

Understanding & Using Lease with Option to Purchase

Lou Tulga, CCIM CRB

4 Hour Course Outline

COURSE DESCRIPTION:

This course covers the general concept of Lease with Option to Purchase (LOP) along with discussion of the various laws that have potential impact and introduction to the use and understanding of the RANM Forms and several CCIM forms useful in LOP transactions.

Attendees apply and demonstrate understanding of LOP issues by working through a case study with regard to the feasibility of an LOP for both Optionee and Optionor.

TEACHING TECHNIQUES:

L=Lecture, **PP**=PowerPoint slides, **V**=Video clips and **GE**=group exercises.

LL LEARNING OBJECTIVES

1 Attendees will define LOPs and describe advantages and disadvantages for using LOPs

2 Attendees will explain the importance of federal tax laws impacting LOPs

1 Attendees will be aware of RANM forms applicable for use with LOPs

1 Attendees will be aware of potential usefulness of “propriety forms” with LOPs

1 Attendees will learn how to use the CCIM “Annual Property Operating Data” as a first test of LOP feasibility for Optionor

1 Attendees will write a LOP transaction from Listing Agreement, APOD, Purchase Agreement, LOP Documents, Rental Agreement, Property Management Agreement, Escrow Agreement, etc.

2 Attendees will understand the importance of managing risk by means of written and signed “indemnification”

General Introduction: Instructor, attendees and course objectives	10 minutes
I. LOP Description and Rationale	20 minutes
II. Statutory, Regulatory and Contract Issues	15 minutes
III. Realtor® Association of New Mexico (RANM) Forms	90 minutes
IV. LOP Class Involvement Exercises	75 minutes
V. Round-Table Discussion and Learning Assessment	30 minutes

General Introduction: Instructor, attendees and course objectives	10 minutes
I. LOP Description and Rationale	20 minutes
Seller carry back of sorts	
Role of Option Money	
Benefits of LOP	
Risk with LOP	
II. Statutory, Regulatory and Contract Issues	15 minutes
Garn-St. Germaine Act	
NM Statutes and Exceptions	
Broad range of necessary contracts for use in LOP	
Risk Management Concerns and Strategies	
III. Realtor® Association of New Mexico (RANM) Forms	90 minutes
Information Sheet	
LOP Agreement	
Listing Agreement	
Purchase Agreement	
Rental Agreement	
Property Management Agreement	
Seller's Property Disclosure	
PLUS---various "proprietary forms" provided by instructor	
IV. LOP Class Involvement Exercises	90 minutes
Using APOD form (CCIM)—instructor provided	
Class Problem	
Owner's position	
Potential Optionee position	
Using instructor provided "filled-in" RANM Forms	
V. Round-Table Discussion and Learning Assessment	30 minutes