate of _____ dollars (\$_____) per month. Said rent shall be payable monthly in advance on or before the first calendar day of each month during the term. In the event the TENANT shall, with the consent of the LANDLORD, hold over after the term of this lease, he shall become a hold-over TENANT of said premises for a further definite term of one month only at the same rental, payable in advance on the first day of said renewed term, which renewed term shall expire of its own limitation at midnight on the last day of said term. As long as said TENANT shall continue to occupy said premises, with the consent of the LANDLORD, he shall be a hold-over TENANT for a definite term of one month, said tenancy expiring without notice as aforesaid at the end of each renewed term. Said rent shall be payable at the office of:

or to such other person and at such other place as the LANDLORD shall, from time to time, by written notice designate.

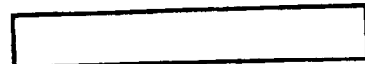
The agreed rental includes services and equipment as specified hereinafter, with the express understanding that temporary failure to furnish such services or temporary mechanical failure of such equipment shall give TENANT no claim for damages or for abatement of rent. They are:

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1. The TENANT, for himself and his heirs, executors, administrators and assigns, agrees as follows: (a) To pay the rent herein stated promptly when due, without any deductions whatsoever and without any obligation on the part of the LANDLORD to make any demand for the same; (b) To pay all charges for utilities, except as noted hereinafter, as they become due; (c) To use the premises for no unlawful purposes, but to occupy the same only as a dwelling; (d) Not to assign or sublet the premises without the LANDLORD's written consent; (e) Not to use said premises for any purposes deemed hazardous by insurance companies carrying homeowners insurance thereon; (f) That if any damage to the property shall be caused by his acts or neglect, the TENANT shall forthwith repair such damage at his own expense, to the LANDLORD's satisfaction and should the TENANT fail or refuse to make such repairs within a reasonable time after the occurrence of such damage, the LANDLORD may at his option make such repairs and charge the cost thereof to the TENANT, and the TENANT shall thereupon reimburse the LANDLORD, for the total cost of all damages so caused; (g) To permit the LANDLORD or his agents, to post "FOR SALE" and "FOR RENT" signs and to exhibit the premises to prospective purchasers or tenants at reasonable hours and, with two days' notice, to enter the premises for the purpose of making reasonable inspections and repairs.
2. The TENANT further agrees to properly maintain the premises in clean and sanitary condition at all times and to comply with all covenants and restrictions, laws, health and police requirements, with respect to said premises and appurtenances, and to save the LANDLORD harmless from all fines, penalties, and costs for violation or noncompliance with any of said laws, requirements, or regulations, and from all liability arising out of any such violation or noncompliance.
3. The TENANT by execution of this agreement admits that the premises are in a tenantable condition and agrees that at the end of said term to deliver up and surrender said premises to the LANDLORD in as good condition as when received, reasonable wear and tear thereof, excepted.
4. It is further agreed that the LANDLORD will make all necessary repairs to said property except repairs necessary to be made caused by the acts or neglect of the TENANT. No alteration, addition, or improvements shall be made in or to the premises without the consent of the LANDLORD in writing, and all additions and improvements made by the TENANT shall belong to the LANDLORD. Nothing herein shall authorize the TENANT to do any act which shall in any way encumber the title of the LANDLORD in and to said premises.
5. The TENANT further agrees that if he should fail to pay the rent herein stipulated promptly when due or should fail to comply with any and all other provisions of this agreement, or the LANDLORD determines it necessary to prepare the property for sale or assigns the property to a different use or program, then in any of said cases, it shall be lawful for the LANDLORD, at his election or option, upon 30-days notice, to reenter and take possession, and thereupon this lease agreement shall absolutely terminate; however, nothing in this agreement shall constitute or be construed as a waiver of relinquishment of any right accruing to the LANDLORD under this agreement by virtue of law.
6. All goods and chattels placed or stored in or about the premises are at the risk of the TENANT.
7. The failure of the LANDLORD to insist upon the strict performance of the terms, covenants, agreements and conditions herein contained, or any of them, shall not constitute or be

construed as a waiver or relinquishment of the LANDLORD's right thereafter to enforce any such term, covenant, agreement, or condition, but the same shall continue in full force and effect.

