

The following information and suggestions are provided WITHOUT WARRANTY. Any informational links provided are not warranted. You are encouraged to seek legal advice BEFORE entering into a Rent to Own. The Rent to Own transaction is governed by North Carolina General Statute. No real estate broker can construct, draw or otherwise offer an Option form or any other contract requiring the drafting of provisions. This is a protection for both a Buyer and Seller. The Property Manager represents the interests of its Principle, the Landlord/Owner. If you have any questions, by all means, ask. You will be provided an answer. Read on...

What is: Rent To Own/Rent with Option/Lease with Contract to Purchase

All three describe (basically) the same type of real property transaction... You obtain possession, enjoy the Property –and- retain the Right to Purchase the Property under terms negotiated prior to the signing of the Lease Agreement.

Are you obligated to buy? **No**. Is the Owner obligated to sell to you? **Yes**, provided both the Lease terms and Purchase terms are fulfilled. Both are concurrent.

How can you lose the Option? If you fail to honor the Lease terms, the Option would likely be “dead in the water” as your Lender would likely deny you any mortgage.

Can you just “walk away”? **Certainly**. No one is indentured. The only caveat is the Lease Agreement terms, which you are required to honor, i.e. – pay the rent through the agreed rental term and not cause harm or excessive wear and tear to the Property.

Are you responsible for paying Property taxes, Property insurance and conducting repair and maintenance to the Property while still owned by the Landlord? **No**. All of these three (3) items remain the Landlord’s responsibility.

Is your exclusive right to purchase the Property protected? **Yes**. To the extent the North Carolina General Assembly passed law governing this transaction... as a protection for the Buyer. The transaction and Addendum to the Lease must contain specific information, i.e. – Contract Selling Price, Period of the Contract/Option, copy or Memorandum recorded in County Registry, time period allowed for curing of a Breach, etc. Click the following link to read the Statute. [NCGS §47G](#)

Suggested Steps for Pursuing a “Rent to Own” Lease/Contract

1. **A Home Loan (Mortgage)**. You should already (definitely) know how close you are to qualifying for a mortgage. The Bank or Lender with whom you have consulted should have provided you with the one or two things you need to complete in order for the Lender to process your Loan Request. It might be the need (for you) to raise your FICO (credit score)... This is usually the case. You should obtain a letter from the Lender stating what you need to do and approximately how long it should take for you satisfy the situation. This letter is very useful in a Landlord’s determination to accept an Option offer (from you).
2. **Find the Property**. Look at our available list of Property a Landlord would consider a Lease with attached Option. Remember, you are only bound to the Rental Agreement, not the Purchase. After all, that’s why it’s called an “Option”! IF you see a property on [THE LIST](#), but not additionally offered as a potential Option to Purchase, you can still ask if that might be available. No question is a bad question!
3. **Tell the VFMR Management Staff** you would like to entertain renting to own. You will then meet with the Property Manager (licensed Broker). The Broker will convey your offered purchase price as well as Lease and Option terms.

Typical Steps to Securing a Lease With Option To Buy:

- 1st Know what you need to do to buy a mortgage. If you have not sat down with a mortgage loan officer, you should do so.
- 2nd Find the “right” Property which can be rented with an Option To Buy.
- 3rd Negotiate the Selling Price [Needed to construct the Option].

4th Inspections. You must do this now... Not later. It is your responsibility to satisfy yourself as to the condition of the Property –*BEFORE*- you pay the Landlord for the Right of Purchase (the Option to). You will have a finite window to conduct the inspections, i.e. – Home Inspection, Termite Inspection, etc. Note: A WDIR will be required by a Lender, so be SURE the Pest Control Company will provide you the WDIR (*at no additional cost*) WHEN you exercise the Option to Purchase. Your Lender will require a copy to allow your loan closing.

IMPORTANT: The Tenant/Landlord Law does not require repairs or corrections as one might look for when purchasing. For instance, if during lease terms the roof develops a leak, the Landlord is not required to replace an older roof, just stop the leak. The Lease will NOT afford significant changes or repairs not consistent with a rental term. So, you must be sure to satisfy yourself *BEFORE* purchasing an Option. Inspections are usually NOT honored after you and your family occupies the Property. You are encouraged to read the link concerning [Home Inspections](#)

5th Option Fee –or- No Option Fee. If the rental Property you intend buying has a mortgage note (the Landlord is making a monthly payment), you would likely pay that note as your rent. If the rental Property is owned “in fee” (has no payment due a lender), your monthly rental will likely reflect rental market value. In either case, it would be unlikely your monthly contract rent would affect (reduce) the agreed sales price. BUT, you can always ask in the negotiations of price. It is up to you to negotiate YOUR price. The Property Manager represents the Landlord/Owner’s interests in obtaining the highest price the market will bear... On the other side of the coin, YOU would most likely negotiate a lesser selling price. If you pay an Option Fee as part of the negotiations, it is applied in whatever manner the Landlord and you agree. There is NOTHING set in stone outside of the protections afforded you in the law governing Rent to Own and the Tenant/Landlord Laws of NC.

6th Given you are satisfied with your Inspections, we will conduct the Leasing Meeting with will include your Lease with attached [Offer To Purchase](#) and Option Agreement. Your attorney (yes, you have to employ an Attorney to draft the Option) will Record the Memorandum of Option to Purchase in the County Registry. You will be paying your rental Security Deposit (you get this back when you Close the sale –or- upon termination of the Lease, if you don’t purchase –and- you have honored the Lease terms (pay rent or other charges due the Landlord and returned the rented Property in good condition with no excessive wear and tear).

6th Enjoy your New Home! The whole purpose of the Lease with Option is to give YOU the right to ultimately own your new home. Of course, the real advantage you are “test driving” your new home as well as being given time to correct/fix minor issues delaying your ability to purchase a mortgage. Good Stuff!!

The Property Manager and your Attorney will assist and guide you along the way. It sounds like a lot, but the goal is a good one for both your family and the Landlord/Seller.

Not to sound too presumptuous, but “Congratulations In Advance!”

Vernon Foster

Property Manager

Broker in Charge

North Carolina Real Estate Commission License No. 90254

