

## **What is Owner Financing or Seller Financing**

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Owner Financing or Seller Financing is the type of financing when the seller of a home finances all or a portion the sale (less the down payment) of his or her own property. A buyer, instead of going to the bank and qualifying for a loan, works directly with the seller and makes payments to the seller. In this case the owner acts as a bank and lends the buyer money needed to purchase the owner's property.

The monthly payment amount, interest rate, or a term of the loan usually depends on whether the property has or does not have an existing loan. If there is an existing loan, the underlying balance rears and fees are the base line for rewriting the new loan to cover the underlying obligation and existing monthly payments, therefore, once this has been established you now have the number to work with and then can configure the monthly amount on the new owner finances loan to cover any outstanding amounts and on the present loan. If the property is free and clear from mortgages, the seller and the buyer agree upon the monthly payment amount, interest rate, and term of the loan just like the bank does but with no credit score driven policy, however as long as they have 600 fico this will work.

In order to protect both parties, this purchase and sales transaction generally takes place at a real estate attorney's office or title company and is recorded in the public records. Then (BUYERS SELLERS NETWORK) will make offer to purchase the note and cash the seller out ten to thirty day's after the closing. If your not sure how to structure these types f instruments we have consultants standing by to help.

## **What is Rent to Own or Lease Purchase or Lease Option?**

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Rent to Own program may be also called Lease Option or Lease Purchase. This type of program allows a potential buyer to lease and occupy a home and have an exclusive right to buy a home at a certain price for a certain period of time.

Depending on the agreement between the buyer and the seller, you may or may not have a portion of the lease payment going towards the down payment or equity towards the sales price but you want this in the agreement. A buyer and seller will sign a Lease and Option agreements with all the terms of the lease and option to buy. The buyer and the seller agree on the sales price and its possible adjustments at the end of or after the option term, however we do this upfront on all of our lease option so you know what direction your headed while in the lease before you take the option as long as your sure this is the one for you.

Lease Purchase program is great for those buyers who are ready to be homeowners, love the home and want to move in immediately, but still might need to save more money for down payment or improve credit. In addition, remember, that all the work you do in the home will not be wasted when the lease is over - homeownership is just around the corner and that work can be credited towards down payment as long as it's understood upfront in the agreement, which is how we proceed with most of our client unless otherwise expressed by the client during the agreement phase.

## Why Rent to Own or Owner Financing programs?

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If you wish to buy a home but cannot qualify for a bank loan, or simply want to avoid the banks red tape and practices Owner finance (also seller finance )or rent to own (also lease purchase) programs might be what you are looking for....this way there is more control you have in the deal and it's terms, which we can tailor to your situation in the longterm.

## How to qualify for Rent to Own or Owner Financing?

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Since there are no banks involved, qualification for Rent to Own or Owner Financing has no hard and fast rules. Here are some qualification criteria:

- A home matches your needs and wants.
- You can afford the monthly payment amount.
- You have a required down payment amount. Sellers usually do not ask for 20% down like banks do, but you might still need to bring several thousand dollars to the table as an option fee for lease purchase or rent to own or a down payment for owner financing programs.

## Buyer Benefits

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Sellers and buyers benefit a lot from working directly with each other, and they both can gain a lot when they listen to each needs and capabilities. They both can benefit from a quick and easy purchase and sales transaction. Third party companies will purchase the note the two have created at discount however that discount being taken into account when structuring the term and amount.

First of all... a Buyer gets the benefits of the home ownership without even going to the bank, with no mortgage or loan qualifying.

Other benefits are:

- Home purchase with Rent to Own or Owner Financing even when a buyer does not qualify for with conventional financing (eg., because of lower credit score, unpaid student loans, etc.)
- Down payment flexibility
- Lower closing costs
- Tax deductions
- Appreciation of property value
- No lengthy loan application process
- No lender and loan fees
- Flexible rules and terms
- Minimum or no cash
- Full use occupancy and possession
- Pride of home ownership

