



LEASE OPTION ADDENDUM



To be used in conjunction with the Residential Real Estate Purchase Agreement approved by Northwest Ohio REALTORS®

This Addendum is made part of the Residential Real Estate Purchase Agreement dated _____, 20____, between _____, as Seller and _____ as Purchaser for the property located at _____ (“Agreement”). In the event of any conflict or ambiguity in the terms of the Agreement and this Addendum, the terms of this Addendum shall govern. Any terms not defined herein shall have the same meaning as set forth in the Agreement.

THIS ADDENDUM IS NOT A LEASE. The incorporation of this Addendum into the Agreement provides Purchaser with a right (but not the obligation) to purchase the Property pursuant to the terms set forth in the Agreement, and also sets forth the material terms, which are necessary for the preparation of a written lease agreement (the “Lease”), which Lease is to be prepared by an attorney in accordance herewith.

1. **Grant of Option; Exercise of Option.** Seller hereby grants to Purchaser the exclusive option to purchase the Property pursuant to the terms of the Agreement (the “Option”). So long as Purchaser is not in breach of the Lease, Purchaser may exercise the Option by delivering written notice to Seller any time prior to _____ days (30 days if left blank) before the expiration of the Term. In the event Purchaser fails to timely exercise the Option in strict accordance with the terms and conditions of this Addendum, the Option shall terminate and shall be of no further force or effect.

2. **Option Fee.** Purchaser shall pay Seller \$ _____ as an option fee prior to commencement of the Term (the “Option Fee”). The Option Fee shall be non-refundable unless the Lease is terminated following a default by Seller, or Purchaser terminates the Agreement pursuant to Paragraph 17 (Title) thereof following the exercise of the Option.

3. **Lease Term.** The term of the Lease shall commence on _____, _____ 20____ and shall terminate on _____, _____ 20____ (the “Term”), which Term may be extended by the parties in writing.

4. **Rent.** During the Term, Purchaser shall pay monthly installments of rent in the amount of \$ _____.

5. **Security Deposit.** In addition to the Option Fee, Purchaser shall pay Seller \$ _____ as a security deposit prior to commencement of the Term (the “Security Deposit”). The Security Deposit shall be refundable to Purchaser in accordance with the terms of the Lease and Chapter 5321 of the Ohio Revised Code. Any earnest money deposit required by the Agreement, shall be released to Seller upon commencement of the Term, applied toward the Security Deposit required hereby, and otherwise held by Seller in accordance with Chapter 5321 of the Ohio Revised Code.

6. **Maintenance.** During the Lease term, Seller shall make all repairs and do whatever is reasonable to put and keep the Property in a fit and habitable condition and to maintain in good and safe working order and condition all electrical, plumbing, sanitary, heating, ventilating and air conditioning fixtures and appliances supplied at the Property. During the Lease term, Purchaser shall keep the Property in a safe and sanitary condition, dispose of all rubbish, garbage and other waste in a clean, safe and sanitary manner, keep all plumbing fixtures as clean as their condition permits, use and operate all electrical and plumbing fixtures properly, maintain in a good working order any range, refrigerator, washer, dryer, dishwasher or other appliances supplied by Seller and required to be maintained by Purchaser pursuant to the Lease, personally refrain and forbid others who are at the Property with Purchaser’s permission from intentionally or negligently destroying, defacing, damaging or removing any fixture, appliance or other part of the Property, and subject to Seller’s maintenance obligations, to keep the Property as good condition as at time of commencement of the Term, ordinary wear and tear excepted. Purchaser shall make no changes or alterations to the Property without the written consent of Seller.

7. **Credit Check.** Purchaser hereby authorizes Seller to fully investigate the credit of Purchaser for purposes of analyzing the credit risk of the Lease. Upon request, Purchaser shall provide Seller a current credit report to assist in such investigation. Seller’s obligations to execute the Lease are subject to Seller approving the credit of Purchaser.

