

CONTRACT FOR THE LEASE AND MANDATORY PURCHASE OF REAL ESTATE

This CONTRACT FOR THE LEASE AND MANDATORY PURCHASE OF REAL ESTATE (hereinafter the "Agreement") entered into this the ___ day of _____, 20__ by and between _____ (hereinafter "Seller") and _____, jointly and severally, (hereinafter individually and collectively "Purchaser").

NOW, THEREFORE, FOR AND IN CONSIDERATION OF mutual covenants and agreements contained herein, and other good and valuable considerations the receipt and sufficiency of all of which is hereby acknowledged the parties hereto do hereby covenant, contract and agree as follows, to-wit:

SECTION 1. LEASE OF REAL PROPERTY.

- 1.1 **LEASE.** Seller hereby demises and leases to Purchaser and Purchaser hereby takes and rents from Seller that certain real property located in _____ County, _____, being more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, together with any improvements now situated thereon, and all easements, rights, licenses and appurtenances used in connection therewith or belonging thereto (hereinafter the "Property").
- 1.2 **TERM.** The initial term of the Lease shall begin on the ___ day of _____, 20__ and shall terminate on the ___ day of _____, 20__.
- 1.3 **RENT.** During the term of the Lease, Purchaser shall pay unto Seller the sum of _____ (\$_____) per month as rent for the Property. The monthly rental shall be due on the ___ day of the month and if not paid by the ___ day, there shall be a late charge of \$____ due for such month. If this Lease shall begin on any day other than the first day of a month or terminate on any day other than the last day of a month, then the rent due under this agreement for such month shall be calculated on a pro rata basis.
- 1.4 **USE OF PREMISES.** The Property and improvements thereon are hereby leased for residential and related use. Purchaser agrees not to use or permit the use of the Property for illegal purposes. An auction, fire or going out of business or bankruptcy sale, may not be conducted in the Property without prior written consent of Seller.
- 1.5 **UTILITIES.** Purchaser agrees to maintain, repair, and pay for all water, fuel, gas, oil, heat, electricity, power, materials and services which may be furnished to it or used by it in or about the Property.
- 1.6 **TAXES.** Seller shall pay all real property taxes levied on the Property during the term of this Lease.

- 1.7 **ALTERATIONS, TRADE FIXTURES, FINANCING.** Purchaser shall have the right to make such alterations and improvements to the Property as it deems necessary or desirable upon giving written notice of same to Seller. Such alterations and improvements shall comply with all applicable construction laws and regulations and shall conform generally with any existing improvements on the Property. The Purchaser shall keep the Property free from any and all liens arising out of the work performed or materials furnished in making such improvements.
- 1.8 **ASSIGNMENT AND SUBLEASING.** Purchaser shall not have the right to assign this Lease nor sublet the Property in whole or in part without first procuring the written consent of the Seller. After any consent to assignment or sublease, Purchaser shall remain fully liable for payment of rent and other covenants and obligations of the Purchaser herein contained.
- 1.9 **NUISANCES.** Purchaser shall promptly comply with all ordinances of any governmental body applicable for said premises and to all ordinances and requirements enforced by the state board of health, and applicable sanitary, fire or police departments for the correction, prevention and abatement of nuisances in and about or connected with the Property because of Purchaser's use thereof during the term of this Agreement, all at Purchaser's expense. Purchaser shall provide for the removal of its own trash, waste paper, boxes and cartons and shall not permit any accumulation of such materials. Purchaser shall not engage in any act which shall constitute a nuisance.
- 1.10 **ENTRY AND INSPECTION.** Purchaser shall permit Seller and his agents to enter the Property at all reasonable times for any of the following purposes to inspect the same: (i) to maintain the Property, (ii) to make repairs to the Property as the Seller is obligated or may elect to make, and (iii) to post notices of non-responsibility for alterations or additions or repairs.
- 1.11 **LEAD-BASED PAINT DISCLOSURE (Rental): HOUSING BUILT BEFORE 1978 MAY CONTAIN LEAD-BASED PAINT. LEAD FROM PAINT, PAINT CHIPS, AND DUST CAN POSE HEALTH HAZARDS IF NOT MANAGED PROPERLY. LEAD EXPOSURE IS ESPECIALLY HARMFUL TO YOUNG CHILDREN AND PREGNANT WOMEN. BEFORE RENTING PRE-1978 HOUSING, LESSORS MUST DISCLOSE THE PRESENCE OF KNOWN LEAD-BASED PAINT AND/OR LEAD-BASED PAINT HAZARDS IN THE DWELLING. LEASES MUST ALSO RECEIVED A FEDERALLY APPROVED PAMPHLET ON LEAD POISONING PREVENTION.**

