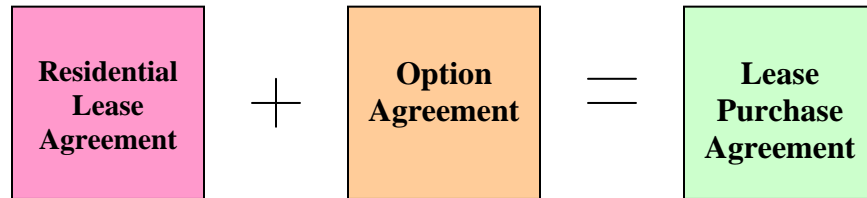


***Discover How Lease/Purchase Agreements  
(Rent to Own)  
Will Work for You!***

Most people have heard of the concept of “Renting to Own” real estate but very few understand how it benefits you the seller.

***What’s A Lease/Purchase (Rent to Own) Agreement?***

Rent to Own is just another name for a lease purchase or a Lease Option agreement.



A Lease/Purchase (Rent to Own) is a Revolutionary new “Creative Financing Technique” that enables property owners to sell their rental homes quickly for full fair market value.

The Lease Option alternative has been used for many years in preference to renting or an outright sale.

You are advertising your property “**for rent**” so you are familiar with a Lease. Since you also bought a house, you are familiar with a purchase offer. The “Rent to Own” agreement is a combination of the two -- it's an agreement that combines the right of occupying property (the Lease) with the right to purchase property at an agreed upon price (the Purchase Offer).

The property owner leases out their property to a prospective buyer for agreed-upon term. The two parties agree upfront to a set price that the property may be purchased at anytime over the term of the Lease Option period.

***Benefits to You the Seller:***

The seven major benefits for you, the seller, to use a Lease Option alternative to sell your property are as follows:

1. The program is very helpful to the property owner who wants or needs very close to their full asking price. You will receive your asking price when escrow closes during or at the end of the Option period.
2. Debt relief. The Tenant-Buyer will be paying most if not all your monthly loan payments.

3. Tax benefits. During the entire Lease Option term you will retain all of the tax benefits of property ownership.
4. When the Tenant Buyer exercises their option to purchase your property you will save thousands of dollars because:
  - a. You will not have to pay a 5% to 7% real estate commission.
  - b. The Tenant Buyer will pay most of your closing costs (approximately 1.5% of the sale price).
5. Security. Title to your property will remain in your name during the Lease Option term.
6. Minimal maintenance and management headaches. You'll have a written agreement with the Tenant-Buyer as a condition for you agreeing to do a Lease Option they will pay their rent on time and will take care of all the **minor** maintenance and repair of your property.
7. Capital Gains Tax. If the sale of your rental property is going to be a 1031 tax deferred exchange (in order for you can get long term capital gain income tax treatment rather than having to pay ordinary income tax) you will be able to meet the 1031 tax guidelines much more effectively than through a traditional sale --- by controlling your closing date.

### ***Finding the Right Tenant-Buyer:***

We work with buyers that want to rent a home for a year or two and then buy it.

- First of all we screen our Tenant-Buyers to identify a qualified and reliable individual -- someone that will take care of your property as if it were their own.
  - The rent to own tenant has a different mentality than regular tenants. They take care of your home because they have the mindset of a home owner and they see the property owner more as a finance company rather than a landlord.
  - Plus, they know they have to refinance the property at the end of the option term to cash you out and they know they will get more money from the lender if the property is in good shape.
  - Consequently the Tenant-Buyer will provide a written agreement to accept responsibility for all minor repairs and maintenance. This means he won't call you in the middle of the night to fix a faucet leak or stopped up toilet. He will take care of it himself.
- Second, our Tenant-Buyer may not qualify for a loan right now but he can afford to cover most if not all of your mortgage payment and will be able to qualify for a loan in one or two years and then he will cash you out.

- They will pay your full asking price as long as it is reasonable and the house is in good shape and they will pay the amount of monthly rent you are asking.
- Once we have a top candidate, we're ready to execute documents.

***Broker's Consideration:***

For services in arranging the Lease Option to a qualified Tenant/Buyer, **Broker** shall receive a "facilitator" fee. The Broker's fees are incorporated into the "Rent 2 Own" agreement's purchase price which will be the amount the Tenant/Buyer agrees to pay for the property in excess of the owner's asking price. The facilitator fee shall be **paid at the time the Tenant-Buyers** pay non-refundable Option Consideration for the right to purchase the property. **Broker** shall retain said compensation from the option consideration collected by **Broker** from **Tenant Buyer**.

