

# **Letter of Intent**

Lance Edwards  
123 Smith St  
Houston, TX 77494

Mr. Joe Smith  
2900 Jones Rd, Suite 100  
Houston, Texas 77099

March 16, 2009

**RE: Swiss Chalet Apartments (Property)  
6203 Harwin  
Houston, Texas**

Dear Mr. Smith,

Based upon the information furnished by you, I have outlined the terms and conditions under which I would acquire the above referenced Property. This letter will serve as a binding letter of intent between the owner of record ("Lessor") and Lance Edwards, or my Assignee, ("Lessee") under the following terms and conditions:

## **I. LEASE WITH OPTION TO PURCHASE**

- A. Lessee shall **lease the Property** from the Lessor on a **five (5) year NNN lease** in which the Lessee shall be the master tenant, with rights to sublet.
- B. Lessee shall pay to Lessor a monthly Lease Payment in the amount equal to the monthly payment of Lessor's current mortgage.
- C. Lessee shall pay all operating expenses and management fees. Lessee shall provide all asset management necessary for turnaround of the Property. Lessee shall provide all rehab capital needed to improve and turnaround the Property.
- D. In exchange, Lessee shall receive the Option to Purchase Property for **\$2,100,000** over the next five (5) years. Such Option purchase price shall increase by 5% per year, prorated monthly.
- E. Lessee shall retain 100% of any cash flow from the Property.
- F. As full owner, Lessor shall retain 100% of the equity of the Property and 100% of depreciation tax benefits until Option to Purchase is executed.

## **V. LEASE AGREEMENT & OPTION AGREEMENT**

- A. Both parties will strive to execute a mutually acceptable Lease Agreement and Option Agreement within 10 days after the execution of this Letter of Intent.
- A. The Lease Agreement and Option Agreement shall become effective forty-five (45) days from their date of execution. During this forty five (45) day Inspection Period, Lessee shall perform inspections and examine the records of the Property.
- B. If, for any reason, during this Inspection Period, Lessee shall find the Property unsuitable, the Lessee, with written notice to Lessor, shall have the right to declare the Lease Agreement and Option Agreement based hereon null and void.

**VI. BROKERAGE FEES**

To be paid by Lessor as per Lessor agreement with Lessor's agent. There is no Lessee agent fee due.

The above represents the general terms and conditions of the proposed transaction. The exact terms and conditions will be contained in a mutually acceptable Lease Agreement and Option Agreement.

Should the above proposal be acceptable to you, please execute your signature below. Thank you for your consideration and we look forward to the opportunity to work with you on this transaction.

This Letter of Intent is null and void if not signed and delivered to Lessee at fax 281-555-1212 by 5:00 PM CST on March 19, 2009.

Please contact me with any questions or comments you may have at 713-555-1212.

**BY:** Lance Edwards

BY: \_\_\_\_\_

NAME: Lance Edwards

**ACKNOWLEDGED AND AGREED TO THIS \_\_\_\_\_ DAY OF MARCH, 2009.**

**LESSOR:**

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_