SOUTH DAKOTA RENT-TO-OWN LEASE AGREEMENT

1. **THE PARTIES**. This Rent-to-Own Lease Agreement ("Agreement") is made on the undersigned date by and between:

   Landlord

   Landlord's Name: _____
   Mailing Address: _____

   Tenant

   Tenant's Name: _____
   Additional Occupants: _____

2. **PROPERTY**.
   - Property Address: _____
   - Residence Type: ☐ Apartment ☐ House ☐ Condo ☐ Other: _____
   - Bedroom(s): ____ Bathroom(s): ____

3. **TERM**. (check one)

   ☐ - **Standard Lease**
   Start Date: _____
   End Date: _____

   After the End Date, this Agreement shall: (check one)
   ☐ - Terminate if no renewal or extension is made.
   ☐ - Convert to a month-to-month lease.

   ☐ - **Month-to-Month Lease**
   Start Date: _____
   Termination Period: ____ Days

4. **RENT**.
   - Monthly Rent: $_____
   - Due Date: ____ day of each month.

5. **SECURITY DEPOSIT**. (check one)

   ☐ - **No Security Deposit**.

   ☐ - **Security Deposit**.
   - Amount: $_____
   - Returning to Tenant: ____ days after lease termination.

6. **LATE FEE**. (check one)

    ☐ - **No Late Fee**.

    ☐ - **Late Fee**: (check one)
        ☐ - Fixed Amount. $_____ for each ☐ occurrence ☐ day rent is late.
        ☐ - Interest. ____% per annum.

7. **NSF FEE**. (check one)

    ☐ - **No NSF Fee**.

    ☐ - **NSF Fee**: $_____

8. **EARLY MOVE-IN**. (check one)

    ☐ - **No Early Move-in**.

    ☐ - **Early Move-in.**
        - Date: _____
        - Prorated Rent. $_____

9. **PRE-PAYMENT OF RENT**. (check one)

    ☐ - **No Pre-Payment of Rent is Required**.

    ☐ - **Pre-Payment of Rent is Required**.
        Pre-Payment Amount: $_____
        Pre-Payment Period:
            Start Date: _____
            End Date: _____

10. **Acceptable Payment Methods**. The Landlord accepts any of the following payment methods from the Tenant: (check all that apply)
    ☐ - ACH (electronic bank transfer)
    ☐ - Cash
    ☐ - Check
    ☐ - Credit Card
    ☐ - PayPal (e-mail is: _____)
    ☐ - Venmo (e-mail/username is: _____)
    ☐ - Zelle (e-mail/phone number is: _____)
    ☐ - Other: _____

11. **UTILITIES & SERVICES**. The Landlord is responsible for: (check one)

☐ - **No Utilities & Services**.

☐ - **Utilities & Services**: (check all that apply)

- ☐ - Cable (TV)
- ☐ - Gas / Oil / Propane
- ☐ - Electricity
- ☐ - Internet
- ☐ - Landscaping
- ☐ - Water / Sewer
- ☐ - Trash Removal
- ☐ - Other: _____

12. **FURNITURE**. (check one)

☐ - **Property is Not Furnished**.

☐ - **Property is Furnished**: (check all that apply)

- ☐ - Bathroom(s)
- ☐ - Bedroom(s)
- ☐ - Dining Room
- ☐ - Kitchen
- ☐ - Living Room
- ☐ - Other: _____

13. **APPLIANCES**. (check one)

☐ - **Property Has No Appliances**.

☐ - **Property Has Appliances**: (check all that apply)

- ☐ - Ceiling Fans
- ☐ - Dishwasher
- ☐ - Dryer (for laundry)
- ☐ - Garbage Disposal
- ☐ - Microwave
- ☐ - Refrigerator
- ☐ - Stove / Oven
- ☐ - Washing Machine
- ☐ - Water Heater
- ☐ - Other. _____

14. **MOVE-IN INSPECTION**. (check one)

☐ - **No Move-In Inspection**.

☐ - **Move-In Inspection is Required**.

15. **COMMON AREAS**. (check one)

☐ - **No Common Areas**.

☐ - **Common Areas**. _____

16. **PARKING**. (check one)

☐ - **No Parking Provided**.

☐ - **Parking is Provided**. ____ parking spaces are provided with: (check one)
- ☐ - No Fee.
- ☐ - Fee (describe). _____

17. **PETS**. (check one)

☐ - **No Pets Allowed**.