Landlord states as follows: [Landlord check one]

The leased premises was constructed in 1978 or later.

The leased premises was constructed prior to 1978. Landlord has conformed with all federal requirements regarding lead-based paint disclosure including the completion and mutual signing with Tenant and any agents, of the Lead-Based Paint Disclosure Form

(for Rentals) attached hereto and incorporated into this lease as a part hereof. All associated information required by the Disclosure form (if any) was furnished to Tenant, and Tenant received the EPA pamphlet "*Protect Your Family from Lead in Your Home.*"

SECTION 2. MANDATORY PURCHASE OF REAL ESTATE

- 2.1 **AGREEMENT TO PURCHASE REAL PROPERTY.** Seller agrees to sell and Purchaser agrees to purchase on the terms and conditions set forth herein that certain of real property located in _____ County, _____, being more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, together with all improvements now situated thereon. The Closing Date of the purchase shall be on or before _____, 20___. The parties acknowledge that time is of the essence in completing and closing the purchase transaction.
- 2.2 **EARNEST MONEY.** In conjunction with the execution of this Agreement, Purchaser has delivered to Seller earnest money in the amount of _____ (\$ _____) to secure and guarantee Purchaser's duties and obligations hereunder. In the event Purchaser shall default in any of its duties or obligations hereunder, Seller shall be entitled to said earnest money as liquidated damages. Liquidated damages are not deemed full satisfaction of all claims for damages and injuries, and Seller may maintain any and all actions permitted under the laws of the State of _____, including, but not limited to, injunctions, specific performance and actions for damages.
- 2.3 **PURCHASE PRICE.** Purchaser agrees to pay Seller and Seller agrees to accept as total consideration for the purchase and sale of said property the total sum of _____ (\$ _____), plus interest at the rate of ___ percent (___%) per annum from and after the date of this Agreement (the "Purchase Price"). Purchaser shall be entitled to deduct from the Purchase Price the earnest money paid pursuant to Section 2.2 hereof and all rents paid pursuant to Section 1.3 hereof, with all such amounts to be applied first to accrued interest and then to principal. Purchaser shall deliver to Seller, at Closing, a promissory note, in a form satisfactory to Seller, for the balance of the Purchase Price due, bearing interest at the rate of ___ percent (___%) per annum, payable in equal monthly installments of _____ (\$ _____) per month beginning _____, 20___, and continuing on the first day of each month thereafter until paid in full. If Purchaser has failed to make all said rental payments or if other amounts shall be due Seller hereunder, and Seller has not terminated this Agreement, then the balance of the Purchase Price shall be modified to reflect such additional amounts due, including any accrued interest, and such amounts shall be included in calculating the number of payments due to Seller from Purchaser under the promissory note, but in no event shall the monthly payment exceed _____ (\$ _____) per month. As security for said indebtedness, Purchaser shall executed in favor of Seller a first Deed of Trust or mortgage, in a form satisfactory to Seller, covering all of the Property as defined in Section 1.1 hereof.

