



Residential Lease with Option to Purchase

THIS LEASE is between _____ (“Landlord”) and _____ (“Tenant”).

1. Leased Premises. Landlord leases to tenant, and tenant leases from Landlord, the premises located at _____ (the “Leased Premises”).
2. Term. The term of this Lease shall commence on _____ (the “Commencement date”), and expire at midnight on _____.
3. Rent. Rent during the term of this Lease will be \$ _____ per month, payable in advance on or before the first day of each calendar month during the term of this Lease. Payment shall be made to Landlord at _____ or at such other place as Landlord shall designate.
4. Late Rent. In the event that Tenant shall fail to pay the rent on or before the due date, Tenant agrees to pay a late charge equal to \$ _____. In addition, Tenant agrees to pay a return check fee for any check that cannot be processed equal to \$ _____.
5. Use. The Leased Premises are to be used and occupied by the Tenant for residential purposes only and for no other purposes, and shall not be occupied by more than _____ persons without prior written consent of Landlord.
6. Utilities. Tenant shall be responsible for and pay all utility bills for the Leased Premises except for

which shall be the responsibility of Landlord. In addition, Tenant shall pay for his/her own trash removal.

7. Condition of Leased Premises; Alteration; Maintenance; Repairs.

(a) By executing this Lease, Tenant accepts the Leased Premises in their existing condition and acknowledges that the Leased Premises are in good order and repair, except as Tenant may indicate on the Commencement Inventory Checklist.

(b) Tenant shall maintain the Leased Premises in a clean and sanitary condition and shall surrender the Leased Premises at the termination of this Lease in as good a condition as when received, ordinary wear and tear excepted. Tenant shall not paint, paper or otherwise redecorate the Leased Premises, or make any alterations to the Leased Premises whatsoever, without the prior written consent of Landlord. Tenant shall commit no waste on the Leased Premises.

(c) Tenant agrees to be responsible for any damage caused to the Leased Premises by him or by his family members, guests or invitees, and further agrees to promptly report to Landlord any damage caused to or discovered in the Leased Premises. Landlord, at its option, may, upon discovery of damage to the Leased Premises, make such repairs as are necessary to restore the Leased Premises to their original condition, and Tenant shall reimburse the Landlord for the total cost of any such repairs for which Tenant is responsible hereunder.

(d) Landlord and Tenant each hereby release the other, including employees, agents, family members, invitees, and guests of the other, from all liability arising from loss, damage or injury caused by fire or other casualty to the extent of any recovery by the injured party under a policy of insurance which permits waiver of liability and waives the insurer's rights of subrogation.

8. Indemnification. Landlord shall not be liable for any damage or injury occurring on or about the Leased Premises to Tenant, Tenant's family members, guests or invitees, or to any personal property whatsoever that may be on the Leased Premises, except in the case of Landlord's failure to perform, or negligent performance of, a duty imposed by law. Tenant hereby agrees to protect, indemnify and hold Landlord harmless from and against any and all loss, costs, expense, damage or liability arising out of any accident or other occurrence on the Leased Premises or any part thereof, or in any common area, causing injury to any person or property whomsoever or whatsoever, no matter how caused, except in the case of Landlord's failure to perform or negligent performance of a duty imposed by law.

9. Pets. Tenant shall not keep any animal in the Leased Premises without first obtaining the written consent of the Landlord, which consent if given may be withdrawn at the sole discretion of the Landlord.

10. Fire or Destruction. In case of damage by fire or other casualty to the Leased Premises which render the Leased Premises uninhabitable, this Lease shall be terminated and the rent shall be prorated for the number of days of occupancy.

11. Default.

(a) Tenant's failure to pay rent when due, or to perform any Tenant's obligations hereunder, shall constitute a default. If a default occurs, Landlord may, at its option, terminate this Lease and regain possession of the Leased Premises in accordance with applicable law. If Tenant shall be absent from the Leased Premises for a period of five consecutive days while in default, Tenant shall, at Landlord's option, be deemed to have abandoned the Leased Premises. Recovery of the Leased Premises by Landlord shall not relieve Tenant of any obligation hereunder, and upon default, Landlord shall be permitted to accelerate the rent due throughout the term of this Lease and demand immediate payment thereof. Tenant may not be liable for the total accelerated amount of rent due hereunder because of Landlord's obligation to minimize damages through attempted re-renting of the Leased Premises.