☐ - **Pets are Allowed**.
Number of Pets: ____
Types: _____
Maximum Weight (per pet): ____ Pounds
Deposit (for all pets): $_____ ☐ refundable ☐ non-refundable

18. **SUBLETTING**. (check one)

☐ - **No Subletting Allowed**.

☐ - **Subletting Allowed with the Landlord's Consent.**

☐ - **Subletting Allowed with No Restrictions**.

19. **RENTERS INSURANCE**. (check one)

☐ - **No Renters Insurance Requirement**.

☐ - **Renters Insurance is Required**. $_____ is the minimum limit for property damage/loss and liability coverage per occurrence.

20. **SMOKING POLICY**. (check one)

☐ - **No Smoking Allowed**.

☐ - **Smoking is Allowed**.

21. **NOTICES**. If notice is sent by either Party, it shall be sent to:

Landlord. (check one)

☐ - The address mentioned in Section 1.

☐ - _____

Tenant. (check one)

☐ - The address of the Property.

☐ - _____

22. **ADDITIONAL TERMS & CONDITIONS**.

23. **DISCLOSURES**. The Landlord agrees to deliver the following to the Tenant: (check all that apply)

☐ - Lead-Based Paint Disclosure

☐ - Protect Your Family From Lead in Your Home - Pamphlet

☐ - Move-In Inspection Checklist

☐ - _____

☐ - _____

☐ - _____

☐ - _____

24. **DEFINITIONS**. The terms mentioned in this Agreement are defined below:

a.) Abandonment. If the Tenant vacates or abandons the Property for a period of up to seven days without informing the Landlord, the Tenant will be considered in default of this Agreement. If the Landlord believes the Tenant has vacated and abandoned the Property, the Landlord is entitled to inspect the Property by providing 24 hours' notice or the timeframe required under Governing Law, whichever is greater.

b.) Access. Upon the start of the Early Move-In or the Term, whichever is applicable, the Landlord agrees to provide entry to the Tenant in the form of keys, fobs, cards, or any type of keyless access to the Property and any shared Common Areas. Access to the Property shall be given after successful payment and receipt of the amounts required at the execution of this Agreement (see attached 'Amount Due at Signing').

c.) Additional Occupants. Also referred to simply as "Occupants," these are individuals who have a legal right to reside on the Property with the Tenant. The Tenant agrees to bear all responsibility and liability for the actions made by the Occupants.

d.) Common Areas. Defined as all areas and facilities outside the specified Property but within the boundary of the real estate in which it is located and described under Section 15 of this Agreement. Such areas are for the use of the Tenant, Occupants, and Guests in accordance with the rules of the Property.

e.) Disclosures. The Disclosures mentioned under Section 23, whether they are attached to this Agreement or distributed to the Tenant separately, are accepted, acknowledged, and understood by the Tenant upon their execution of this Agreement.

f.) Early Move-In. If the Tenant is permitted an Early Move-In, and any pro-rated rent is required to be paid, such payment must be made by the Tenant at the execution of this Agreement. If applicable and selected in Section 8, this Early Move-In period shall be protected under the same rights as the Term of this Agreement.

g.) Furnishings and Appliances. The Tenant understands that the Furnishings and Appliances mentioned herein are under the Landlord's ownership and must be returned in the same condition as at the start of the Term, normal wear and tear excepted.

h.) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the jurisdiction where the Property is located.

i.) Guests. Refers to individuals who are not a Tenant or an Occupant but are invited onto the Property on behalf of the Tenant. Guests are permitted to stay on the Property for a period of no more than 48 hours.

j.) Late Fee. Refers to a penalty accrued by the Tenant in connection to any Rent payment due to the Landlord. The Late Fee shall accumulate in accordance with the terms mentioned herein and Governing Law, abiding by any statutory grace periods that may exist.

k.) Move-In Inspection. A Move-In Inspection, if required under this Agreement or Governing Law, shall be to protect the liability of the Tenant and the Security

Deposit. Both Parties must acknowledge the Property's condition at the start and the end of the Term.

l.) Notices. The official address used for legal communication between the Landlord and Tenant as mentioned in Section 21.

m.) NSF Fee. If a Non-Sufficient Funds (NSF) Fee is mentioned herein, and if it is greater than the amount permitted under Governing Law, the amount under Governing Law shall take precedent. If a Non-Sufficient Funds (NSF) Fee is charged to the Tenant, it shall be due and payable immediately.