8. **Seller's Mortgages.** Seller represents the following mortgages and encumbrances are on the Property: (if none, state "none") _____

Seller represents that the existing mortgages or encumbrances on the Property have a total unpaid principal balance of approximately \$ _____ as of the time of Acceptance of the Agreement. Seller agrees to promptly pay all mortgage payments as they become due and to prevent such mortgages from becoming in default. Seller will provide to Purchaser at least annually, evidence that all payments have been made and that the underlying mortgages are not in default. Seller represents that there are no other mortgages on the Property and agrees that during the Term, Seller will not grant additional mortgages or will not refinance or otherwise increase the amount of the underlying mortgages without Purchaser's written consent.

9. **Taxes.** Seller shall be responsible for payment of all real property taxes and other assessments which are now or may hereafter be imposed or assessed by the State of Ohio or any political subdivision thereof upon the Property during the Term.

10. **Insurance.** Seller will provide hazard insurance providing fire and extended coverage in an amount determined by Seller, but not less than the amount of the Purchase Price. Purchaser shall maintain its own insurance on its personal property located at the Property.

11. **Examination of the Property and Possession.** Purchaser shall have the right, prior to execution of the Lease and taking possession of the Property to examine Property. Purchaser's obligations to execute the Lease are subject to Purchaser completing its examination of the Property and approving the condition of the same. Possession of the Property shall be delivered to Purchaser upon commencement of the Lease term, and Purchaser's taking possession of the Property shall be deemed as Purchaser's acceptance of the Property as habitable and satisfactory.

12. **Conditions and Inspections.** Notwithstanding any provision of the Agreement to the contrary, and to the extent the same have previously expired or been waived, Purchaser's exercise of the Option shall be deemed a waiver of all conditions set forth in Paragraphs 5 (Financing), 7 (Inspections), 8 (Sex Offender Registration), 9 (Appraisal), 10 (Property Insurance), 11 (Special Flood Hazard Area), and 27 (Attorney Review) of the Agreement.

13. **Title and Closing.** Upon the exercise of the Option, Seller shall provide evidence of title, in accordance with Paragraph 17 (Title) of the Agreement, within fourteen (14) days from the exercise of the Option. Closing shall be held on or before thirty (30) days from the date Purchaser exercises the Option.

14. **Closing Credits.** Purchaser shall receive a credit against the Purchase Price at Closing, in the event the Option is exercised, for the security deposit and each of the following (select all that apply):

- That portion of the Option Fee in the amount of \$ _____;
- A portion of rent in the amount of \$ _____ per month, for each month that rent is timely paid to Seller pursuant to the Lease;
- Other (describe as follows): _____

15. **Preparation of Lease.** The Purchaser's attorney Seller's attorney (select one), shall prepare the Lease in a form that incorporates the agreed terms set forth herein, complies with Ohio Revised Code Chapter 5321 and any other applicable law. The parties shall execute the mutually agreed upon Lease by no later than _____ days (14 days if left blank) from Acceptance. If the Lease is not executed within the time period required hereby, the Agreement (including the Option granted hereby) shall be terminated and deemed null and void, with no further obligation of either party thereunder, and the earnest money deposit and any security deposit paid pursuant hereto shall be promptly returned to Purchaser.

16. **Brokerage Commission(s).** The Purchaser and Seller acknowledge that there may be real estate commission owed to a broker or agent involved in this transaction in connection with the leasing of the Property and/or the sale of the Property. Any commission due in connection with the leasing of the Property is deemed earned at the time the Lease is executed by the Purchaser and Seller, unless otherwise agreed pursuant to the terms of an applicable brokerage agreement. Any commission due in connection with the sale of the Property is deemed earned upon the exercise of the Option by Purchaser, unless otherwise agreed pursuant to the terms of an applicable brokerage agreement.

17. **Additional Terms of Lease:** _____

18. **Effect of Lease; Interpretation.** It is expressly understood and agreed that the Lease need not include any terms specific to the Option and that the Lease and Agreement will be construed together as the entire understanding and agreement of the parties concerning the subject matter hereof. The Agreement shall not be merged into or extinguished by the Lease; however, in the event of any conflict between the terms of the Lease and the Agreement (as modified by this Addendum), the terms of the Lease shall prevail. In the event that the Lease is terminated prior to the expiration of the Lease term, the Agreement (including the Option granted hereby) shall immediately terminate.

_____ Purchaser	_____ Date	_____ Seller	_____ Date
_____ Purchaser	_____ Date	_____ Seller	_____ Date