Lifetime lease agreement template

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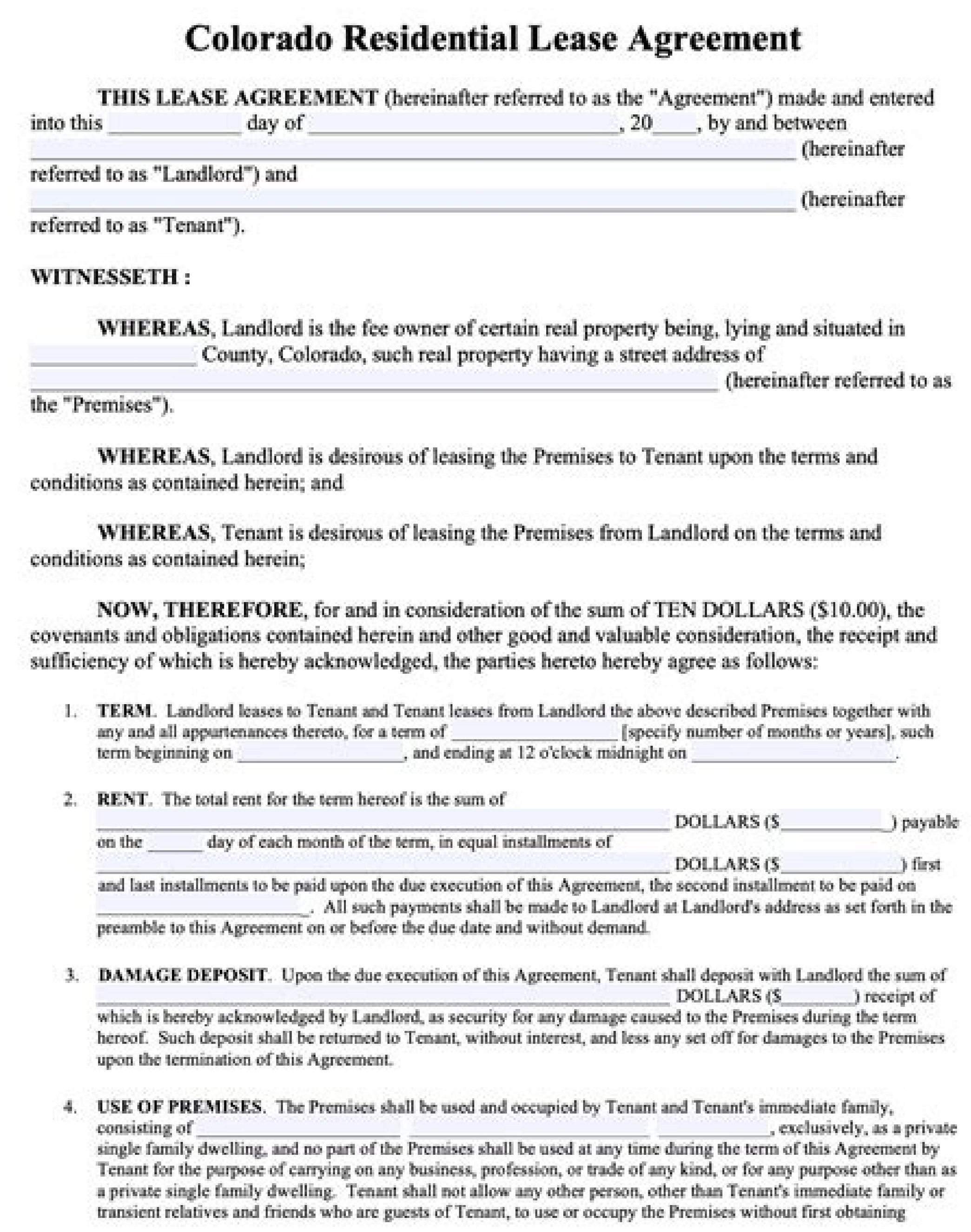
A lifetime tenancy means that a person holding one - a life tenant - has the right to live in their property indefinitely until death but may not normally sell or pass on any interest in the property beyond the time of their death. In the world of conveyancing, lifetime tenancies represent both opportunities as well as challenges. In the case of an ex-council property being sold to a private sector landlord, there might already be an effective lifetime tenancy in place to reflect that the person involved has rights to stay in the property until death.However, a property owner might get one drawn up for the first time themselves for a variety of reasons. Essentially they want to stay in the property that they own until death and for a very low rent or no rent at all, but might have a strong wish to release equity held in the property which they owned. Let's say for example they originally had an interest-only mortgage but reached the maturity date without paying off the principal fully. They might contact an equity release company which is prepared to draw up such a lifetime tenancy in return for receiving a large or even full equity share in the property which they can realise on the death of the lifetime tenant, for example by selling on the open market, but may not do this until this point. So a Lifetime Tenancy is the legal document which protects the ex-owner/incumbent and naturally needs to be drafted by lawyers; depending on the circumstance, the person selling - and entering the lifetime tenancy - might well have to take independent legal advice. It is normally extremely difficult to evict a lifetime tenant if such a tenant does not want to move out and has a valid lifetime occupancy agreement. This opens up a number of different possible scenarios in the private sector, where freeholds with leasehold interests within them are frequently bought and sold. NB This article is only concerned with sitting tenants who have such a lifetime tenancy and where for example they might either pay no rent - which is the most common situation - or very little and if they do pay it, it is likely to be contractually fixed to a sum vastly below market rent rates for the area. Typically a tenant will be over over 60 and not a rent payer. They are, however, normally responsible for the maintenance of the property and all associated costs. Please click on our article on Sitting Tenants if you'd like to find out more about the more general topic of buying a freehold interest with a tenant/leaseholder in residence. This article looks at lifetime tenancies in different contexts and considers what lenders' viewpoints are likely to be regarding them.We do, however, look at the virtues of a scenario where an elder family member might sell as a concessionary purchase (less than market value) or pass on as a gift their property to a younger relative or relatives without consideration and draw up a tenancy which secures their right to live in the property in question for the rest of their lives: see part 3 below for more.1Why would you buy a property with a Lifetime Tenant in it?3How can Lifetime Tenancies and Concessionary Purchases successfully mix?You'd buy a property with a lifetime tenancy attached to it in simple terms because it's far cheaper than if you were to buy a comparable property without such a lifetime tenant