RESIDENTIAL LEASE OPTION AGREEMENT (ARKANSAS)

"This Residential Lease Option Agreement ("Agreement") is a legally binding contract. If not understood, seek competent legal advice."

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Residential Lease Option Agreement

Effective Date: ______________________

This Agreement is entered into between the following parties:

LANDLORD/SELLER:	TENANT/BUYER:
(Hereinafter "Landlord/Seller")	**(Hereinafter "Tenant/Buyer")**

Landlord/Seller and Tenant/Buyer may be referred to individually as a "Party" and collectively as the "Parties."

1. SUMMARY OF KEY TERMS

Monthly Rent: $ ______________________

Option Fee: $ ______________________

Purchase Price: $ ______________________

Lease Commencement Date: ______________________

Lease Expiration Date: ______________________

Option Expiration Date: ______________________

2. PROPERTY

Landlord/Seller agrees to lease and grant an option to sell to Tenant/Buyer the real property and improvements located at:

Property Address: ______________________

City: ______________________ **County:** ______________________

State: Arkansas ______________________ **Zip Code:** ______________________

Legal Description: ______________________

(Hereinafter the "Property").

3. AGREEMENT STRUCTURE

This document combines two distinct legal agreements: (i) a residential lease ("Lease") and (ii) an exclusive option to purchase real property ("Option"). The terms of the Lease are set forth in Section 4, and the terms of the Option are set forth in Section 5.

☐ By checking this box, the Parties acknowledge that this Agreement constitutes a Lease with an exclusive Option to Purchase.

4. LEASE TERMS

4.1. Lease Term. The term of the Lease shall commence on ("Lease Commencement Date") and shall expire at 11:59 PM on ("Lease Expiration Date"), unless renewed or terminated earlier as provided herein.

4.2. Rent. Tenant/Buyer shall pay Landlord/Seller monthly rent in the amount of $ ("Rent"). Rent is due on the day of each month.

4.3. Late Fees. If Rent is not received by Landlord/Seller within days of the due date, Tenant/Buyer shall pay a late fee of $.

4.4. Security Deposit. Upon execution of this Agreement, Tenant/Buyer shall deposit with Landlord/Seller the sum of $ as a security deposit for the faithful performance of the Lease terms.

4.5. Use of Property. The Property shall be used and occupied solely by Tenant/Buyer and Tenant/Buyer's immediate family as a private residence.

4.6. Maintenance and Repairs. Responsibility for maintenance and repairs shall be as follows (select one):

☐ **Landlord/Seller Responsibility:** Landlord/Seller shall be responsible for all maintenance and repairs to the Property, except for repairs required due to the negligence or willful misconduct of Tenant/Buyer.
☐ **Tenant/Buyer Responsibility:** Tenant/Buyer shall be responsible for all maintenance and repairs to the Property, including but not limited to plumbing, electrical, HVAC systems, and appliances.
☐ **Shared Responsibility:** Responsibilities are shared as described in the attached Addendum.

4.7. Utilities. Responsibility for payment of utilities shall be as follows (select one):

☐ **Landlord/Seller Responsibility:** Landlord/Seller shall pay for all utilities supplied to the Property.
☐ **Tenant/Buyer Responsibility:** Tenant/Buyer shall pay for all utilities supplied to the Property, including but not limited to water, gas, electricity, sewer, trash removal, and telecommunications.
☐ **Shared Responsibility:** Landlord/Seller shall be responsible for: .
Tenant/Buyer shall be responsible for: .

5. OPTION TO PURCHASE TERMS

5.1. Grant of Option. In consideration of the Option Fee, Landlord/Seller grants to Tenant/Buyer the exclusive and irrevocable right and option to purchase the Property under the terms and conditions set forth herein.

5.2. Option Fee. Upon execution of this Agreement, Tenant/Buyer shall pay to Landlord/Seller a non-refundable Option Fee in the amount of $ ("Option Fee").

Treatment of Option Fee at Closing (select one):

☐ **Applicable to Purchase Price:** The Option Fee shall be credited to Tenant/Buyer against the Purchase Price at closing.
☐ **Not Applicable to Purchase Price:** The Option Fee is consideration for the Option only and shall not be credited against the Purchase Price.

5.3. Purchase Price. The total purchase price for the Property shall be $ ("Purchase Price").

Determination of Purchase Price (select one):

☐ **Fixed Purchase Price:** The Purchase Price is fixed as stated above.
☐ **Appraisal:** The Purchase Price shall be determined by a certified appraisal conducted within days prior to the exercise of the Option, paid for by .
☐ **Other:**

5.4. Rent Credit.

☐ **No Rent Credit:** No portion of the Rent paid under this Agreement shall be credited toward the Purchase Price.
☐ **Rent Credit Applied:** A portion of the Rent shall be credited toward the Purchase Price. The amount of the credit shall be $ or % of each timely Rent payment made by Tenant/Buyer.

