

# MAAS LAW FIRM

## LEASE OPTION REAL ESTATE CHECKLIST

DATE: \_\_\_\_\_

PROPERTY ADDRESS: \_\_\_\_\_

INVESTOR'S NAME(S): \_\_\_\_\_

INVESTOR'S PHONE(S): \_\_\_\_\_ Email: \_\_\_\_\_

### Complete The Following After Seller Agrees:

- Run a title search for liens and judgments.
- Check to see if the mortgage is current.
- Check to see if property taxes are paid.
- Have Seller sign the 1 page Lease Option Agreement, the Authorization to Release Information with Lender, Seller's Disclosure (TREC), & Lead Based Paint Disclosure (TREC – for homes prior to 1978), H.O.A. Addendum, etc.
- Try to obtain the **Seller's Mortgage Statement** & the existing **Survey**.
- Get a key or access to the home to show to your Buyer/Tenants.

### Once You Have A Seller Signed Agreement, Get A Tenant/Buyer:

- Market the home to find a Tenant/Buyer.
- Once you have a willing Tenant/Buyer, have them sign the 1 page Tenant/Buyer Letter of Intent; subject to Seller approval. Verify the Lease Option Assignment Fee & the first month's rental funds for the transaction to move forward. Obtain a Credit Application from the Tenant/Buyer & Application Fee. Do not presume the Tenant/Buyer will be approved.
- Confirm Tenant/Buyer meets Investor's & Seller's criteria, if not, send Rejection Letter.
- Create Tenant/Buyer folder and keep copies of everything.

### After All the Above Items Are Completed: Bring the transaction to the **Maas Law Firm** with all Agreements, lender information, forms, etc.

- Confirm the Tenant/Buyer has renter's insurance.
- NO MONIES collected by Investor. Option monies must be paid by cashier's check to the **Maas Law Firm, IOLTA Account**. Failure to follow this requirement may cause the Firm not to close the transaction.
- Maas Law Firm** to draft final Agreements (Fee is \$995) paid by Investor or Tenant/Buyer
- Maas Law Firm** will schedule the closing with all parties. Funds released two (2) business days following receipt of funds by the Maas Law Firm. Please submit all cashier checks two (2) business days prior to closing to receive funds the day of closing.
- Recommend videotaping or taking pictures the home inside and out prior to move-in date. Companies such as [onsightpros.com](http://onsightpros.com) (210-615-7767) provide these services. Have the Buyer/Tenant approve the home move-in checklist.
- Remove signs and lockbox, if any. Assist Tenant with utilities. Send a thank you to all parties.

## **LEASE OPTION ACKNOWLEDGEMENTS**

1. **What is a Lease Option?** Leasing or renting a property with an option to buy it at a future date. The future price of the property should be fixed at the time the lease-option is signed. If Tenant/Buyer does not exercise their option within the agreed term, all option money, monthly rental payments and advances are non-refundable.
2. The total amount required for move in is the negotiated Option Fee, plus the first month's payment. Option fee is fully credited to the cost of the house. advance
3. Seller must own the home in Fee Simple (mortgage loan on home is fine). Cannot be sold by a family member or friend without a durable power of attorney.
4. Lease Options Agreements cannot exceed 3 years.
5. The Seller must provide and send their lender(s) an Authorization to Release Information so the Tenant/Buyer can verify the mortgage information prior to executing final documents.
6. Seller cannot raise the price in case of damage caused beyond the Tenant/Buyer's control, such as roof damaged caused by a storm.
7. The Seller must provide the Tenant/Buyer a monthly accounting of when the rental payments are received. We insist on a 3<sup>rd</sup> party rental servicer to comply with this important disclosure.
8. Option/Sales Price must be more than the amount of the mortgage lien.
9. If the Seller defaults on the mortgage payments, the Seller must send notice to the Tenant/Buyer in 14 point type with specific verbiage. Again, we insist that the Seller receive no direct rental payments from the Tenant/Buyer to prevent this situation from occurring.
10. If the Tenant/Buyer defaults, the Seller must give a Notice of Default in 14 point type with specific legal verbiage, and it give the Tenant/Buyer 30 days to cure the default. If the Tenant/Buyer does not cure the default within 30 days, then the Seller may begin to evict the Tenant/Buyer.
11. The Seller may not charge a late fee over 8% of the monthly rental payment amount.
12. The Seller may not Lease Option a house that has a lien that is not the mortgage or tied specifically to the house; such as a HELOC, blanket loans, mechanics liens, etc.
13. Seller(s) cannot Lease Option a house that has not been platted; withhold a rent credit for a late rental payment; and charge a pre-payment penalty.
14. Seller should provide the Tenant/Buyer with an existing or new survey, Seller's disclosure, etc.
15. The Tenant/Buyer should obtain a home warranty should damages occur to the home appliances, plumbing, heating and air conditioning, etc.

