

**LEASE WITH OPTION TO PURCHASE PROPERTY BY
SUPPORTIVE HOUSING PROGRAM APPLICANTS**

(PREPARE ON FIELD OFFICE LETTERHEAD. DO NOT MODIFY)

This lease is made on , between the Department of Housing and Urban Development, LESSOR, and , LESSEE.

1. LESSOR agrees to lease to the LESSEE and the LESSEE agrees to rent the property commonly known as: , referred to hereafter as "the property."
2. LESSEE shall use the property only for the purposes of providing temporary shelter for homeless persons as defined in 24 CFR Section 291.405, and as further defined in the Master Agreement incorporated hereafter. LESSOR reserves the right to review the application and qualifications of any person being considered for occupancy by the LESSEE.
3. LESSEE shall refrain from providing shelter to any individual, family, or group of individuals in which a conflict of interest may ensue. Employees, officers or relatives of the LESSEE, regardless of their financial circumstances, shall be subject to this restriction. This shall be governed by 24 CFR Section 291.435(b).
4. LESSEE agrees to shelter homeless person(s) in the subject property within thirty (30) days of entering into this Lease Agreement. This time period may be extended by the LESSOR.
5. LESSEE agrees to pay, as they become due, all charges for utilities and other services. LESSOR shall pay all local, state, and other specially assessed taxes due on the property, including condominium fees, and LESSEE shall reimburse LESSOR for such payment unless LESSOR provides evidence of an exemption from said local, state or other specially assessed taxes. LESSEE shall establish an escrow account in a financial institution insured by the Federal Deposit Insurance Corporation (FDIC), and shall make the LESSOR a cosigner on the account unless LESSEE provides evidence of exemption from local or state taxes. LESSEE shall provide LESSOR the name of the institution and the account number. Only payments for taxes shall be held in said account. Releases from this account must be preapproved by LESSOR. If the lease is terminated, these expenses will be prorated between the LESSOR and the LESSEE.
6. LESSEE agrees to keep the property in a clean and sanitary condition and to comply with all federal, state and local laws and regulations, codes and ordinances, restrictive covenants, condominium declarations and by laws, and homeowners' association rules. LESSEE agrees to obtain an occupancy permit if required and to reimburse LESSOR for any fines, penalties and costs and all liability for violation or noncompliance with any requirements related to the property.

APPENDIX 77

7. LESSEE agrees that if any damage to the property shall be caused by its acts or neglect, or its occupants' acts or neglect, the LESSEE shall repair such damage at its own expense, and should the LESSEE fail or refuse to make such repairs within a reasonable time after the occurrence of such damage, the LESSOR may at its option make such repairs and charge the cost thereof to the LESSEE, and the LESSEE shall reimburse the LESSOR for the total cost of all damages so caused. Failure or refusal by the LESSEE to cure gives LESSOR the right to terminate the lease and recover any costs.
8. LESSEE agrees to make all repairs to the property necessary to make the premises tenantable and to pay operating costs including reasonable maintenance and repair and at the end of the lease term to deliver up and surrender said property to the LESSOR in as good a condition as when received, including boarding up and other security. No alteration, addition, or improvements shall be made to the property without the consent of the LESSOR in writing, and all additions and improvements made by the LESSEE shall belong to the LESSOR.
9. LESSEE agrees to remove tenants, or pursue eviction proceedings, whichever may be the case, upon a conviction of such tenants for breaching the peace.
10. LESSEE agrees to maintain the property free from the illegal use, possession or distribution of drugs or alcohol. Evidence of illegal use, possession, or distribution of drugs or alcohol shall result in immediate eviction of tenants by the LESSEE.
11. LESSEE shall indemnify and save harmless the LESSOR, its officers, agents, servants and employees from all liability for death or injury to any person, or loss or damage to the property of any person resulting from the use of the property by the LESSEE.
12. LESSEE shall maintain general liability insurance on the property in the amount of \$ ~~500,000.00~~ against loss by reason of death or injury to any person or loss or damage to property of any person resulting from the use of the property. The Secretary of the Department of Housing and Urban Development shall be named as the insured, coinsured, or additionally insured. LESSEE shall provide LESSOR a binder as proof of insurance upon the signing of this lease. LESSEE shall provide LESSOR a copy of the insurance policy within 30 days of the signing of this LEASE.
13. LESSEE agrees that it will not place or allow to be placed any liens on the property without the express written consent of LESSOR and further agrees to remove and to indemnify the LESSOR for any costs incurred related to the removal of any liens, including mechanic's liens, placed on the property during the period of tenancy without LESSOR's approval.
14. LESSEE agrees that the LESSOR shall have the right to enter the property at all reasonable hours for the purpose of inspecting the condition of the property.