- 2.4 **CLOSING COSTS.** All closing costs associated with the purchase of the Property by Purchaser, with the exception of any title insurance desired by Purchaser, shall be paid by one-half by Purchaser and one-half by Seller.
- 2.5 **TITLE.** Seller agrees to provide Purchaser at closing a Certificate of Title by an attorney acceptable to Purchaser and a Warranty Deed. Seller shall convey title to Purchaser by Warranty Deed without exceptions or restrictions other than taxes for the current year, mineral reservations of record and such easements and rights of ways of record or shown on the survey.
- 2.6 **TAXES.** Taxes for the current year shall be prorated at closing between Seller and Purchaser.

SECTION 3. DEFAULT. If either party defaults in compliance with any term, covenant, representation or warranty on their part herein contained, the non-defaulting party shall give the defaulting party ten (10) days written notice to cure the default. If the defaulting party, prior to the expiration date of the notice, has neither cured the default nor given the non-defaulting party adequate security for the remedy thereof, then the non-defaulting party may, at its option, terminate this Agreement and take any other such action available in law or equity and as the non-defaulting party deems appropriate to remedy or compensate it for the defaulting party's breach or default. Purchaser agrees that his/ their default hereunder, and in particular, default in the mandatory purchase obligation, will result in irreparable harm to Seller and Seller shall be entitled to specific performance of this agreement.

SECTION 4. INDEMNITY. Seller and Purchaser shall indemnify and save harmless the other from any and all losses, fines, suits, damages, expenses, claims, demands and actions of any kind resulting from their negligence, breach, or violation or non-performance of any condition hereof. The parties agree to seek recovery under this Section 4(A) only if the losses suffered are not covered by the policies of insurance provided in 4(B) below and payment is not made under said policies.

SECTION 5. WAIVER OF SUBROGATION. Seller and Purchaser covenant and agree that all policies of insurance carried by either of them upon the Property or the building of which the Property are located, or the contents, furniture, furnishings, fixtures and other property located therein, or business interruption or loss of rentals, shall include both the Seller and Purchaser as insureds and shall also include a clause or endorsement whereby the insureds waive all rights of subrogation against the other. No waiver of subrogation is required for liability policies; however, both the Seller and Purchaser shall be named as insureds. If such waiver can be secured only by the payment of an additional premium, the party benefited thereby shall have the option of paying such additional premium or waiving his right to such protection.

SECTION 6. CONDEMNATION. If, during the term of this Agreement, the Property shall be taken or condemned, either in whole or part, by competent authorities for public or quasi-public use, Seller shall have the option to terminate this Agreement as of the date of taking. If Seller elects not to terminate this Agreement, then this Agreement shall continue in full force and effect.

SECTION 7. REMOVAL OF TIMBER OR MINERALS. Purchaser agrees and covenants that no timber or minerals shall be cut, mined or otherwise removed from the Property without the prior written consent of Seller. In the event Purchaser desires to remove any such timber or minerals from the Property and Seller consents, Purchaser agrees and covenants that all proceeds, payments or other money received therefrom shall be paid to Seller to be applied against Purchaser's purchase obligations hereunder until such time as Purchaser shall have paid all amounts due pursuant to this agreement or any subsequent promissory note.

SECTION 8. RELATIONSHIP OF PARTIES. It is understood and agreed that the relationship of the parties hereto is strictly that of Seller and Purchaser and that the Seller has no ownership in the Purchaser's enterprise and the Agreement shall not be construed as a joint venture or partnership. The Purchaser is not and shall not be deemed to be an agent or representative of the Seller.

SECTION 9. AGREEMENT BINDING ON ASSIGNS. All covenants, conditions and agreements and undertakings contained in this Agreement shall extend to and be binding on the respective heirs, successors and assigns of the respective parties hereto the same as if they were in every case named and expressed.

SECTION 10. ATTORNEY'S FEES. It is further understood and agreed by and between the Seller and Purchaser that, on account of breach or default by either party of any of their obligations hereunder, it shall become necessary for the other party to employ and/or consult with an attorney to give advice, or to enforce or demand any of either party's rights or remedies hereunder, then, and in any such event, the defaulting or breaching party shall pay all attorney fees, court costs and other expenses occasioned by such default(s) or breach(es).