**Signatures:**

**Seller(s):** \_\_\_\_\_

**Tenant/Buyer(s):** \_\_\_\_\_

**Assignor/Investor:** \_\_\_\_\_

**Date**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# SELLER'S LETTER OF INTENT - LEASE OPTION REAL ESTATE

(Please fill out all the blanks below. All fields are required)

Date: \_\_\_\_\_

Property Address: \_\_\_\_\_

Seller(s): \_\_\_\_\_

Phone Number(s): \_\_\_\_\_ Email(s): \_\_\_\_\_

Assignor/Investor: \_\_\_\_\_ Phone Number(s): \_\_\_\_\_

Email(s): \_\_\_\_\_

Purchase price: \$ \_\_\_\_\_ (Includes Option Fee)

Monthly lease payment: \$ \_\_\_\_\_ Term of lease option: \_\_\_\_\_ (max.3 years).

Please be advised that the undersigned Assignor is interested in entering into a Rental Agreement and Option to Purchase Agreement. Please be advised that the real estate Investor intends to enter into the Agreements contemplated for the purpose of investing in real estate as a business. The term of the lease option is to begin as soon as Assignor obtains a Tenant/Buyer for the property, the Seller must approve the Tenant/Buyer, and all parties sign a complete Lease Option Agreement (Agreement). The Agreement will be assigned by the Assignor to a Tenant/Buyer. Assignor's fee is paid by the Tenant/Buyer upon execution of the final signed Agreements. Seller must use the Maas Law Firm lease option agreement forms. Seller and the Tenant/Buyer agree in advance to use a 3<sup>rd</sup> party servicer, to collect rent and pay any mortgage(s). The 3<sup>rd</sup> party servicer will be responsible for accounting; monthly and annually. By law, Seller agrees to release mortgage information to the Assignor and Tenant/Buyer. Seller agrees to a "Buyer Closing Cost Concession of 3%" of the final sale price to be applied towards Buyers closing cost.

Seller(s) Initials: \_\_\_\_\_

Seller will be solely responsible for any and all commissions and real estate agent management cost. Prior to execution of the final Lease Option Agreement, Seller may cancel this Agreement at anytime, without recourse, if they find their own tenant or decide not to re-sale. The Tenant/Buyer will pay the Seller a monthly rent payment until they exercise their option to purchase or until the end of the option term. Seller authorizes the Assignor to market the property using yard sign(s), internet, etc. Seller agrees to allow Tenant/Buyers to enter the property by appointment only. If the Assignor does not acquire a Tenant/Buyer within 90 days of acceptance of this Agreement, then this Agreement automatically becomes null and void unless extended by both parties in writing. Assignor is a principal in this transaction and does not represent anyone in this transaction but themselves. Assignor may or may not be a real estate agent but does not represent the Seller.

Seller(s) Initials: \_\_\_\_\_

By signing below, you accept this Agreement and that you have the right to make this Agreement.