in it, albeit that you do not immediately have full power to do what you like with the dwelling.Quite how much of a discount the property would be sold at would depend on factors such as whether the tenant was expected to pay rent or not - and if they were, this is likely to be set and at a large discount to market rates - and the age of the tenant.Given that you cannot take full control of the property until the sitting tenant vacates the property - which you can assume to be when they die, and you don't know how long they will live for - this is why such a property will be sold comparatively cheaply. And the younger a sitting tenant is, all other things being equal, the greater the discount is likely to be, because they are likely to occupy it for a greater number of years.Therefore most professional investors would view this kind of investment as medium to longer term; nonetheless it certainly represents an investment. Over time in the longer term, all other things being equal, property prices generally rise, normally offering a good return compared to other classes of investment.It is the model on which equity release products from institutional mortgage lenders are very similarly based: normally, these products either offer a mortgage with no end date or they offer the occupant/s the chance to release a proportion of the value of the property to live on and thence to live as sitting tenants in the property until death without having to pay any further rent.According to some media reports:life tenancies are available on average at 47% below the RICS valuationlife tenancies are exempt from higher rate (+3%) Stamp Duty Land Tax (SDLT) - you'll only pay standard rate stamp duty if your investment exceeds £125,000the property itself should benefit from house price inflation in the longer term and you'll have purchased it at a large discountIn simple terms, most lenders would not grant you a mortgage to buy a property with a lifetime tenancy involved with it and this market is predominantly the preserve of cash buyers.
According to one expert mortgage broker we spoke to, lenders view lifetime tenants as having "too much power".The standard mortgage market, whether residential, buy-to-let or commercial, works on borrowers paying forward a percentage deposit and then making regular monthly payments to redeem the full borrowed sum over a fixed period and taking on board the prevailing interest charges imposed on top. In the case of a lifetime tenancy, these can vary greatly however many don't involve the life tenant having to pay any rent payments at all and those where there is a rent involved, as previously stated, most often that rent is greatly reduced from prevailing market rates. That means that a lender - or indeed the would-be investor - cannot expect to receive even a maintenance level of cash flow which the occupant remains in residence/stays alive. Into the bargain, as people age their home needs change. bewewel.pdf People install stair lifts and frequently become immobile to the extent that they convert their entire living arrangements such that they no longer visit upper floors - a good example is the building of a wet room on the ground floor.When such an occupant dies, the investor, unless they can find a buyer who can make use of the arrangement, will most likely have to redesign the property completely, spending large sums in order to do so which must be subtracted from any returns to the long term investment.