*Option Consideration is something of value, usually money, which is offered by one party to induce another to keep open, over a specific period of time, an offer to purchase property. This Option Consideration (Option Money) is credited toward the purchase price of the property if the Tenant-Buyers exercise their Option to Purchase.*

***Lease Option Procedures:***

- First, the Tenant-Buyer signs the **Residential Lease Agreement**. This is where you grant him the right to rent the property and where he agrees to pay you **market rent**.
- We use the standard *California Association of Realtors*® "Residential Lease Agreement" for this purpose.
- Second, the Tenant-Buyer signs the 12 month **Option Agreement**. This is where you grant him the right to purchase the property in 12 months and where he agrees to pay **your asking price**.
- We use the standard *California Association of Realtors*® "Option Agreement" for this purpose.
- Once the Option Agreement is signed by the Tenant-Buyer we collect our facilitator fee out of the Option Consideration fee he pays.
- If the Tenant-Buyer wants to extend the Lease Option beyond the first 12 month term—for one more 12 month period—he will pay you additional funds.

1. He may pay you an increase in Monthly rent; **and**

2. He will pay up front an additional 1% to 2% of the new Option Price as additional option consideration.
  - This amount will be applied toward the purchase price of the property if the Tenant-Buyer exercises his option to purchase.
  - In the event that he does not exercise his option, you can keep this money, because it is non-refundable.
- When both the Residential Lease Agreement and the Option Agreement are signed, the Tenant-Buyer will give you the security deposit plus your first month's rent. You will continue receiving monthly rent until the Tenant-buyer either exercises his option to purchase or until the lease term expires.
- When a sufficient period of time has passed, the tenant-buyer will qualify for his loan, the funds will be disbursed, and you will receive your full sales price.

### ***How Else Do You Benefit?***

As soon as we initiate a Lease Option, your funds are free from burdensome mortgage payments and you are free to move where ever you want. Not only that, you have the satisfaction of knowing you got your sales price—not someone else's. But we're not through—you have some additional benefits in store. Here they are:

- **Our transaction coordinator** will provide all the mandated disclosures to your Tenant-Buyer so you will not have to be concerned with complying with the law.
- **A Real Estate Attorney** will hold all documents necessary to close escrow. We will have all documents necessary to close escrow signed by both the Tenant-Buyer and the property owner. These documents will be held by a real estate attorney until the Tenant-Buyer either exercises their option to purchase or the option period ends.
- **You will feel safe knowing** that the Tenant-Buyer will sign a Quit Claim deed that will deed their interest in the property back to you in the event they do not exercise their option to purchase. You, the property owner, will also sign a document called a Performance Trust Deed that basically guarantees that if the Tenant-Buyer exercises their option to purchase you will sell them the property.
- **You will avoid** closing costs—the Tenant-Buyer pays most of your closing costs, approximately 1.5% of the sales price. (On a \$400,000 condo, this amounts to \$6,000!)
- **You won't have to collect the rent!!** That's right—we've appointed a local Trustee Service to collect all rents and place them in your service account. The

Trustee Service will record the date of each rent payment, collect late fees (if any), and notify you if any payments are late.

- **You needn't make monthly mortgage payments!!** The Trustee Service will do it, drawing on the rents that have been placed in your service account. This feature saves you time, and provides the buyer with assurance that the mortgage payments are being made.
- **You can cancel our listing agreement.** During the time we are locating a Tenant-Buyer for your property you can cancel our agreement at any time up until we find a suitable Tenant-Buyer if you decide not to sell. You will not be tied up at all. Basically you are just allowing us to help you find a suitable rent to buy tenant for your property.
- As you can see, this program really streamlines your life.

Now that I have explained to you what our program is all about...and it makes a lot of sense to you... and you feel comfortable...you clearly see that selling your property "Rent 2 Own" is your best Option... Right?

Obviously you are ready to get started... all we have to do now is simply... approve the Letter of Intent that memorializes what we discussed today and when you fax it back to me at 858-272-6135 we will prepare the remainder of the paperwork and then we will get started Lease Optioning your property to a suitable Tenant-Buyer.

### ***Our Philosophy***

We enjoy our niche in the real estate market. We provide creative solutions for people who have many different goals. The market changes, and so do our solutions. One thing is constant, the fact that we must serve your interests. Let us know what they are, and we can adjust our program accordingly.

Sincerely,



Gar C. May  
Real Estate Broker/Realtor®  
[gmay@san.rr.com](mailto:gmay@san.rr.com)  
858-272-5510