n.) Parking. Any Parking provided by the Landlord shall be at the Tenant's discretion. The Landlord is not responsible for any damage, property loss, or liability that may occur to the Tenant's vehicle while parked in the described area.

o.) Pets. If any property repairs, odor removal, or other maintenance is required due to the Tenant's Pets, the costs shall be deducted from the Pet Fee or Security Deposit with an itemized list disclosed to the Tenant.

i. Pet Restrictions. Any pet restriction mentioned in this Agreement shall be limited to Federal and State regulations regarding Tenants with special protections and privileges.

ii. Protected Animals. Notwithstanding any other provisions of this Agreement, the Tenant may keep a pet that qualifies as a service animal under the Americans with Disabilities Act (ADA) or an emotional support animal under applicable State and Federal laws. Tenants must provide documentation verifying the animal's status as a service animal or emotional support animal upon request.

iii. Procedure for Approval. A Tenant seeking to keep a service animal or emotional support animal must notify the Landlord in writing and provide the necessary documentation. The Landlord shall not unreasonably withhold consent for a service animal or emotional support animal based on legitimate documentation.

iv. Indemnification. The Tenant agrees to indemnify and hold harmless the Landlord from any claims, damages, liabilities, or expenses arising out of the actions of any Pet allowed on the Property by the Tenant.

p.) Pre-Payment of Rent. If applicable, the Pre-Payment of Rent is applied to the dates mentioned herein. The Pre-Payment Period cannot be applied to any other timeframe and is non-refundable. Therefore, if the Tenant defaults on the terms of this Agreement and this Agreement is terminated by the Landlord, they shall not be entitled to a refund of the Pre-Payment of Rent.

q.) Party or Parties. The Landlord and Tenant are each referred to herein as a "Party" and, collectively, as the "Parties."

r.) Property. The Property is the residential space permitted to be occupied by the Tenant and Occupants as outlined in Section 2.

s.) Rent. The first payment of Rent shall be due and payable at the execution of this Agreement. All subsequent Rent payments shall be paid on the due date in accordance with the payment instructions set forth under Section 4.

t.) Renters Insurance. It is strongly recommended that the Tenant secures a Renters Insurance policy to cover personal property, which also includes

personal liability for their actions. Unless there is a prohibition imposed by the affordability covenants or other restrictions applicable under Governing Law, if Renters Insurance is required it must be issued by an insurance company that provides the amount mentioned in Section 19.

i. Proof of Insurance. The Tenant shall provide the Landlord with a copy of the Renters Insurance policy declaration page or a certificate of insurance prior to the commencement of the Term and upon any renewal or change of the policy. The Tenant must also provide proof of insurance within 10 days of any written request by the Landlord as a requirement under this Agreement.
ii. Interested Party. In any Renters Insurance policy, the Landlord must be named as an additional interested party.
iii. Policy Maintenance. The Tenant agrees to maintain the Renters Insurance policy in full force and effect for the duration of the Term and any renewals thereof. Failure to maintain the required insurance constitutes a breach of this Agreement and may result in termination of tenancy and eviction under local housing laws.
iv. Landlord's Insurance. Tenant acknowledges that the Landlord's insurance does not cover the Tenant's personal property or liability.
v. Subrogation Waiver. The Renters Insurance policy shall include a waiver of subrogation clause in favor of the Landlord, meaning the insurance company of the Renters Insurance cannot seek recovery from the Landlord for any claims paid under the Renters Insurance.
vi. Failure to Maintain. If the Tenant fails to obtain and maintain Renters Insurance as required under this Agreement, it shall be considered a violation and result in default of this Agreement.

u.) Security Deposit. If required, a Security Deposit is paid by the Tenant to the Landlord at the execution of this Agreement under the following terms:

i. Payment. Payment of the Security Deposit must be made at the execution of this Agreement.
ii. Returning to Tenant. The Security Deposit is returned to the Tenant in accordance with the timeframe mentioned or Governing Law, whichever is greater. The timeframe shall start upon the Tenant's delivery and possession of the Property to the Landlord.
iii. Receipt. If required under Governing Law or at the Landlord's sole discretion, the Landlord shall provide a receipt for the payment of a Security Deposit which may include the location of where the funds are held.
iv. Interest. Unless required under Governing Law, the Security Deposit shall not be placed in an interest-bearing bank account to the benefit of the Tenant.
v. Separate Bank Account. If required under Governing Law, the Security Deposit is required to be placed in a separate bank account.

