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## RESIDENTIAL RENT TO OWN AGREEMENT

*State of Alabama*

### **BACKGROUND.**

A. This Rent to Own Agreement (hereinafter "Lease") is entered into and made effective as of the date set forth at the end of this document by and be between the Lessor (hereinafter referred to as "Landlord"), of the following address:

\_\_\_\_\_  
\_\_\_\_\_

and the following Lessee, (hereinafter referred to as "Tenant"):

\_\_\_\_\_  
\_\_\_\_\_

B. For purposes of convenience, the following party (the "Authorized Party") is also authorized to manage the Property and act on Landlord's behalf:

\_\_\_\_\_  
\_\_\_\_\_

Such Authorized Party may be considered to act in place of the Landlord for the purposes of this Lease, where required or permitted.

C. Landlord and Tenant may be collectively referred to as the "Parties."

D. Landlord intends to rent the herein described property to the Tenant with the option of

the Tenant purchasing said property at the end of their lease term.

*In consideration of the obligations and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do contract and agree as follows:*

## **I. PREMISES.**

1. Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant the Single-family home (the "Property") located at the following address:

\_\_\_\_\_

## **II. LEASE TERM.**

2. This Lease shall commence on \_\_\_\_\_ and shall continue until its natural termination on \_\_\_\_\_ at 11:59 PM.

3. After the date of termination, if Tenant does not exercise the option to purchase, this Lease shall automatically renew and shall continue for the same term length unless and until the Tenant exercises the purchase option or either of the Parties undertakes cancellation of this Lease in writing.

4. At the expiration of this Agreement, if Tenant does not exercise the purchase option, Tenant shall be responsible for providing a forwarding address to Landlord to receive any funds owed or other notices.

## **III. SECURITY DEPOSIT.**

5. Upon execution of this Lease, Tenant shall provide the following amount to Landlord, to be held as a security deposit for the reasonable cleaning or repair of damages to the Property upon the expiration or termination of this Lease or in case of default by Tenant: **\$2 (two US dollars).**

6. The security deposit shall not be in excess of one month's Rent.

7. The security deposit shall be held at the following financial institution:

\_\_\_\_\_

8. If Tenant does not exercise the purchase option, Tenant hereby agrees to be liable to Landlord at the expiration or termination of this Lease for all damages to the Property, except ordinary wear and tear.

9. Tenant shall not be permitted to use any portion of the security deposit to cover their Rent.

10. In case of sale or assignment of this Rent to Own Agreement by Landlord, Tenant's security deposit shall be transferred to the new owner or assignee and Landlord shall be released from liability to Tenant for return of the security deposit.

11. Examples of acceptable deductions from the security deposit include:

- a. unpaid rent,
- b. late fees,
- c. cleaning,
- d. key replacement,
- e. removing abandoned property, and/or
- f. attorneys' fees for proceedings against Tenant

12. If Tenant does not exercise the purchase option, Landlord has 60 (sixty) days after the termination of the Lease in order to return Tenant's security deposit or 60 (sixty) days in which to send an itemized list of deductions for which Landlord will be taking funds.

13. If Tenant exercises the purchase option, the security deposit shall be applied to the final purchase price.

#### **IV. OPTION CONSIDERATION.**

14. Nonrefundable option consideration in the amount of **\$2 (two US dollars)**, paid by the Tenant as consideration for this Rent to Own Agreement, shall be credited to the purchase price at closing if the Tenant timely exercises the option to purchase.

15. If the Tenant does not exercise the option to purchase, the Tenant shall forfeit the non-refundable option consideration.