15. LESSEE shall not assign, sublet, or part with the possession of the whole or any part of the property without first obtaining the written consent of LESSOR, except as to comply with Paragraph 25 of this lease. LESSEE may terminate this lease at any time without penalty upon 30-day written notice to LESSOR.
16. LESSEE agrees that if it should fail to comply with any provisions of this lease, it shall be lawful for the LESSOR, at its option, to re-enter and take possession upon 30-day written notice to LESSEE, and thereupon this lease shall terminate. LESSEE agrees to remove all sublessees occupying the property to adequate housing within the 30-day notice period so that the property will be vacant upon LESSOR's re-entry. The failure of the LESSOR to insist upon the strict performance of the terms of this lease shall not be construed as a waiver of the LESSOR's right to later enforce any provision of the lease.
17. LESSEE agrees not to discriminate against any individual, employee or applicant on the basis of race, color, religion, sex, national origin, handicap, age or familial status, pursuant to the requirements of the Fair Housing Act, 42 U.S.C. Section 3601-20, and to comply with the further nondiscrimination and equal opportunity requirements of 24 CFR Section 291.435(a).
18. LESSEE agrees that it will submit at any time to such examination of any and all of its records and accounts, including but not limited to those related to this transaction, as the Secretary of Housing and Urban Development or the Comptroller General may require.
19. All goods and chattels placed or stored in or about the property are at the risk of the LESSEE.
20. No member of, or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this lease or to any benefit that may arise therefrom.
21. LESSEE warrants that it has not employed any person to solicit or secure this lease upon any agreement for a commission, percentage, brokerage or contingent fee. Breach of this warranty shall give the LESSOR the right to annul this lease or in its discretion to recover from the LESSEE the amount of such commission, percentage, brokerage or contingent fee in addition to the consideration herein set forth.
22. LESSEES have the option to purchase said property for a purchase price of the *lower* of the fair market value as of the date of first lease initiation, of \$ [REDACTED], less 10 percent, or, if conditions outside the control of the LESSEE cause the fair market value of the property to decrease after the initiation of the lease, the purchase price will be the fair market value at the date of sale, less 10 percent, *provided* the LESSEE agrees to use said property to either house low-income tenants for a period of not less than ten (10) years subsequent to the date of sale, or sell the property to a low-income individual. If the LESSEE does not agree to this condition, the purchase price of subject property is the *higher* of the fair market value at the date of first lease initiation, of \$ [REDACTED], or at the time of sale, less 10 percent.

Any repairs to or rehabilitation of a property done by LESSEE during the lease term shall not be reflected in the purchase price. LESSEE may exercise this option at any time during the term of this lease. LESSEE may exercise this option only by execution of Form HUD-9548, Sales Contract. The property is being sold on an "as is," "all cash" basis. FHA mortgage insurance may be made available for the purchase of the property at the sole discretion of the LESSOR. HUD will not pay a fee for a selling broker. HUD will pay the closing agent's fee. The LESSEE must pay all other closing costs.

APPENDIX 78

23. The term of the lease shall be for a period of six months, beginning on ~~Insert month, day and year~~, at a rent of \$1 per year. If LESSEE fails to exercise its right to purchase the property, LESSEE may apply to HUD for conversion of the lease-option agreement to a Lease with Option to Purchase as described in 24 CFR Section 291.110(c). Approval of such conversion shall be granted at HUD's sole discretion.
24. LESSEE may charge the homeless persons occupying the property a rental or occupancy charge at a rate appropriate to the financial means of the person in accordance with the provisions of Section 291.415(c)(2). This charge may be the greater of either 30 percent of the family's monthly adjusted income or 10 percent of the family's monthly income, but in no event shall the occupancy charge exceed the operating costs.
25. LESSEE shall enter into a sublease agreement with each homeless person(s), with said sublease agreement including the following minimum conditions:
- 1) The rental agreement shall provide for month-to-month tenancy under the laws of the state in which the property is located and shall be limited to no longer than two years.
 - 2) The sublease shall notify the homeless person(s) that their tenancy is subject to the continuation of LESSEE's lease with LESSOR, and will be terminated in accordance with the requirements of State law upon any termination of LESSEE's lease, either at the initiation of the LESSEE, the end of the term of LESSEE's lease with LESSOR, or by LESSOR upon failure of LESSEE to abide by the terms of the Lease.
 - 3) The homeless person(s) as tenant(s) agrees to refrain from using the property for unlawful purposes including, but not limited to, the illegal use, possession or distribution of drugs or alcohol.
 - 4) The LESSEE (as Landlord) agrees to maintain the property according to local code requirements.
26. The following provisions shall only apply for properties constructed prior to 1978. LESSOR has provided LESSEE with a copy of the notice: *Watch Out for Lead-Based Paint Poisoning!* LESSOR will inspect the property for defective paint surfaces and will treat any defective surfaces found. If LESSEE knows or has reason to expect that the property will be occupied by families with children under the age of seven years, LESSEE must test for lead-based paint on all painted surfaces before initial occupancy. Where lead-based paint is identified, LESSEE



must abate at its own expense as required in 24 CFR Section 291.430(d). LESSEE may not permit occupancy until testing and any required abatement is completed. LESSEE must obtain certification that the required abatement is completed.

This lease contains the entire agreement between the parties, except for the Master Agreement, which is incorporated by reference herein, and neither party is bound by any representations or agreements of any kind except as herein contained.

SECRETARY OF HOUSING AND URBAN DEVELOPMENT
LESSOR

BY: _____

(Name)

(Title)

LESSEE:

BY: _____

(Name)

(Title)

(LESSEE Organization)

WITNESS:

(Witness #1)

(Witness #2)