v.) Smoking Policy. Smoking, under this Agreement, is referred to using a 3rd party device to inhale plant-based or non-plant-based substances. This includes vaping or inhaling of any vapor-like products.

w.) Term. The Term shall be the period of time the Tenant and any Occupants are permitted to reside on the Property as mentioned in Section 3.
   i. Standard Lease. If a standard lease is selected in Section 3, and the Landlord does not renew this Agreement or allow this Agreement to convert to a month-to-month lease, the Tenant must vacate and deliver possession of the Property by midnight (12:00) local time on the last day of the Term.
   ii. Month-to-Month Lease. If a month-to-month lease is selected in Section 3, either Party may terminate this Agreement by using the Termination Period mentioned or the minimum required under Governing Law, whichever is greater.

x.) Utilities & Services. The Tenant is responsible for any Utilities & Services not mentioned in Section 11 as the Landlord's responsibility.

y.) Violation of this Agreement. If the Tenant violates this Agreement, and more than one individual is named as a Tenant, they shall jointly be liable for all obligations under this Agreement including but not limited to Rent damage to the Property, outstanding utility bills, and any other non-compliance.

25. **MISCELLANEOUS TERMS**.

a.) Active Military.
   i. Right to Terminate. Under the Servicemembers Civil Relief Act, the Tenant has the right to terminate this Agreement under the following conditions:
      1) Permanent Change of Station. If the Tenant's station is moved by 50 miles or more from the Property; or
      2) Deployment. If the Tenant is deployed with a military unit for a period of not less than 90 days.
   ii. Notice. For the Tenant to exercise termination under this section, written notice of termination and a copy of the official orders or a verification signed by the Tenant's commanding officer shall suffice.
   iii. Termination Effective Date. Under such termination, it shall be made effective 30 days after the first date on which the next rental payment is due after the notice of termination is delivered to the Landlord. No penalties or fees for early termination shall be charged to the Tenant. However, the Tenant is responsible for all Rent payments prior to the termination date.
   iv. Security Deposit. Upon such termination, the Landlord shall return the amount paid by the Tenant as a Security Deposit in accordance with this Agreement.

b.) Alterations. The Tenant is not allowed to alter, modify, or change the Property in any manner without the prior written consent of the Landlord.

c.) Compliance with Local Laws. The Tenant agrees, during the Term, to adhere to all local, State, and Federal laws regarding any ordinances, orders, rules, and regulations.

d.) Delivery and Possession. To the best of their knowledge, the Landlord declares to deliver possession of the Property in a habitable condition with all

utilities and services in working order. This includes being free of any bedbugs, pests, mold, leaks, or repairs needed that could affect the Tenant's living standards.

i. Returning to Landlord. Upon the termination of this Agreement, the Tenant is obligated to return the Property in the same or similar condition upon moving out, wear and tear excepted.

e.) Dispute Resolution. Should a dispute arise from this Agreement, the Parties agree to attempt an amicable resolution. If unresolved, disputes shall be settled by binding arbitration within the Governing Law, following the rules of a mutually agreed-upon arbitration association. The prevailing Party may recover reasonable attorneys' fees. This Agreement is governed by the Governing Law with the jurisdiction for any court process to be of the Landlord's preference in such area.

f.) Equal Housing. If the Tenant possesses any mental or physical impairment, the Landlord shall provide reasonable modifications to the Property unless the modifications would be too difficult or expensive for the Landlord to provide. Any impairments of the Tenant are encouraged to be provided and presented to the Landlord in writing to seek the most appropriate solution for providing modifications to the Property.

g.) Indemnification. The Tenant agrees to indemnify and hold the Landlord harmless against all losses, damages, liabilities, claims, and expenses (including attorneys' fees) incurred by the Landlord arising out of or related to the Tenant's use or occupancy of the Property, except to the extent caused by the gross negligence or willful misconduct of the Landlord. This indemnification shall survive the termination of this Agreement.

h.) Maintenance. Any maintenance required to maintain the Property's condition of habitability shall be the Landlord's responsibility, provided that it is not the result of the Tenant's negligence.

i.) Occupancy. Within 48 hours of the Tenant's occupancy of the Property, they accept that the Property is in working order and in a habitable condition.

j.) Right of Entry. The Landlord shall have the right to enter the Property, in accordance with Governing law or by providing 24 hours' notice, whichever is greater, for the following reasons:

i. Maintenance and repairs;
ii. Inspections.
iii. Property showings.
iv. Lease violations.
v. Emergencies.
vi. Per local, State, or Federal laws.