## V. RENT.

16. Tenant shall pay to Landlord rent payments of **\$2 (two US dollars)** each month.
17. The Rent shall be payable in advance on the 1st (first) of each month. No holidays, special events, or weekends shall excuse Tenant's obligation to pay timely Rent.
18. Landlord shall not be permitted to raise the Rent throughout the duration of this Rent to Own Agreement.
19. Tenant may be required to pay prorated rent from the beginning of this Agreement to the first full payment period. If Tenant must pay prorated rent, Tenant shall pay any prorated amount due at the execution of this Agreement.
20. For any returned or bounced checks, Landlord may charge Tenant the cost of the returned check fee, as well as an additional reasonable fee, together with Rent late fees, as applicable.
21. For any payment that is not paid when due, the Tenant shall, as allowed under applicable law, pay a late fee of **\$2 (two US dollars)**.
22. Landlord agrees to accept the following forms of payment for the Rent:
- \_\_\_\_\_
23. Payment of Rent may be sent or delivered to the following address or to any person or institution denoted by Landlord, whether by mail, email, or any other means. If payment shall be made electronically, the address below shall be utilized as Tenant's point of contact for Landlord:
- \_\_\_\_\_

## VI. POSSESSION.

24. Tenant shall be entitled to possession on the first day of the term of this Lease and, if the purchase option is not exercised, shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both Parties in writing.
25. Tenant shall not be permitted to take possession of the Property until the security deposit and first Rent payment (or prorated amount required) is delivered to the Landlord in full, and the Property is vacated by any prior tenant, if applicable. If Landlord

is unable to deliver possession of the Property to Tenant at the start of the Lease term, through no fault of Landlord or due to any unforeseen circumstances, Landlord shall not be liable for any damages, but Tenant will not be liable for Rent until possession is given. If possession is given within 30 (thirty) days, Tenant hereby agrees to accept the Property and pay Rent from that date forward. If possession cannot be delivered within 30 (thirty) days, then this Lease shall be terminated.

26. At the expiration of the term, if the Lease is not renewed or the property purchased by Tenant, Tenant shall remove their goods and effects and peaceably yield up the Property to Landlord in as good condition as when delivered to Tenant, ordinary wear and tear excepted.

## **VII. USE OF PROPERTY.**

27. The Property shall be used and occupied solely by the Tenant on this Lease, exclusively as a residential dwelling. No additional persons may reside on the Property without Landlord's prior written consent.

28. The Property shall not, at any time during the term of this Lease, be used for the purpose of carrying on any trade, profession, or business.

29. The Property shall also not be used for any illegal purpose or acts. If Tenant becomes aware of any illegal activities taking place on the Property, Tenant agrees to notify Landlord as well as the appropriate authorities. Tenant will be responsible for any illegal acts or omissions of Tenant's guests, invitees, and/or licensees whether or not Tenant was a party to or knew of the illegal acts taking place. Certain types of illegal activities may be cause for Landlord to issue an unconditional notice of Lease termination to Tenant.

30. Smoking or other activities which may impair the health of other residents may not be permitted in common areas.

## **VIII. PROPERTY CONDITIONS.**

31. Tenant hereby stipulates that Tenant has examined the Property prior to signing this Lease or has knowingly waived such inspection.

32. Tenant affirms that Tenant has not relied on any representations made by Landlord regarding the condition of the Property. Tenant takes the Property as is, with no representations from Landlord beyond those contained herein or required by applicable

Alabama law, including no express or implied warranties.

33. Tenant agrees not to damage the Property and to further be responsible for any damages sustained to the Property as a result of any activity on the part of Tenant's invitees, licensees, and/or guests. Tenant agrees that if any such damage occurs to the Property, Tenant is required to pay for the damages.

34 If at the end of the Lease term, Tenant does not exercise their option to purchase, Tenant agrees to return the Property in the same condition as when Tenant took possession, with the exception of normal wear-and-tear.

35. Tenant must notify Landlord within 24 hours of any condition requiring maintenance.

#### **IX. ALTERATIONS.**

36. Tenant shall not make any additions, improvements, or alterations or do any type of construction to the Property without first obtaining Landlord's written consent.

