

How The Lease Option Works

Lease Options, sometimes referred to as “rent to buy” typically open the door to more people to be able to purchase a home than would otherwise be the case. This would include the self employed, those new to the area or on their job less than two years or persons with credit bruises.

Occasionally a seller may receive tax advise from his/her CPA to hold the property for at least a year prior to selling.

The two parts to the Lease Option are the Lease and the Option.

The primary two criteria that we look at are;

1. Can you afford the monthly rent?
2. Do you have the Non Refundable Option Consideration to move in?
(e.g. A bank would not permit a loan for this amount, either personal or from a 401k, etc. That makes no difference to us)

The Lease Agreement is similar to most Rental agreements. However, one exception is that for all rents paid on time a rent credit (depending on the house) will deduct from the purchase price when you choose to buy. This actually will give you a lower sales price or help act as your down payment.

As the prospective homeowner, you would be expected to handle the minor maintenance issues. The owner would handle anything major prior to purchase. Typically we give a 1YR Homeowner’s Warranty at settlement. Also, the rents are due on the 25th of the preceding month by direct deposit.

The Option to Purchase is a right. With the Option Agreement, you are actually purchasing that right to buy the property at a set price at some future date typically one to two years. This money would be added to your rent credits and either deduct from your sales price or act as your down payment when you get ready to exercise your Option and close on the house.

Typically this is about 5% of the purchase price or about \$4-5000 on a \$100,000 house and so on. This is paid up front when you move in.

Don’t have the move in money? Unlike banks, we are very flexible and would permit you to borrow from a 401(k), family or friends if you’re short.

If you choose, for whatever reason, to not purchase the property the option money is non-refundable. However, You are Not obligated to buy but We Are Obligated To Sell to Only You It’s all YOUR Choice!

Need more details? Call our office at 468-6181.

www.NewHome4YouOnline.com

LeaseOptionParameters.com