k.) Right of Quiet Enjoyment. Both Parties shall have the right to quiet enjoyment of the Property, which shall not be infringed upon.

i. Tenant's Right. The Tenant has the right to enjoy the Property without disruptive interference from the Landlord or other tenants. Any other disturbance outside the Landlord's power to mitigate shall be the responsibility of the Tenant to report to the appropriate authorities and

cooperate with the Landlord in any reasonable measures to resolve the issue.

ii. Landlord's Right. The Landlord and any other surrounding tenants have the right to enjoy the Property without disruptive interference by the Tenant. A violation of this section by the Tenant shall be considered a breach of this Agreement.

l.) Sale of Property. Upon the sale of the Property, the Landlord shall forward the new owner's contact information, and this Agreement shall be assigned to the Landlord accordingly. This Agreement shall continue in the event of a sale.

m.) Severability. If any provision of this Agreement or the application thereof shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this Agreement nor the application of the provision to other persons, entities, or circumstances shall be affected thereby, but instead shall be enforced to the maximum extent permitted by law.

n.) Subletting. If subletting is allowed, the Tenant acknowledges that any subtenants must follow the rules, responsibilities, and obligations under this Agreement and cannot occupy the Property longer than the Term. The Tenant accepts that any damage to the Property or any efforts to remove a subtenant shall be their sole responsibility. Furthermore, if a subtenant refuses to vacate the Property at the end of the Term, the Tenant shall be responsible for removing the subtenant and any loss of Rent of the Landlord.

i. Subletting Allowed with the Landlord's Consent. If this option is selected in Section 18, the Landlord must grant consent for each subtenant allowed on the Property. Therefore, if the Landlord's consent is granted for a specific subtenant, it does not automatically extend to additional subtenants.

26. **DEFAULT**.

a.) Tenant's Default. A default by the Tenant shall occur if the Tenant fails to pay Rent or any other payment required by this Agreement the day after it is due, including any grace periods provided under Governing Law. Default shall also occur if the Tenant violates any other term or condition of this Agreement and fails to cure such violation within 5 days after receiving written notice of the violation from the Landlord, or the notice period as required under Governing Law, whichever is greater. Upon default, the Landlord may exercise any remedy available under this Agreement or Governing Law including but not limited to the termination of this Agreement, repossession of the Property, and initiation of legal proceedings to recover unpaid Rent and other claimed damages.

b.) Landlord's Default. A default by the Landlord shall occur if the Landlord fails to perform any of its obligations under this Agreement, and such failure continues for 10 days after the Tenant gives the Landlord written notice of such failure. Upon default, the Tenant may exercise any remedy available under this Agreement or applicable law including but not limited to the right to terminate this Agreement, deduct the cost of repairs from future rent payments, and seek damages or specific performance through legal action.

c.) Notice of Default. Any notice required under this section shall be given in writing and shall be deemed sufficiently given if delivered in person or sent by registered or certified mail, return receipt requested, to the other Party at the address set forth in this Agreement or to such other address as either Party may have provided by written notice.

27. **PROHIBITED ACTIONS**.
    a.) Assignment. The Tenant has no rights to assign this Agreement to any other party unless written approval has been granted by the Landlord. The Landlord is prohibited from assigning this Agreement unless there is a change of Property ownership.
    b.) Hazardous Materials. The Tenant agrees not to possess, store, or use any items or substances with flammable or explosive characteristics on the Property including, but not limited to, gasoline, compressed gases, kerosene, motor oil, fireworks, or any other substances deemed ignitable or hazardous.
    c.) Illegal Activity. The Tenant agrees to comply with all applicable laws, ordinances, and regulations. The Tenant, their Guests, and any other Occupant shall not engage in any illegal activities anywhere on the Property including, but not limited to, the leased Property, Common Areas, Parking, and surrounding property. This prohibition extends to all illegal activities including, but not limited to, the manufacture, sale, distribution, use, or possession of illegal substances, theft, and violent behavior. Any violation of this clause constitutes a material breach of this Agreement and grounds for immediate termination of tenancy and eviction. Additionally, the Tenant shall be held liable for any damages resulting from such illegal activities including, but not limited to, repairs, legal fees, loss of rent, and any other expenses incurred by the Landlord due to the Tenant's illegal activities.
    d.) Residential Use Only. The Tenant agrees to use the Property for residential purposes only. The Landlord must grant written approval if the Tenant uses the Property for any other purpose.
    e.) Waterbeds. The Tenant is prohibited from using any type of bed, mattress, or sleeping aid containing any type of liquid that could cause excessive damage to the Property.