37. Unless a prior written agreement is reached between Tenant and Landlord, any such additions, improvements, or alterations shall become part of the Property and shall remain at the expiration of Tenant's Lease Term.

38. if Landlord approves of construction in writing and Tenant intends to use contractors to undertake such work, the contractors must first be approved in writing by Landlord.

39. Tenant must place any funds to cover the amount of any additions, improvements, or alterations, or construction in an escrow account approved by Landlord before the commencement of the work.

#### **X. MECHANICS LIENS.**

40. Neither Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens or any other kind of lien on the Property and the filing of this Lease constitutes notice that such liens are invalid.

41. Tenant agrees to give actual advance notice to any contractors, subcontractors, or suppliers of goods, labor, or services that such liens will not be valid and will take whatever additional steps that are necessary in order to keep the Property free of all liens resulting from construction done by or for the Tenant.

**XI. HAZARDOUS MATERIALS.**

42. Tenant agrees not to keep any hazardous items on the Property, whether flammable or explosive or that might be considered hazardous by any legitimate insurance company, and would substantially increase the danger of fire on the Property, unless prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

**XII. ASSIGNMENT AND SUBLETTING.**

43. Tenant is not permitted to assign or sublet this Lease without the prior written consent of the Landlord.

44. Tenant may not grant any license to use the Property or any part of the Property without the prior written consent of the Landlord.

45. If Landlord consents to any one assignment, sublet, or license, this shall not be deemed a consent to any subsequent such request.

46. Any assignment, sublet, or license without Landlord's prior written approval shall be null and void and shall, if Landlord so chooses, terminate this Agreement.

**XIII. UTILITIES.**

47. Tenant shall be responsible for arranging and paying for the utilities that Landlord will not manage. Tenant shall also be responsible for having such utilities disconnected when Tenant delivers the Property back to Landlord at the termination or expiration of this lease.

48. Landlord shall be responsible for arranging and paying for the following utilities:

\_\_\_\_\_

**XIV. OBLIGATIONS OF TENANT.**

49. Tenant hereby acknowledges and agrees to the following obligations:

- a. Comply with all obligations imposed upon tenants by applicable provisions of building, housing, and health codes;

- b. Keep that part of the Property which he or she occupies and uses clean and sanitary;
- c. Remove from the Tenant's dwelling unit all garbage in a clean and sanitary manner;
- d. Keep all plumbing fixtures in the dwelling unit or used by the Tenant clean and sanitary and in repair;
- e. Use and operate in a reasonable manner all electrical, plumbing, sanitary, heating, ventilating, air-conditioning, and other facilities and appliances, including elevators;
- f. Not destroy, deface, damage, impair, or remove any part of the Property or property therein belonging to the Landlord nor permit any person to do so;
- g. Conduct himself or herself, and require other persons on the Property with his or her consent to conduct themselves, in a manner that does not unreasonably disturb the Tenant's neighbors or constitute a breach of the peace.

50. Tenant agrees that any violation of this section shall be considered a breach of this Lease.

#### **XV. OBLIGATIONS OF LANDLORD.**

51. Landlord's obligations regarding the Property are as follows:

- a. To comply with any and all applicable building, housing and/or health codes; or
- b. Where there are no applicable building, housing, or health codes, to maintain the roofs, windows, doors, floors, steps, porches, exterior walls, foundations, and all other structural components in good repair and capable of resisting normal forces and loads and the plumbing in reasonable working condition.
- c. To manage the extermination of rats, mice, roaches, ants, wood-destroying organisms, and bedbugs. When vacation of the Property is required for such extermination, the Landlord will not be liable for damages but shall abate the rent.
- d. To ensure adequate and safe locks and keys;
- e. To maintain the clean and safe condition of common areas;

- f. To manage garbage removal and outside receptacles therefore;
- g. To ensure functioning facilities for heat during winter, running water, and hot water.

52. The Landlord shall pay all real estate taxes which may be levied against the Property until and unless the Tenant exercises their option to purchase.