Colorado Residential Lease Agreement

THIS LEASE AGREEMENT (hereinafter referred to as the "Agreement") made and entered into this ____________ day of ____________________________, 20____, by and between ____ (hereinafter referred to as "Landlord") and ____ (hereinafter referred to as "Tenant").

WITNESSETH :

WHEREAS, Landlord is the fee owner of certain real property being, lying and situated in _______________ County, Colorado, such real property having a street address of ____ (hereinafter referred to as the "Premises").

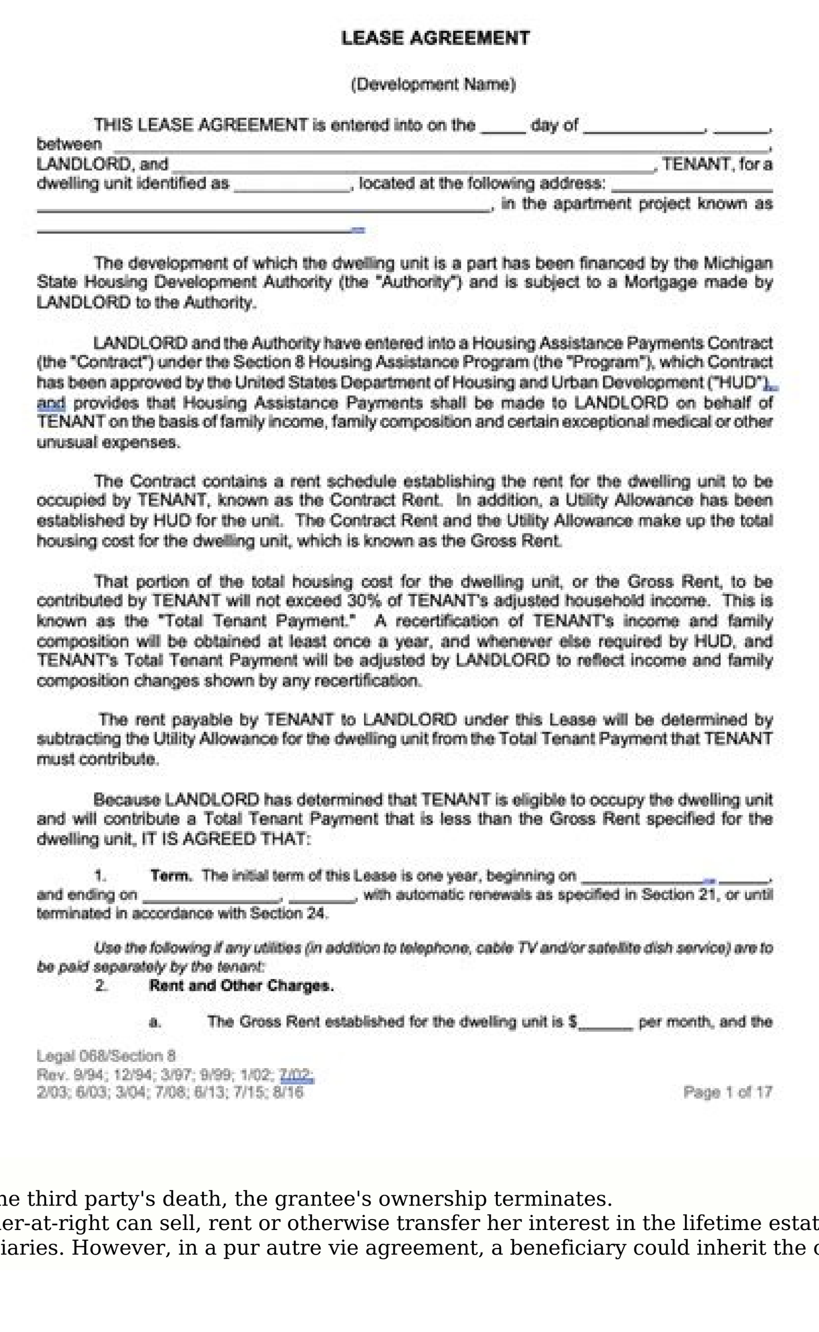
WHEREAS, Landlord is desirous of leasing the Premises to Tenant upon the terms and conditions as contained herein; and

WHEREAS, Tenant is desirous of leasing the Premises from Landlord on the terms and conditions as contained herein;