28. **ENTIRE AGREEMENT**. This Agreement constitutes the entire understanding between the Parties with regard to the subjects herein. It includes any attachments or addenda and supersedes all prior negotiations, understandings, and agreements among the Parties. Both Landlord and Tenant hereby acknowledge and agree to be bound by the terms and conditions set forth until the expiration or earlier termination of the Term.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written. Each Party warrants that they have the legal authority to enter into this Agreement and have done so as their free act and deed.

Landlord's Signature: _____ Date: _____
Print Name: _____

Tenant's Signature: _____ Date: _____
Print Name: _____

Tenant's Signature: _____ Date: _____
Print Name: _____

AMOUNT DUE AT SIGNING

First (1st) Month's Rent: $_____ (section 4)

Security Deposit: $_____ (section 5)

Early Move-in (Proration Amount): $_____ (section 8)

Pre-Payment of Rent: $_____ (section 9)

Parking Fee: $_____ (section 16)

Pet Deposit: $_____ (section 17)

Total Amount Due: $_____

RENT-TO-OWN LEASE ADDENDUM

1. **THE PARTIES**. This Rent-to-Own Lease Addendum ("Addendum") is entered into on _____ ("Effective Date") by and between the Landlord and Tenant identified in the attached Lease Agreement.

   Landlord: _____, with a mailing address of _____ ("Landlord"), and

   Tenant: _____, with a mailing address of _____ ("Tenant").

   Each of the Landlord and Tenant may be referred to individually as a "party" and collectively as the "parties" who agree to the following terms and conditions:

2. **LEASE AGREEMENT**. This Addendum is incorporated into and made part of a rental contract between the parties dated _____.

   Hereinafter known as the "Lease Agreement."

3. **REAL ESTATE**. This Addendum is in reference to the Lease Agreement for the following real estate:
   a.) Property Address: _____.
   b.) Legal Description: _____.

   Hereinafter known as the "Property."

4. **PERSONAL PROPERTY**. In addition to the Property, the Landlord agrees to include the following as part of the sale: (check one)

   ☐ - **No Personal Property**. There shall be no personal items included as part of the sale of the Property.

   ☐ - **Personal Property Included**. The following personal items shall be included as part of the sale: _____.

5. **TERMS OF PURCHASE**. The Tenant agrees to purchase the Property under the following terms:
   a.) Purchase Price: $_____
   b.) Option Term: _____ (expiration date)
   c.) Option Fee: $_____ ☐ Refundable ☐ Non-Refundable
   d.) Rent Credit: $_____ per Month
   e.) Inspection Period: ____ day(s) after the Tenant gives notice to purchase.
   f.) Closing Date: ____ day(s) after the Tenant gives notice to purchase.

6. **TYPE OF PURCHASE**. The Tenant agrees to purchase the Property under the following terms: (check one)

   ☐ - **Option to Purchase**. Tenant shall have the exclusive option, but not the obligation, to purchase the Property under the terms set forth in Section 5 of this Addendum.

   ☐ - **Lease-Purchase Agreement**. Tenant agrees to purchase the Property at the end of the lease term under the terms set forth in Section 5 of this Addendum. This constitutes a binding agreement on both parties to buy and sell.

7. **FINANCING**. The Tenant's ability to purchase the Property is: (check one)

   ☐ - **Not Conditional on Financing**. The Tenant's obligation to perform under this Addendum is not conditional upon their ability to obtain financing. Therefore, if the Tenant does not purchase the Property, they will be considered in default.

   ☐ - **Conditional on Third-Party Financing**. Tenant shall be solely responsible for obtaining financing from a lender of their choice to complete the purchase. Landlord makes no guarantees or representations regarding the availability or terms of financing.