#### **XVI. TENANT INSURANCE.**

53. Landlord is not liable to Tenant, or any of Tenant's invitees, licensees, and/or guests for any damages not proximately caused by Landlord and Landlord will not compensate Tenant or any other person for damages proximately caused by any other source, including acts of God and nature.

54. Tenant is therefore required to purchase insurance to protect Tenant, Tenant's personal property, and any person on the Property for Tenant.

#### **XVII. LANDLORD ACCESS TO PROPERTY.**

55. Under the terms of this Lease,, Tenant shall not unreasonably withhold consent to the Landlord to enter the dwelling unit from time to time in order to inspect the Property; make necessary or agreed repairs, decorations, alterations, or improvements; supply agreed services; or exhibit the dwelling unit to prospective or actual tenants, workers, or contractors.

56. Landlord shall give Tenant at least 2 (two) days' notice before such entry.

57. Landlord may enter the dwelling unit at any time for the protection or preservation of the Property. Landlord may enter the dwelling unit upon reasonable notice to the Tenant and at a reasonable time for the purpose of repair of the Property. 'Reasonable notice' for the purpose of repair is notice given at least 24 hours prior to the entry, and reasonable time for the purpose of repair shall be between the hours of 7:30 a.m. and 8:00 p.m. Landlord may enter the dwelling unit when necessary for the further purposes set forth above under any of the following circumstances:

- a. With the consent of the Tenant
- b. In case of emergency

c. When the Tenant unreasonably withholds consent

d. If the Tenant is absent from the Property for a period of time equal to one-half the time for periodic rental payments. If the Rent is current and the Tenant notifies Landlord of an intended absence, then the Landlord may enter only with the consent of the Tenant or for the protection or preservation of the Property.

58. The Landlord shall not abuse the right of access nor use it to harass the Tenant.

### **XVIII. DEFAULT OR BREACH BY TENANT.**

59. If Tenant or any of Tenant's invitees, licensees, or guests violate any of the terms of this Lease, Tenant shall be considered in breach of this Lease.

60. Breaches may include, but are not limited to, failure to pay Rent, engaging in any unlawful activity, damaging or otherwise destroying Property or any common areas therein, or violation of any part or sub-part of this Lease.

61. If the breach is of such a nature that it may be cured, Tenant shall have 14 (fourteen) days to cure such breach after being provided written notice of the same by Landlord. If Tenant does not cure, Landlord may terminate the Lease and Tenant must vacate the Property within 7 (seven) days. Such incurable breaches include, but are not limited to, misrepresentation of material fact in the rental application or Lease, possession or use of illegal drugs in the rental or common areas, discharge of a firearm, or criminal assault of another tenant or guest.

62. If Tenant breaches the terms of this Lease by failing to pay timely Rent, Landlord may send a notice of termination to Tenant demanding payment of the full Rent or surrender of the Property within 7 (seven) days. If Tenant continues in failure to pay and does not surrender for 7 (seven) days, excluding weekends and legal holidays, the Landlord may terminate the Lease and file for eviction.

63. The delivery of any of the notices mentioned above may be done by mailing or hand-delivering a copy of the notice to the Property.

### **XIX. SUBORDINATION OF LEASE.**

64. This Lease is subordinate to any mortgage that now exists, or may be given later by Landlord, with respect to the Property.

## **XX. OPTION TO PURCHASE.**

65. Tenant, upon satisfactory performance of this Lease, shall have the option to purchase the real property described herein for a purchase price of **\$2 (two US dollars)**, provided that Tenant timely executes the option to purchase and is not in default of the Agreement. Thereafter, each of the Parties shall promptly execute any and all further instructions or other documents, including a Sale Agreement, which may be reasonably required for purchase of the real property.