NOW, THEREFORE, for and in consideration of the sum of TEN DOLLARS ($10.00), the covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **TERM**. Landlord leases to Tenant and Tenant leases from Landlord the above described Premises together with any and all appurtenances thereto, for a term of _________________ [specify number of months or years], such term beginning on _________________, and ending at 12 o'clock midnight on ____________________.
2. **RENT**. The total rent for the term hereof is the sum of ______________________________________ DOLLARS ($___________) payable on the ______ day of each month of the term, in equal installments of ______________________________________ DOLLARS ($____________) first and last installments to be paid upon the due execution of this Agreement, the second installment to be paid on ____________________. All such payments shall be made to Landlord at Landlord's address as set forth in the preamble to this Agreement on or before the due date and without demand.
3. **DAMAGE DEPOSIT**. Upon the due execution of this Agreement, Tenant shall deposit with Landlord the sum of ______________________________________ DOLLARS ($________) receipt of which is hereby acknowledged by Landlord, as security for any damage caused to the Premises during the term hereof. Such deposit shall be returned to Tenant, without interest, and less any set off for damages to the Premises upon the termination of this Agreement.
4. **USE OF PREMISES**. The Premises shall be used and occupied by Tenant and Tenant's immediate family, consisting of ____________________ ________________________ ____________, exclusively, as a private single family dwelling, and no part of the Premises shall be used at any time during the term of this Agreement by Tenant for the purpose of carrying on any business, profession, or trade of any kind, or for any purpose other than as a private single family dwelling. Tenant shall not allow any other person, other than Tenant's immediate family or transient relatives and friends who are guests of Tenant, to use or occupy the Premises without first obtaining

This is yet another reason which makes lenders very sceptical about lending for potential buyers of these properties.It would be inaccurate to say that no lender would consider lending to buy a lifetime tenanted property, however it would be highly unlikely and any borrower would definitely be subject to a greatly higher deposit to overall value requirement and perhaps prohibitively high interest rates.Although purchasing a house to live in with someone with a lifetime tenancy already living in the property is virtually unheard of, there is scope for an older relative selling their home via concessionary purchase to a younger relative and simultaneously drawing up a lifetime tenancy agreement to protect their right to carry on living in the home until their death (and for no rent).We have written very fully about concessionary purchases (click to find out more) which most normally involve a relative selling a younger relative their home at a large discount to prevailing market values and, because the buyer normally uses a mortgage to buy the property, the lender involved counts the discount as the deposit whereas normally the buyer has to stump up a minimum 10% (or 5% via Government scheme).Now a lender would not normally allow an arrangement whereby they were lending a mortgage to a borrower who has someone with a lifetime tenancy in the property, after all, should the borrower default on repayments, the lender might find it virtually impossible to repossess the lifetime tenant.But in the case of the older relative selling using a concessionary purchase for no consideration, or even if the younger relative is gifted money from other sources to make up the rest of the selling price, then there is no lender to consider, which opens up a variety of options.The property owner (older relative) effectively sells on their property for no remuneration or 'valuable consideration' (this covers things like debts and assets as well as cash) and this can be done via a Concessionary Purchase or what's known as a Transfer of Gift/Deed of Gift.The process often requires taking independent legal advice (click to find out more) because, given the dangers of pressure, the original property owner must clearly be acting of their own free will.Additionally, if the Deed of Gift path is taken, there can be no debts secured on the property and the owner must be recognised as proprietor by the Land Registry. If a property owner transfers a property for less than market value and the transferor becomes bankrupt within the next 5 years, then the official receiver or trustee in bankruptcy can get the transaction reversed.The reversal is easier to achieve through the courts when the transfer is to a close family member. In line with the law in general regarding gifts, inheritance tax remains a factor for the 7 years after a gift is made, so the purchaser/receiver of the property should be aware that a death within the 7-year period might result in HMRC presenting a tax demand which ultimately might have to be satisfied by a forced sale of the property.This is certainly a complex area of law and if, for example, a bankruptcy creditor attempted to sue the original transferor/seller of the property within 5 years then a court might overturn the lifetime lease and force the them to vacate.However the new property receiver/owner might protect their tenant by granting a fixed term lease which would survive a property sale. However this itself is not without complications - the fixed term lease could survive the death of the transferor and may also have value for IHT purposes, if the 7-year law is still a factor.Yet another creative solution here, quoting some online legal sources, would be for the transferor to pay rent to the new (family) owner and if this is at market rate, the home cannot count towards their estate on death (and the rent money might well have been passed on eventually).This very much depends on the circumstances of the transfer. Normally in the commercial world, the lifetime tenancy - which is central of course to the protection of the transferor/seller - would be drawn up to reflect the wishes of the transferor/seller.Any lifetime tenancy should be registered at the Land Registry and this should be the benchmark of any reputable company involving itself in this sector; not registering such a document, as long as the document itself is correctly signed and witnessed etc., does not mean that a hypothetical court might not find in favour of a lifetime tenant's rights, however registering the tenancy at the Land Registry stops any unfair interference, particularly from the buyer involved, to start with. A lifetime right, formally known as a lifetime estate, is the designated right to own and use a piece of real property for the duration of an individual's lifetime. The grantee of a lifetime estate is known as a "life tenant" or an "owner-at-right," while the grantor is known as an "owner-at-fact." A lifetime estate allows the true owner of real property to grant sole, exclusive use and control of the property to another individual without granting permanent ownership. grammar worksheet wh questions present simple verbs
The grantee becomes the owner for his lifetime, but the ownership reverts to the grantor upon the grantee's death. One can grant lifetime rights "pur autre vie"-- literally, "for another's life" -- by designating someone else's lifetime as the duration. For example, a grantor can designate lifetime rights to a grantee for the duration of a disinterested third party's lifetime.