SECTION 11. NOTICES. Until further written notice to Purchaser, all rent checks and all notices from Purchaser to Seller shall be served or sent to:

Until further written notice to Seller, all notices from Seller to Purchaser shall be served or sent to Purchaser at the following address:

All notices to be given under this Agreement shall be in writing and shall be served personally or sent by United States certified or registered mail.

SECTION 12. ENTIRE AGREEMENT. This Agreement contains all of the agreements and conditions made between the parties hereto and may not be modified orally or in any other manner other than by agreement in writing signed by all parties hereto or their respective successors in interest.

SECTION 13. PARTIAL INVALIDITY. If any section, paragraph, sentence or portion of this Agreement or the application thereof to any party or circumstance shall, to any extent, be or become invalid or illegal, such provision is and shall be null and void, but, to the extent that said null and void provisions do not materially change the overall agreement and intent of this entire agreement, the remainder of this Agreement shall not be affected thereby and each remaining provision of this Agreement shall be valid and enforceable to the fullest extent provided by law.

SECTION 14. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of _____.

SECTION 15. LEAD-BASED PAINT DISCLOSURE (Sale): EVERY PURCHASER OF ANY INTEREST IN RESIDENTIAL REAL PROPERTY ON WHICH A RESIDENTIAL DWELLING WAS BUILT PRIOR TO 1978 IS NOTIFIED THAT SUCH PROPERTY MAY PRESENT EXPOSURE TO LEAD FROM LEAD-BASED PAINT THAT MAY PLACE YOUNG CHILDREN AT RISK OF DEVELOPING LEAD POISONING. LEAD POISONING IN YOUNG CHILDREN MAY PRODUCE PERMANENT NEUROLOGICAL DAMAGE, INCLUDING LEARNING DISABILITIES, REDUCED INTELLIGENCE QUOTIENT, BEHAVIORAL PROBLEMS, AND IMPAIRED MEMORY. LEAD POISONING ALSO POSES A PARTICULAR RISK TO PREGNANT WOMEN. THE SELLER OF ANY INTEREST IN RESIDENTIAL REAL PROPERTY IS REQUIRED TO PROVIDE THE BUYER WITH ANY INFORMATION ON LEAD-BASED PAINT HAZARDS FROM RISK ASSESSMENTS OR INSPECTIONS IN THE SELLER'S POSSESSION AND NOTIFY THE BUYER OF ANY KNOWN LEAD-BASED PAINT HAZARDS. A RISK ASSESSMENT OR INSPECTION FOR POSSIBLE LEAD-BASED PAINT HAZARDS IS RECOMMENDED PRIOR TO PURCHASE.

Seller states as follows: [Seller check one]

The premises was constructed in 1978 or later.

The premises was constructed prior to 1978. Seller has conformed with all federal requirements regarding lead-based paint disclosure including the completion and mutual signing with Tenant and any agents, of the Lead-Based

Paint Disclosure Form (for Sales) attached hereto and incorporated into this lease as a part hereof. All associated information required by the Disclosure form (if any) was furnished to Tenant, and Tenant received the EPA pamphlet "*Protect Your Family from Lead in Your Home.*"

OPPORTUNITY TO CONDUCT EVALUATION

Purchaser: check the applicable provision, and sign on the line below:

Seller has permitted the purchaser a 10-day period to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards, or

Seller and purchaser have agreed in this contract that a ___-day period to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards, will be allowed, instead of the usual 10-day period, or

Purchaser hereby waives the opportunity to conduct the risk assessment or inspection.

Signature of Purchaser: _____

WITNESS THE SIGNATURES of the parties hereto on this the ____ day of _____, 20__.

SELLER:

PURCHASER:

SS# _____

STATE OF _____
COUNTY OF _____

Personally appeared before me, the undersigned authority in and for said county and state, on this ____ day of _____, 20__, within my jurisdiction, the within named _____, who acknowledged that he is President of _____, a _____ corporation, and that for and on behalf of the said corporation, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

GIVEN under my hand and official seal of office on this the ____ day of _____, 20__.