5.5. Exercise of Option. Tenant/Buyer may exercise this Option at any time after the Lease Commencement Date and prior to the Lease Expiration Date ("Option Expiration Date").

To exercise the Option, Tenant/Buyer must:

- ☐ Provide unconditional written notice of intent to exercise the Option to Landlord/Seller.
- ☐ Not be in default of any term of the Lease.
- ☐ Secure a binding financing commitment, if applicable, as described in Section 6.

5.6. Closing. Closing of the sale of the Property shall occur within ______ days after Tenant/Buyer provides notice of exercise of the Option. Closing costs shall be paid as follows: Landlord/Seller shall pay ______ and Tenant/Buyer shall pay ______.

5.7. Condition of Property. Tenant/Buyer agrees to purchase the Property in its "as-is" condition at the time the Option is exercised, subject to ordinary wear and tear.

5.8. Failure to Exercise Option. If Tenant/Buyer fails to exercise the Option before the Option Expiration Date or defaults under the Lease, the Option shall automatically terminate. In such event, the Option Fee shall be retained by Landlord/Seller, and Tenant/Buyer shall have no further rights to purchase the Property.

6. FINANCING

(Select one)

☐ **Tenant/Buyer Responsible for Financing:** This Agreement is contingent upon Tenant/Buyer's ability to obtain financing for the Purchase Price. Tenant/Buyer shall be solely responsible for securing such financing.

☐ **Cash Purchase:** Tenant/Buyer will purchase the Property for cash, and this Agreement is not contingent on financing.

☐ **Seller Financing:** Landlord/Seller agrees to provide financing to Tenant/Buyer under terms described in the attached Seller Financing Addendum.

7. DEFAULT

If Tenant/Buyer fails to pay Rent when due or otherwise defaults on any term of the Lease, Tenant/Buyer shall be in default. Upon default, Landlord/Seller may provide written notice of the default. If the default is not cured within the time period prescribed by Arkansas law, Landlord/Seller may terminate this Agreement, including the Lease and the Option, and Tenant/Buyer shall forfeit the Option Fee and any Rent Credits.

8. ASSIGNMENT

(Select one)

☐ **Assignment Prohibited:** Tenant/Buyer shall not assign this Agreement or sublet the Property.

☐ **Assignment Permitted with Consent:** Tenant/Buyer may not assign this Agreement without the prior written consent of Landlord/Seller, which consent shall not be unreasonably withheld.

9. NOTICES

All notices required under this Agreement shall be in writing and shall be deemed delivered when delivered by one of the following methods:

(Select all that apply)

☐ **Personal Delivery:** Delivered in person.

☐ **Certified Mail:** Sent by certified mail, return receipt requested, to the addresses of the Parties.

☐ **Email:** Sent by email to the following addresses:

Landlord/Seller Email:

Tenant/Buyer Email:

10. GOVERNING LAW AND VENUE

This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas. The exclusive venue for any legal action arising from this Agreement shall be in the county where the Property is located.

11. DISPUTE RESOLUTION

(Select one)

☐ **Litigation:** Any dispute shall be resolved by litigation in a court of competent jurisdiction.
☐ **Mediation:** The Parties agree to first attempt to resolve any dispute through mediation before pursuing any other remedy.
☐ **Arbitration:** Any dispute shall be resolved by binding arbitration in accordance with the rules of the American Arbitration Association.

12. ENTIRE AGREEMENT

This Agreement, including any attached addenda, constitutes the entire agreement between the Parties and supersedes all prior discussions, negotiations, and agreements. This Agreement may only be modified by a written instrument signed by both Parties.

13. TIME IS OF THE ESSENCE

Time is of the essence for all performance obligations under this Agreement.

14. ELECTRONIC SIGNATURES AND COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. The Parties agree that this Agreement may be executed by electronic signatures, which shall be considered as original signatures.

15. AUTHORITY OF SIGNATORIES

Each individual executing this Agreement on behalf of an entity represents and warrants that they are duly authorized to execute and deliver this Agreement on behalf of said entity.

16. ADDENDA AND DISCLOSURES

The following addenda and disclosures are attached to and made a part of this Agreement:

(Select all that apply)

☐ Property Condition Disclosure
☐ Lead-Based Paint Disclosure (for properties built before 1978)
☐ Seller Financing Addendum
☐ Other:
☐ Other:

IN WITNESS WHEREOF, the Parties have executed this Residential Lease Option Agreement as of the Effective Date.

LANDLORD/SELLER SIGNATURE

LANDLORD/SELLER:

Signature: LANDLORD/SELLER PRINTED NAME

Printed Name:

LANDLORD/SELLER DATE

TENANT/BUYER SIGNATURE 1

TENANT/BUYER:

Signature: TENANT/BUYER PRINTED NAME 1

Printed Name:

TENANT/BUYER DATE 1

Date:

Date:

TENANT/BUYER SIGNATURE 2

TENANT/BUYER:

Signature: *TENANT/BUYER PRINTED NAME 2*

Printed Name: TENANT/BUYER DATE 2

Date:

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