66. The Landlord shall credit towards the purchase price at closing Rent payments that the Tenant has timely made in the following manner:

\_\_\_\_\_

67. Landlord agrees to deliver, and Tenant agrees to accept, title to the Premises subject only to a lien for taxes and assessments levied against the Property; any covenants, conditions, restrictions, easements, right, right-of-way record; and such other exceptions as Landlord and Tenant approve in writing. Landlord shall deliver to Tenant a preliminary title report within thirty (30) days after Tenant's exercise of the option.

68. To exercise the Option to Purchase, the Tenant must deliver to the Landlord written notice of Tenant's intent to purchase, not less than 2 days prior to the expiration of the Lease Term. The written notice must specify a valid closing which must occur before the original expiration date of the Lease Agreement.

69. The Option to Purchase is exclusive and non-assignable and exists solely for the benefit of the named Parties above. Should Tenant attempt to assign, convey, delegate, or transfer this option without the Landlord's express written permission, any such attempt shall be deemed null and void.

70. Tenant agrees that closing costs in their entirety, including any points, fees, and other charges required by the third-party lender, shall be the sole responsibility of Tenant. The only expense related to closing costs apportioned to Landlord shall be the pro-rated share of the property taxes due at the time of closing, for which Landlord is solely responsible.

## **XXI. FINANCING DISCLAIMER.**

71. THE PARTIES ACKNOWLEDGE THAT IT IS IMPOSSIBLE TO PREDICT THE AVAILABILITY OF OBTAINING FINANCING TOWARDS THE PURCHASE OF THIS PROPERTY.

72. OBTAINING FINANCING SHALL NOT BE HELD AS A CONDITION OF PERFORMANCE OF THIS OPTION TO PURCHASE AGREEMENT.

73. PARTIES FURTHER AGREE THAT THIS OPTION TO PURCHASE AGREEMENT IS NOT ENTERED INTO IN RELIANCE UPON ANY REPRESENTATION OR WARRANTY MADE BY EITHER PARTY.

## **XXII. REMEDIES UPON DEFAULT.**

74. If Tenant defaults under this Rent to Own Agreement, then in addition to any other remedies available to Landlord in accordance with Alabama law, Landlord may terminate this Agreement by giving written notice of the termination.

75. If terminated, Tenant shall lose entitlement to any refund of rent or option consideration.

## **XXIII. ABSENCE AND ABANDONMENT.**

76. If Tenant plans to leave the Property for 7 (seven) or more consecutive days or expects long, frequent, or customary absences, Tenant must notify the Landlord in writing. Tenant hereby agrees that any such absence, whether a singular occurrence or customary, shall not obviate Tenant's obligation to pay timely Rent.

77. If Tenant is absent from the Property for 7 (seven) or more days, during which time Tenant owes Rent or any other monies, Tenant shall be considered to have abandoned the Property and be in breach of this Lease.

78. The Property may also be considered abandoned if electrical services are terminated for 7 (seven) consecutive days.

79. This definition of abandonment shall not impair the rights of Landlord under this Lease or other applicable law. In case of abandonment, however, Landlord may immediately enter and re-take the Property as permitted under applicable law and terminate this Lease, with no notice to Tenant. Landlord may also dispose of any of Tenant's belongings in accordance with applicable Alabama law.

## **XXIV. TENANT HOLDOVER.**

80. If Tenant does not provide timely written notice to Landlord of Tenant's intent to

surrender or Tenant does not vacate the Property at the end of the Lease term or otherwise remains in possession of the Property without exercising the option to purchase, a new month-to-month tenancy will be created which will be subject to all the terms and conditions of this Lease.

81. Such month-to-month tenancy will remain valid until such time as Landlord and Tenant, in writing, extend or renew the Lease for a specific term.

82. If Tenant becomes a month-to-month Tenant, Tenant must give 30 (thirty) days written notice to Landlord of Tenant's intent to surrender the Property. Landlord may terminate such a month-to-month tenancy at any time by serving Tenant written notice of termination or by other means permitted by applicable Alabama law. Tenant shall vacate the Property at Landlord's demand.