(b) In the event of a default, it is understood that either party to this Lease has the right to have a court determine the actual amount due and owing the other.

(c) Neither party to this Lease shall be liable for legal costs or attorney's fees incurred by the other in connection with a dispute arising hereunder except to the extent that such costs or fees are specifically permitted by statute.

12. Assignment/Sublet. No part of the Leased Premises are to be subleased nor this Lease assigned by the Tenant without the prior written consent of the Landlord.

13. Security Deposit. Upon execution of this Agreement, Tenant shall deposit with Landlord the sum of \$ _____, which shall be held by Landlord as a security deposit for the faithful performance by Tenant of his obligations hereunder. This security deposit shall be returned to Tenant upon termination of this Lease and surrender by Tenant of the Leased Premises, subject, but not limited, to the following conditions:

- (a) There shall be no damage to the Leased Premises beyond ordinary wear and tear;
- (b) The Leased Premises, including all appurtenances, shall be clean, and the refrigerator shall be defrosted;
- (c) All rent due and payable under the terms of this Lease shall be paid to Landlord;
- (d) All keys shall have been returned to the Landlord;
- (e) All debris and rubbish and discards shall have been placed in proper rubbish containers;
- (f) All late charges and service charges for bad checks, if any, shall have been paid; and
- (g) Tenant shall have left a forwarding address with the Landlord.

Michigan Law provides that:

YOU MUST NOTIFY YOUR LANDLORD IN WRITING WITHIN 4 DAYS AFTER YOU MOVE OF A FORWARDING ADDRESS WHERE YOU CAN BE REACHED AND WHERE YOU RECEIVE MAIL; OTHERWISE YOUR LANDLORD SHALL BE RELIEVED OF SENDING YOU AN ITEMIZED LIST OF DAMAGES AND PENALTIES ADHERENT TO THAT FAILURE.

The security deposit, less any deduction, with an itemized list of damages, shall be returned to Tenant within 30 days of any termination of this Lease.

IT IS SPECIFICALLY UNDERSTOOD THAT THE AFORESAID SECURITY DEPOSIT SHALL NOT BE CONSIDERED PREPAID RENT AND SHALL NOT BE APPLIED BY THE TENANT ON THE LAST MONTH'S RENT.

14. Landlord hereby grants Tenant the option to purchase the Leased Premises (the "Option to Purchase") for a total purchase price of _____ (\$ _____) (the "Purchase Price") by providing notice of the exercise of the Option to Purchase during the term of this Lease (the "Option Period"). The terms of the Option to Purchase shall be as follows:

a. Within fourteen (14) days of the Commencement Date, Tenant shall obtain a commitment for an owner's policy of title insurance with standard exceptions for the amount of the Purchase Price. Upon receipt of the commitment, Tenant shall notify Landlord of any objections to the condition of the title, including any conditions reflected in the commitment which render title unmarketable, within fourteen (14) days of receipt, and thereafter, Landlord shall have thirty (30) days to cure any such defects. If Tenant's objections to the condition of the title are not timely cured, Tenant may either: (i) terminate the Lease and receive a refund of the Earnest Money; or (ii) waive his objections. In the event the Option to Purchase is exercised, Landlord shall provide, at its expense a policy of title insurance in the amount of the Purchase Price pursuant to the commitment approved by Tenant pursuant to this Section. If Tenant exercises its Option to Purchase, any objection to condition of title, including any conditions reflected in the commitment

which may render title unmarketable, shall be deemed waived by Tenant.

b. Tenant shall pay \$ _____ to Landlord upon execution of this Lease in consideration for the Option to Purchase (the "Option Price"). The Option Price shall be credited against the Purchase Price upon the sale of the Leased Premises to Tenant.