   ☐ - **Conditional on Seller-Financing Offered by Landlord**. Landlord agrees to provide seller financing to Tenant under the following terms:

   a.) Down Payment: $_____
   b.) Loan Amount: $_____
   c.) Interest Rate: ____% per annum
   d.) Amortization Period: ____ ☐ Month(s) ☐ Year(s)
   e.) Term: ____ ☐ Month(s) ☐ Year(s)
   f.) Payment Due Date: ____ day of each month
   g.) Late Payment Fee: _____.
   h.) Balloon Payment: (check one)
      ☐ - No Balloon Payment.
      ☐ - Due after ____ ☐ Month(s) ☐ Year(s) from loan commencement.
   i.) Prepayment Penalty: (check one)
      ☐ - No Prepayment Penalty.
      ☐ - Prepayment Penalty: _____.
   j.) Security Interest and Remedies upon Default. The Landlord shall retain a security interest in the Property and shall record a Deed of Trust or mortgage, as applicable under the Governing Law, to secure repayment of the loan. In the event of a default by the Tenant, including but not limited to failure to make timely payments, failure to maintain required insurance, or breach of any material term of this Addendum or the promissory note, the Landlord shall have the right to:

i. Declare the entire outstanding balance immediately due and payable (acceleration);
ii. Charge applicable late fees as outlined herein;
iii. Initiate foreclosure proceedings in accordance with applicable law; and
iv. Recover reasonable attorney's fees and costs incurred in the enforcement of this financing arrangement.

8. ADDITIONAL TERMS.

9. MISCELLANEOUS. The following provisions provide additional context to the terms mentioned herein:

a.) Appraisal. This Addendum and the Tenant's ability to perform shall not be contingent upon the appraisal of the Property being equal to or greater than the agreed-upon Purchase Price.

b.) Balloon Payment. A final lump-sum payment due at the end of the loan term under a seller-financed agreement.

c.) Binding Arrangement. The terms of purchase are legally binding amongst the parties and are not to be negotiated unless otherwise agreed, in writing, by both Landlord and Tenant.

d.) Closing Costs. Shall include all costs, fees, and expenses associated with the transfer of title from the Landlord to the Tenant at closing. Closing Costs may include, but are not limited to: title insurance, premiums, escrow fees, recording fees, transfer taxes, notary fees, attorney's fees, loan origination fees (if applicable), prepaid property taxes, insurance premiums, and homeowners' association dues (if prorated). Unless otherwise agreed to in writing, each party shall be responsible for their own attorney's fees and costs, while all other Closing Costs shall be attributed to the party responsible or as agreed in this Addendum.

e.) Closing Date. The date on which the purchase of the Property is finalized, title is transferred, and possession is delivered to the Tenant as defined in Section 5(f).

f.) Conversion to Purchase Contract. Within five (5) business days after the Tenant provides written notice to the Landlord of their intent to exercise the option to purchase, this Addendum shall convert into a binding purchase and sale agreement, incorporating all applicable terms contained herein.

g.) Condition of Property. The Tenant agrees to purchase the Property in its "as-is, where-is" condition, subject to any defects, hazards, or undisclosed liabilities discovered during the Inspection Period.

h.) Exercise of Option (if applicable). Tenant must provide notice of intent to exercise the option no later than the expiration date mentioned herein. Failure to do so terminates all rights to purchase and forfeits any Rent Credits and non-refundable Option Fees paid.

i.) Governing Law. Shall be the State and jurisdiction where the Property is located.

j.) Inspection Period. If the Tenant discovers any material defect or adverse condition during the Inspection Period that was not previously disclosed, the Tenant shall notify the Landlord in writing prior to the expiration of the Inspection Period. Upon such notice, the parties shall have five (5) business days to negotiate in good faith to reach a mutually acceptable resolution, which may include repairs, credits, or modifications to the Purchase Price. If the parties are unable to reach a written agreement within that timeframe, this Addendum and all related obligations shall automatically terminate, and neither party shall have any further liability to the other, except that the Landlord shall refund the Option Fee and any applicable Rent Credits within ten (10) business days of termination.

k.) Lease-Purchase Agreement. A binding agreement whereby the Tenant agrees to purchase, and the Landlord agrees to sell, the Property at the conclusion of the lease term, following written notice from the Tenant.

l.) Default and Remedies. In the event either party fails to perform their obligations under a Lease-Purchase Agreement:

1. Tenant's Failure to Purchase. If the Tenant fails to complete the purchase of the Property, except as otherwise permitted under the terms of this Addendum, the Landlord may retain the Option Fee and any Rent Credits as liquidated damages and shall have no further obligation to sell the Property.
2. Landlord's Failure to Sell. If the Landlord fails to complete the sale without legal excuse, the Tenant may elect to receive a full refund of the Option Fee and any Rent Credits paid, or pursue all remedies available at law or equity, including specific performance.

m.) Option Fee. A one-time, upfront payment made by the Tenant to the Landlord, granting the Tenant the exclusive right to purchase the Property in accordance with this Addendum.

