



HOW LEASE OPTIONS WORK

A **Lease Option** is similar to any type of "option". It gives the Optionee the right or privilege to do something. In the case of a lease option, it allows the optionee the right to purchase a home at some pre-defined terms.

Benefits of Options for Buyers

Most of our buyers are individuals who have had some "bad luck" in the past, i.e. bankruptcy, divorce, medical problems, lost job, etc. OR they might have a new job or haven't saved enough of a down payment. When these types of situations happen to a person, it can be difficult to get a mortgage due to recent poor credit history or no credit history. This type of situation can be overcome with time. A lease option gives an individual time to repair or correct poor credit and time to create new credit.

How We Work

Our Lease Options are 12-18 Months in Length.

Here is an example of how it works:

123 Blue Street, Lake Orion, MI - Sales Price \$125,000.00, Option fee \$5,000.00 and a monthly Lease Rate of \$990.00. The \$5000.00 Option Fee gives you the right to purchase 123 Blue Street for \$125,000.00 within 18 months. The \$5,000.00 Option Fee is applied back to the purchase price of the property at the time you get your mortgage. In this example, you would have 18 months to acquire a mortgage on this home. We would also reward on-time payments by giving you an additional \$100.00 for each month your lease payment is received by the 1st of the month. This could give you an additional \$1,800.00 to apply towards the purchase price of this home. If you always pay on time, this example would give you \$6,800.00 towards your home purchase. However, if you decide not to purchase the home you would forfeit all of your option consideration: just like in any other type of 'option'. Therefore, you need to be sure that you want AND can buy the home prior to signing the option agreements.

Other Things To Consider

Talking to a loan officer prior to signing any option agreements is the best way to start your search. We don't get any referral fees whatsoever, but we can recommend a mortgage company, or two, that you can talk to about your situation. They should be able to tell you what you will need in order to get a mortgage. Please call or e-mail us if you need a recommendation. Also, note that many mortgage companies may not be familiar with lease options. We will be glad to make a conference call with you and your loan officer to make sure that everyone understands how lease options work. We want to help you be a home owner!