#### **XXV. INDEMNIFICATION.**

83. Landlord shall not be liable for any damage or injury to Tenant or Tenant's invitees, licensees or guests on or in the Property and Tenant hereby agrees to indemnify, defend and hold Landlord harmless from any and all claims or assertions of every kind and nature.

#### **XXVI. RECORDING OF LEASE.**

84. Tenant shall not record this Lease on the Public Records of any public office. In the event that Tenant shall record this Lease, this Lease shall, at Landlord's option, terminate immediately and Landlord shall be entitled to all rights and remedies that Landlord has at law or in equity.

#### **XXVII. DESTRUCTION OR CONDEMNATION OF PROPERTY.**

85. If the Property is damaged or destroyed by fire or another casualty to the extent that enjoyment of the dwelling unit is substantially impaired, Landlord, in their sole discretion, may elect to repair the Property or terminate the Lease upon thirty (30) days written notice to Tenant.

86. If the Property is condemned or cannot be repaired, this Lease will terminate upon twenty (20) days written notice by either Party.

**XXVIII. LEAD-BASED PAINT.**

87. 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. Lessees must also receive a federally approved pamphlet on lead poisoning prevention.

**XXIX. QUIET ENJOYMENT.**

88. Landlord hereby acknowledges and agrees that so long as Tenant pays timely Rent and continues to perform his or her obligations under this Lease, Landlord will not interfere with Tenant's peaceful use and quiet enjoyment of the Property.

**XXX. LOCKS.**

89. Tenant shall not alter or replace any locks on the Property without the written consent of Landlord. Tenant shall also not add any new locks on the Property without the consent of Landlord. If Tenant installs any additional locks (with Landlord's consent), the locks shall stay on the Property at the expiration of the Lease and will become part of Landlord's Property.

**XXXI. PETS.**

90. The pet policy for the Property is as follows:

\_\_\_\_\_

**XXXII. COUNTERPARTS.**

91. This Lease may be executed in counterparts, all of which shall constitute a single agreement. If the dates set forth at the end of this document are different, this Lease is to be considered effective as of the date that both Parties have signed the agreement, which may be the later date.

**XXXIII. FAIR HOUSING.**

92. All Parties agree to comply with all applicable Federal and state Fair Housing and Civil Rights laws and shall not discriminate against any person because of race, color, national origin, religion, creed, sex, marital status, sexual orientation, age, occupation, handicap, disability, or a child or children in the family.

**XXXIV. ENTIRE AGREEMENT.**

93. This Agreement contains the entire agreement of the Parties, and there are no other promises or conditions in any other agreement, whether oral or written, concerning the subject matter of this Agreement.

94. This Agreement supersedes any prior written or oral agreements between the Parties.

**XXXV. SEVERABILITY.**

95. If any provision of this Agreement will be held to be invalid or unenforceable for any reason, the remaining provisions will continue to be valid and enforceable.

96. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision will be deemed to be written, construed, and enforced as so limited.

**XXXVI. AMENDMENT.**

97. This Agreement may be modified or amended in writing, if the writing is signed by the Party obligated under the amendment.

**XXXVII. GOVERNING LAW.**

98. This Agreement shall be construed in accordance with the laws of the State of Alabama.

**XXXVIII. NOTICE.**

99. Any notice or communication required or permitted under this Agreement shall be sufficiently given if delivered in person or by certified mail, return receipt requested, to

the address set forth in the opening paragraph of this Agreement or to such other address as one Party may have furnished to the other in writing.

**XXXIX. WAIVER OF CONTRACTUAL RIGHTS.**

100. The failure of either Party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

IN WITNESS WHEREOF, the Parties execute the Agreement as follows:

\_\_\_\_\_  
\_\_\_\_\_, *Landlord*

\_\_\_\_\_  
Date

\_\_\_\_\_  
\_\_\_\_\_, *Tenant*

\_\_\_\_\_  
Date