1. Refundable. If the Option Fee is marked as refundable, it shall be returned if: 1.) The Tenant exercises the option to purchase the Property, but the Landlord fails to complete the sale without legal justification and 2.) If the Tenant discovers a material defect during the inspection period, providing timely written notice to the Landlord, and the parties are unable to reach a mutually acceptable resolution leading to the termination of this Addendum as outlined in Section 9(j).
2. Non-Refundable. If the Option Fee is marked as non-refundable, it shall be retained by the Landlord under all circumstances, including but not limited to 1.) The Tenant's decision to exercise

the option to purchase the Property 2.) The Tenant's ability to secure financing to complete the purchase and 3.) The Tenant's default under any terms of the Lease Agreement or this Addendum.

n.) Option Term. The period during which the Tenant has the exclusive right to purchase the Property under the terms of this Addendum. The Option Term begins on the Effective Date of this Addendum and expires on the date specified in Section 5(b), unless extended in writing by both parties.

o.) Option to Purchase. A right granted to the Tenant, but not an obligation, to purchase the Property under specific terms and conditions. The option must be exercised in writing by the expiration date mentioned in this Addendum.

p.) Parties. Refers collectively to the Landlord and Tenant.

q.) Personal Property. Any movable item specified in Section 4 of this Addendum that the Landlord agrees to include as part of the sale.

r.) Prepayment Penalty. A fee charged to the Tenant for paying off the seller-financed loan early, if such a penalty is agreed upon in advance and outlined.

s.) Purchase Price. The total amount the Tenant agrees to pay the Landlord for the Property, as mentioned in Section 5(a) of this Addendum. Unless otherwise agreed in writing, the Purchase Price is fixed and not subject to change based on an appraisal, market conditions, or any other factor. The Purchase Price may be reduced by an applicable Option Fee or Rent Credits as provided in this Addendum, but does not include closing costs, taxes, insurance, or other fees associated with the transfer of title, which shall be allocated as agreed upon by the parties or in accordance with Governing Law.

t.) Rent Credit. The Rent Credit shall be a portion of the Rent applied to the Purchase Price, provided the following conditions are met:

1. The full monthly rent is paid on time, without default or grace period extensions;
2. The Tenant has not breached any terms of the Lease Agreement or this Addendum; and
3. The option (or obligation) to purchase is actually exercised by the Tenant.

u.) Rent Credit Documentation and Application. The Landlord shall maintain a detailed ledger documenting the Tenant's monthly rent payments and the corresponding rent credits accrued, as specified in Section 5(d) of this Addendum. Upon the Tenant's exercise of the option to purchase, the Landlord shall provide this ledger to the closing agent within five (5) business days. The total accumulated rent credits shall be applied as a credit toward the Purchase Price at closing, provided that all conditions outlined in Section 9(t) are satisfied.

v.) Time is of the Essence. Time is of the essence with respect to all dates, deadlines, and time periods set forth in this Addendum. The failure to perform any obligation within the time required shall constitute a material breach of this Addendum, unless such performance is waived in writing by the non-breaching party.

10. **ENTIRE AGREEMENT**. This Addendum, together with the Lease Agreement and any other documents referenced herein, constitutes the entire agreement between the parties regarding the subject matter hereof. It supersedes all prior and contemporaneous oral or written agreements, understandings, representations, and negotiations. No amendment or modification of this Addendum shall be valid unless in writing and signed by both parties.

IN WITNESS WHEREOF, the parties have executed this Rent-to-Own Lease Addendum as of the date first written above.

Landlord Signature: _____ Date: _____
Print Name: _____

Tenant Signature: _____ Date: _____
Print Name: _____

SOUTH DAKOTA LEASE DISCLOSURES

1.) **Lead-Based Paint Disclosure** & **EPA Pamphlet**. The Landlord of a building constructed before 1978 must provide certain notices to the Tenant to disclose the possible existence of lead-based paint hazards on the Property.

2.) **Manufacturing of Methamphetamines**. Under South Dakota law, if the Property was used for the manufacturing of methamphetamines, such information must be disclosed to the Tenant.

The Landlord hereby declares the Property has: (check one)

☐ - **Never been used for manufacturing methamphetamines**.

☐ - **Has been used for manufacturing methamphetamines**. The Property was used for manufacturing methamphetamines and the following cleanup was conducted: _____.