8. The TENANT warrants that no person or agency has been employed or retained to solicit or secure this lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial agencies retained by the TENANT for the purpose of securing business. For breach or violation of this warranty, the LANDLORD shall have the right to annul this lease without liability or in its discretion to require the TENANT to pay, in addition to the rentals and other amounts payable hereunder, the full amount of such commission, percentage, brokerage, or contingent fee.
9. No Member of or Delegate of Congress, or Resident Commissioner, shall be admitted to any share of part of this lease or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this lease if made with a corporation for its general benefit.
10. It is further agreed that if TENANT purchases said premises in his own name, at or prior to the termination of this lease, LANDLORD will credit fifty percent (50%) of the rent paid, first, toward downpayment, second, for payment of allowable prepaid items and, third, towards the purchase price of the premises. This credit will be given only to the TENANT named herein and is not assignable. In the event TENANT holds over after the term of this lease, with the consent of the LANDLORD, the credit provided herein will be granted for such renewed term only with the specific written agreement of the LANDLORD.
11. It is further agreed that TENANT shall have an option to purchase said premises for a purchase price of \$_____. TENANT may exercise this option at any time after expiration of six months' of tenancy, but said option shall expire on the last day of _____, 19____. TENANT shall exercise this option only by execution and delivery of Form HUD-9548, *Sales Contract*, by a selling broker, to the Chief Property Officer of the HUD Field Office. The term of this Lease with Option to purchase Agreement may be extended at the discretion of the LANDLORD. After the TENANT exercises the option to purchase this property, liability for loss or damage to the property shall be as would be determined under applicable State law.
12. In the event a Form HUD-9548, *Sales Contract*, submitted by TENANT in the exercise of this option, is contingent upon the closing of a loan insured by HUD, LANDLORD in its sole discretion, may reject such contract where the credit history, financial condition, and income of TENANT do not meet HUD's minimum qualification for such loan. TENANT, by signing this lease, expressly acknowledges he/she understands that his credit history, financial condition, and income must be found acceptable to LANDLORD before he/she shall be eligible to purchase said premises through the use of a HUD insured loan.
13. This option to purchase is revoked and rescinded in the event that:
 - A. TENANT fails to exercise said option within the time and in the manner required and the LANDLORD has not extended the lease option term;
 - B. TENANT fails to comply with any or all provisions in this agreement;
 - C. The premises are substantially damaged by fire or other casualty and LANDLORD elects not to repair or rebuild, or are condemned by public authority for public use;



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- D. TENANT transfers or assigns this lease or this option without the written consent of LANDLORD; or
 - E. LANDLORD is unable to convey good marketable title to TENANT.
 - F. LANDLORD elects not to treat the property for the removal of lead-based paint.
14. This lease is nontransferable and runs to the benefit of the signatory only with the exception that with the prior approval of the LANDLORD this lease may inure to the benefit of the spouse of the signatory. No other assignment of this lease is permissible without prior approval of the LANDLORD.
15. A penalty charge of five percent per month will be charged on the monthly rent or portion of monthly rent which is unpaid on the tenth of the month in which it becomes due and payable.
16. This lease contains the entire agreement between the parties hereto, and neither party is bound by representations or agreements of any kind except as herein.

WITNESS: Secretary of Housing and Urban Development,
LANDLORD

BY: _____

TENANT: _____
(Typed/printed name of individual or organization)

BY: _____
(Signature)

Complete if Broker Participation:

It is understood and agreed that the broker whose name appears below and none other, will be entitled to a commission of \$ _____, if and when the TENANT purchases the above described premises under the provisions of paragraph 10 of the lease. This commission shall be considered earned at closing of said sale.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BY: _____
Broker

BY: _____
Chief Property Officer