c. Tenant may exercise the Option by delivering to Landlord written notice of its intent to exercise the Option to Purchase during the term hereof.

d. Upon exercise of the Option to Purchase, Landlord and Tenant shall close the transaction within _____ days thereafter.

e. Upon closing of the sale of the Leased Premises, Landlord and Tenant shall convey fee simple title to Tenant by a warranty deed in recordable form.

f. Upon closing of the sale of the Leased Premises, Landlord shall pay all county and state transfer taxes associated with the conveyance. Tenant shall pay the cost of recording the warranty deed. Landlord and Tenant will share equally the title company's closing costs.

g. Landlord shall pay all taxes, fees and assessments that are a lien against the premises as of the time of closing. Further, at closing, the immediately previous December and July, if any, **tax bills will be prorated as paid in advance.**

h. One hundred (100%) percent of the divisions available under Section 108 of the Land Division Act are to be transferred by Landlord to Tenant upon closing after Tenant's exercise of the Option to Purchase. Landlord makes no representations as to the number of divisions available.

i. Tenant shall have no right to exercise its Option to Purchase if it is in default under the terms of this Lease during the period of time permitted for exercise of the Option to Purchase until it cures any such default during the period for exercise of its Option to Purchase.

j. Tenant shall not have the right to assign its interest in the Option to Purchase without the Landlord's prior written consent.

k. Landlord agrees that at the request of Tenant, it shall execute a Memorandum of Option Agreement which shall evidence Tenant's Option to Purchase, which shall be recordable form and may be recorded by Tenant with the Register of Deeds for the County of _____.

l. No representations have been made by Landlord or any agent of Landlord or Tenant that the Leased Premises will have an appraisal value to finance all or part of the Purchase Price or that Landlord has any obligation to set aside or safeguard the Option Price for payment to Tenant in the event of default by the Landlord.

15. **Access to Leased Premises.** Landlord reserves the right to enter the Leased Premises or any part at all reasonable hours for inspection, repair, alteration or addition, and for any other purpose whatsoever relating to the safety, protection, preservation or improvement of the Leased Premises or the building in which the Leased Premises is located.

16. Waiver. Failure of the Landlord to insist upon the strict performance of any of the terms, covenants, agreements and conditions herein contained shall not constitute or be construed as a waiver or relinquishment of the Landlord's right thereafter to enforce any such terms, covenants, agreements or conditions.

17. Holding Over. Any holding over after the expiration of the term of this Lease unless pursuant to the express written consent of the Landlord, shall be construed as a month-to-month tenancy, which shall be governed by all applicable terms of this Lease.

18. Notices. Any notice which either party may, or is required to, give hereunder may be served personally or sent by first-class mail, postage prepaid, as follows:

(a) to Tenant at the Leased Premises;

(b) to Landlord:

or at such other place as may be designated in writing by the parties from time to time.

19. Entire Agreement. The foregoing constitutes the entire agreement between the parties and may not be modified except in writing, signed by both parties.

NOTICE: MICHIGAN LAW ESTABLISHES RIGHTS AND OBLIGATIONS FOR THE PARTIES TO RENTAL AGREEMENTS. THIS AGREEMENT IS REQUIRED TO COMPLY WITH THE TRUTH-IN-RENTING ACT. IF YOU HAVE A QUESTION ABOUT THE INTERPRETATION OR LEGALITY OF A PROVISION OF THIS AGREEMENT, YOU MAY WISH TO SEEK ASSISTANCE FROM A LAWYER OR OTHER QUALIFIED.

20. Early Termination of Lease. A Tenant who has occupied a rental unit for more than thirteen months may terminate the lease by a 60-day written notice to the landlord if either of the following occurs: (1) the tenant becomes eligible during the lease term to take possession of a subsidized rental unit in senior citizen housing and provides the landlord with written proof of that eligibility; or (2) the tenant becomes incapable during the lease term of living independently, as certified by a physician in a notarized statement.

Landlord

Tenant(s)

Date: _____

Date: _____