LEASE AGREEMENT

(Development Name)

THIS LEASE AGREEMENT is entered into on the _____ day of _____________, ______, between ____, LANDLORD, and ______________________________________, TENANT, for a dwelling unit identified as ____________, located at the following address: ______________ ______________________________________, in the apartment project known as ______________________________.

The development of which the dwelling unit is a part has been financed by the Michigan State Housing Development Authority (the "Authority") and is subject to a Mortgage made by LANDLORD to the Authority.

LANDLORD and the Authority have entered into a Housing Assistance Payments Contract (the "Contract") under the Section 8 Housing Assistance Program (the "Program"), which Contract has been approved by the United States Department of Housing and Urban Development ("HUD"), and provides that Housing Assistance Payments shall be made to LANDLORD on behalf of TENANT on the basis of family income, family composition and certain exceptional medical or other unusual expenses.

The Contract contains a rent schedule establishing the rent for the dwelling unit to be occupied by TENANT, known as the Contract Rent. In addition, a Utility Allowance has been established by HUD for the unit. The Contract Rent and the Utility Allowance make up the total housing cost for the dwelling unit, which is known as the Gross Rent.

That portion of the total housing cost for the dwelling unit, or the Gross Rent, to be contributed by TENANT will not exceed 30% of TENANT's adjusted household income. This is known as the "Total Tenant Payment." A recertification of TENANT's income and family composition will be obtained at least once a year, and whenever else required by HUD, and TENANT's Total Tenant Payment will be adjusted by LANDLORD to reflect income and family composition changes shown by any recertification.

The rent payable by TENANT to LANDLORD under this Lease will be determined by subtracting the Utility Allowance for the dwelling unit from the Total Tenant Payment that TENANT must contribute.

Because LANDLORD has determined that TENANT is eligible to occupy the dwelling unit and will contribute a Total Tenant Payment that is less than the Gross Rent specified for the dwelling unit, IT IS AGREED THAT:

1. **Term.** The initial term of this Lease is one year, beginning on _______________, ______, and ending on _______________, ________, with automatic renewals as specified in Section 21, or until terminated in accordance with Section 24.

Use the following if any utilities (in addition to telephone, cable TV and/or satellite dish service) are to be paid separately by the tenant:

2. **Rent and Other Charges.**

a. The Gross Rent established for the dwelling unit is $______ per month, and the

Legal 068/Section 8
Rev. 9/94; 12/94; 3/97; 9/99; 1/02; 7/02;
2/03; 6/03; 3/04; 7/08; 6/13; 7/15; 8/16

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Upon the third party's death, the grantee's ownership terminates.
An owner-at-right can sell, rent or otherwise transfer her interest in the lifetime estate to someone else. However, the new grantee can only retain the same interest as the owner-at-right, and the new grantee's ownership terminates fully upon the end of the specified lifetime. In most cases, an owner-at-right cannot bequeath a lifetime estate to his beneficiaries. However, in a pur autre vie agreement, a beneficiary could inherit the owner-at-right's interest for the remainder of the designated lifetime. Related Articles