

Should You Lease to Buy?

If you're ready to buy but not yet in the financial position to sign a long-term mortgage, lease-to-purchase housing might be the best option.

These agreements can also be useful for sellers who run into trouble selling a property, or have a trusted long-term renter who would like to remain on a permanent basis.

The terms and conditions of these agreements will vary, depending on a variety of circumstances. But they are usually much easier to qualify for, significantly expanding the candidate pool of potential home-buying candidates. Here's a deeper dive into leasing to purchase:

FOR BUYERS

There is actually more than one type of lease-to-purchase contract, and some are more flexible and buyer friendly than others: Lease-option contracts allow you to buy the home when your lease expires, while lease-purchase agreements require you to buy the property at some point. Just be aware that with some con-



© ADOBE STOCK

REAL ESTATE 101

Learn More About Lease to Purchase

Lease purchase agreements often include two distinct contracts. These two different contracts will include cross-default provisions that make certain clauses mutually exclusive. To learn more about these contracts, visit Rocket Mortgage at bit.ly/3B9x5AI.

tracts, you may have to handle maintenance and repairs. That's usually the

responsibility of the landlord, so read the paperwork carefully before signing.

FOR SELLERS

Offering a lease-to-own option might spark renewed

interest in a home that's been on the market for longer than you'd hoped. These agreements allow someone else to take over payments until the end of your agreed-upon mortgage, at which time they take possession of the property. There are no set terms, so there's plenty of flexibility to create an agreement that works for both parties. This is also ideal for those who are looking to offload a rental, since agreements with trusted renters allow them to eventually own your property.

RISKS AND BENEFITS

Renters with cash-flow issues get the chance to improve their credit while ensuring that they'll eventually own the home of their choosing. If the renter decides not to buy or is unable to get a mortgage by the end of a lease-option contract, it expires and they move out — just as any other renter would. The owner is free to secure another rental agreement, or another lease-to-purchase contract. The renter will likely forfeit any upfront money, as well as any earned rent credit, but he's not required to stay or buy. With a lease-purchase agreement, renters may be legally obligated to purchase the home. Huge problems can arise if they are unable to secure financing.



© ADOBE STOCK

Should You Lease To Buy?

If you're ready to buy but not yet in the financial position to sign a long-term mortgage, lease-to-purchase housing might be the best option.

These agreements can also be useful for sellers who run into trouble selling a property, or have a trusted long-term renter who would like to remain on a permanent basis.

The terms and conditions of these agreements will vary, depending on a variety of circumstances. But they are usually much easier to qualify for, significantly expanding

the candidate pool of potential home-buying candidates. Here's a deeper dive into leasing to purchase:

FOR BUYERS

There is actually more than one type of lease-to-purchase contract, and some are more flexible and buyer friendly than others: Lease-option contracts allow you to buy the home when your

lease expires, while lease-purchase agreements require you to buy the property at some point. Just be aware that with some contracts, you may have to handle maintenance and repairs. That's usually the responsibility of the landlord, so read the paperwork carefully before signing.

FOR SELLERS

Offering a lease-to-own option might spark renewed interest in a home that's been on the market for longer than you'd hoped. These agreements allow someone else to take over payments until the

end of your agreed-upon mortgage, at which time they take possession of the property. There are no set terms, so there's plenty of flexibility to create an agreement that works for both parties. This is also ideal for those who are looking to offload a rental, since agreements with trusted renters allow them to eventually own your property.

RISKS AND BENEFITS

Renters with cash-flow issues get the chance to improve their credit while ensuring that they'll eventually own the home of their

choosing. If the renter decides not to buy or is unable to get a mortgage by the end of a lease-option contract, it expires and they move out — just as any other renter would. The owner is free to secure another rental agreement, or another lease-to-purchase contract. The renter will likely forfeit any upfront money, as well as any earned rent credit, but he's not required to stay or buy. With a lease-purchase agreement, renters may be legally obligated to purchase the home. Huge problems can arise if they are unable to secure financing.

REAL ESTATE 101



Learn More About Lease to Purchase

Lease purchase agreements often include two distinct contracts. These two different contracts will include cross-default provisions that make certain clauses mutually exclusive. To learn more about these contracts, visit Rocket Mortgage at bit.ly/3B9x5AI.

HOMEWISSE GLOSSARY

Assessed value: The value used by the governing authority (i.e. either the local government or the condominium association) by which to levy a tax or fee on the property OWNER. SOURCE: MLS.com

AD SPACE