NOTARY PUBLIC

My Commission Expires:

THIS IS A SEPARATE INSTRUCTION PAGE REGARDING LEAD-BASED PAINT DISCLOSURE

THIS PAGE IS NOT PART OF THE CONTRACT! IT IS PROVIDED BY USLF TO AID THE LANDLORD/SELLER IN COMPLYING WITH FEDERAL LEAD-BASED PAINT DISCLOSURE LAW, FOR DWELLINGS BUILT PRIOR TO 1978.

* * *

IMPORTANT!!!

NOTES CONCERNING LEAD-PAINT DISCLOSURE REQUIREMENTS

Introduction: If the dwelling unit was constructed PRIOR TO 1978, federal law REQUIRES a Lead-Based Paint Disclosure Form to be attached to the lease/contract for sale, completed and signed by the lessor/seller and lessee/purchaser. If the rental dwelling was constructed in 1978 or later, this form is not required. If in doubt about the timing of construction, use the disclosure forms. Whenever the form is used, the landlord/seller must also give the tenant/purchaser the EPA lead-based paint pamphlet discussed below. Landlord/seller must retain a copy of the signed disclosure form for no less than three years from the date the lease begins. **A SEPARATE FORM IS REQUIRED FOR RENTING AND SELLING. BECAUSE THIS IS A “LEASE-PURCHASE” CONTRACT, BOTH FORMS ARE REFERENCED IN THE CONTRACT TEXT. IN THE INTEREST OF CAUTION, BOTH FORMS SHOULD BE ATTACHED FOR A PRE-1978 STRUCTURE.**

Background: To protect families from exposure to lead from paint, dust, and soil, Congress passed the Residential Lead-Based Paint Hazard Reduction Act of 1992. HUD and EPA require the disclosure of known information on lead-based paint and related hazards before the lease of most housing built before 1978.

Requirements: Before the lease/purchase contract is signed and agreed to, landlord/seller must fully comply with lead-paint disclosure law. Compliance is accomplished by:

- (1) Fully completing and delivering to the tenant/purchaser, as an attachment to the lease, the LEAD-BASED PAINT DISCLOSURE forms for both lessees and purchasers (the lessees/purchasers also initial and sign these forms), and
- (2) Giving the tenant/purchaser the EPA pamphlet entitled "Protect Your Family From Lead In Your Home." (See the download link for the pamphlet, below), and
- (3) Complying with the “10-day period/agreed period/waiver-by-purchaser regulation” for purchaser inspection for lead paint hazards (see, Section 15, “Opportunity To Conduct Inspection” in the contract, above).

Purchase the Disclosure Forms: If you need to purchase Lead-Based Paint Disclosure Forms, you can easily do so using USLF. <http://www.uslegalforms.com/lead-paint-disclosure-forms.htm> Click this link (or copy it into the address window of you internet browser) and select your state. Two forms will be accessed. You want both the “LEAD2” form, for rental transactions, **AND** the “LEAD1” form for sales. Click the “Information and Preview” link for more info on the forms, and then order the forms.

The Free EPA Pamphlet: The landlord/seller must give the tenant/purchaser the EPA-approved information pamphlet on identifying and controlling lead-based paint hazards entitled "Protect Your Family From Lead In Your Home." There is only one pamphlet, and you need only give one to the tenant/purchaser. You may obtain and print this pamphlet free by clicking the following download link (or copying the link into the address window of your internet browser):

<http://www.hud.gov/offices/lead/outreach/leapame.pdf>

The form is in .pdf format and you will need the free Adobe Acrobat Reader to view the form. In the unlikely circumstance that the Adobe Acrobat Reader is not installed on your computer, you can download it free from <http://www.adobe.com/products/acrobat/readstep2.html>. The download is quick and easy.

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