SELLER(S) : \_\_\_\_\_

ASSIGNOR/INVESTOR(S) : \_\_\_\_\_

**OWNER FINANCE AND LEASE OPTION ADDITIONAL TERMS**

At any time a Tenant/Buyer becomes more than 30 days delinquent, and nothing can be done to cure the delinquency, the Assignor of the contract will pay the current underlying mortgage until a time when a new and suitable replacement Tenant/ Buyer can be found.

This agreement will only be available to assist the Seller only if the Seller allows the Assignor to re-sell the property. In the event that the Seller cancels the agreement with the Assignor, then any mortgage payments paid by the Assignor will be paid back to the Assignor within 10 days after cancellation.

*Seller understands that the option price of the property is an Assignors attempt to attain as much equity as possible. Seller understands that if the appraisal is lower than the option price, then the seller sales price will be the full appraisal value. In the event that the appraisal at the time of financing comes in less than 20% of option price, the Seller may agree to owner finance the property for up to 3 years or a term when the value of the property maybe sufficient to finance.*

Seller(s) Initials: \_\_\_\_\_

DATE: \_\_\_\_\_

SELLER(S) \_\_\_\_\_

ASSIGNOR/INVESTOR(S) \_\_\_\_\_



# TENANT/BUYER'S LETTER OF INTENT - LEASE OPTION REAL ESTATE

(Please fill out all the blanks below. All fields are required)

Date: \_\_\_\_\_

Property Address: \_\_\_\_\_

Tenant/Buyer(s) \_\_\_\_\_

Phone Number(s): \_\_\_\_\_ Email(s): \_\_\_\_\_

Assignor/Investor: \_\_\_\_\_

Phone Number(s): \_\_\_\_\_ Email(s): \_\_\_\_\_

Purchase price: \$ \_\_\_\_\_ (To include Option Fee)

Option/Assignment Fee: \$ \_\_\_\_\_ (non-refundable unless not approved)

Monthly rent payment: \$ \_\_\_\_\_ (by the first of each month)

Term of lease option: \_\_\_\_\_ (maximum 3 years and negotiated with the seller)

This Agreement is subject to Property Owner approving the Tenant/Buyer Application. The term of the lease option is to begin as soon as Tenant/Buyer(s) sign all lease option paperwork with the Property Owner, delivers the "OPTION FEE" made out to the Maas Law Firm, IOLTA Account, and first month's rent to the Seller. The Assignor's fee comes from the Tenant/Buyer Option Fee and not from the Property Owner. Tenant/Buyer agrees that they must have their credit run and pass basic criterias to be approved for our Lease Option Program; not everyone gets approved. In addition, the Tenant/Buyer agrees in advance to buy a yearly home warranty, obtain rental insurance prior to signing final paperwork, obtain credit counseling services to clear up credit issues, actively seek a home mortgage for the above property, and utilize a 3<sup>rd</sup> party rental payment servicer for a monthly fee that will pay any underlying mortgage and the Property Owner. All lease option paperwork to be drafted by the Maas Law Firm, and all fees to be paid by the Assignor or Tenant/Buyer.

Tenant/Buyer Initials: \_\_\_\_\_

It is Tenant/Buyer's responsibility to have the home inspected prior to consummating any Agreement. The Property Owner may cancel the Agreement with the Assignor at any time prior to executing an Agreement with Tenant/Buyer; any Tenant/Buyer monies will be refunded; except credit application fee. Tenant/Buyer will pay the Property Owner a monthly rental until the Tenant/Buyer exercises their option to purchase or until the end of the option term. Assignor is a principal in this transaction and does not represent anyone in this transaction but themselves. Assignor may or may not be a real estate agent but does not represent any parties.

Tenant/Buyer Initials: \_\_\_\_\_

By signing below, you accept this Agreement and that you have the right to make this Agreement.

Assignor/Investor: \_\_\_\_\_

Tenant/Buyer(s): \_\_\_\_\_