

BUY A HOME USING RENT TO OWN!

PRESENTED BY:



"Providing clients, a Path to Home Ownership since 2005"

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If you are searching for a custom solution to help you achieve the dream of home ownership. Rent to Own may be the right solution for you!

Rent to Own (RTO) is an alternative method to home ownership which is becoming the choice of more and more Canadians daily. Continuous changes to Mortgage rules by the Federal Government is keeping Home Ownership at bay for many deserving families. Rent to Own offers an opportunity for these deserving families to move into their Dream Home “**Today**”.

Growing in popularity, RTO is a very effective way for consumers, who may have been declined a mortgage, to overcome tight lending guidelines and be a home owner soon!

People typically embark on an RTO Program because of issues such as:

- ✓ Bruised or no credit
- ✓ Insolvency such as a Bankruptcy or Consumer Proposal
- ✓ Divorce
- ✓ Too low of a down payment
- ✓ Inability to meet the “[Stress Test](#)”

The good news is, we are here to help on your path to home ownership!

I have partnered with HOS Financial to bring you Canada's Leading Rent to Own Program!

A Rent to Own Planner at HOS Financial will speak with you personally to determine if our Rent to Own program is suitable to your financial situation. If so, you will be able to start your home search right away. Over the course of the RTO Program term, we will work with you to build your Credit Profile to Bank standards. At the end, we will help you secure traditional mortgage financing.

It all seems quite simple. In fact, it is simple - but the proper care and effort must be taken to ensure you are able to qualify for your own mortgage at the end of the term. Stick to the plan laid out for you and you'll be a home owner soon.

We understand how big of a life move it is to purchase a home and we're excited to work with you to accomplish this... nothing feels better!

Read on to learn more and how we will accomplish this, [together](#).

- ✓ Select the home **you** want to live in using YOUR Realtor
- ✓ Improve your financial position and improve your overall financial footing
- ✓ Potentially build “**significant**” equity while becoming a Home Owner
- ✓ Pride of home ownership – you are essentially the home owner NOW!



What We Do

We help you move into a permanent home of your choice shortly after joining our program

We **customize** a program which best suits your financial/personal situation

We work with you to grow your down payment plus improve your credit profile and score

We design flexible deposit building options to ensure you become a home owner soon

How Do You Qualify

- ✓ We start with a quick [Inquiry Form](#).
- ✓ Have an initial consultation with a Rent to Own Planner regarding your objectives and financial situation.
- ✓ You will be provided a customized Rent to Own Program Quote and Path to Homeownership Exit Strategy.
- ✓ You Provide Supporting Documents.
- ✓ We match you with an Investor and together with your Realtor, you can start shopping!
- ✓ Work with our transaction team to discuss and finalize next steps

Rent to Own HOME OWNERSHIP...

Your Path to becoming a Home Owner Soon!

The Steps in the Process:

- ✓ **A brief discussion about your Initial Inquiry to learn more about you and your situation and why Rent to Own may be the best option for you right now**
 - We take time to:
 - understand your needs & objectives
 - explain your home ownership options
 - explain how the RTO program works
 - You complete your monthly budget and financing application to help us determine your maximum home price
 - You will pull your Equifax credit report and we review it with you to get an understanding of your Credit Score/Profile and what must be done to improve it to Mortgage Standards
 - We tailor an action plan for you to follow which will get you to home ownership sooner
- ✓ **Assess & create a mutually agreeable Rent to Own term based on the information provided in the financing application and previous discussions**
 - Lock in the purchase price of your new home NOW
 - Discuss the amounts for: rent, Option credit (Monthly Savings Component)
- ✓ **Get Matched with an Investor for Funding Partner.**
- ✓ **Start shopping for your new home with yours or our real estate specialists**
- ✓ **Investor Purchase of your new home**
 - All parties agree to a price and an offer is placed
 - Clauses for inspection, appraisal & financing are satisfied
 - Upon removal of purchase conditions, pay the remaining balance of option consideration
 - Finalize the amounts for: rent, Option credit (Monthly Savings Component) based on FINAL Purchase Price
 - Sign your New Lease and your Option contract (Future Purchase and Sale Agreement)
 - Receive ILA – Independent Legal Advice

- ✓ **Solidify possession date & get ready to move!**
- ✓ **Welcome Home**
 - Thorough walk-through inspection of your property together with your realtor
 - Move in and start enjoying **YOUR** New home!
- ✓ **Enact the Action Plan**
 - **Quarterly** meetings to ensure you are sticking to your action plan and moving toward mortgage qualification
- ✓ **Congratulations!**
 - 4 months prior to the end of your RTO term, you are prequalified for your own financing
 - You obtain a mortgage for the home, and it is all yours!

What Consumers are asking...

People often ask, “what is the benefit to Rent to Own for me?”.

The true benefit of our Rent to Own program is to get you into a home of your choice NOW, while you take the time needed to improve your credit and/or build up your down payment further. In addition, if you buy a home using Rent to Own in a growing Real Estate market, the financial benefits can be considerable given your future Purchase price with Rent to Own is **capped**. See the following Example of how Rent To Own can be extremely financially beneficial (Talk more with one of our Rent to Own Planners).

Let's pick this house:

- ✓ Listed for \$ 600,000
- ✓ Average Market **Appreciation** last 10 Years: 8%
- ✓ Expected Appreciation Pattern: Trend to continue
- ✓ Down Payment req's by Bank today \$ 35,000 – (5% of the first \$ 500K and 10% of the Remainder between \$ 500 and \$ 1,000,000. (20% over a \$ 1MM)
- ✓ Tenants Credit Score is 680



If you are not Bank Ready for a mortgage, there are 2 ways to Occupy a Home.

Option #1 – Rent – Save and **Buy Later in the OPEN Market**

Option #2 – Rent – To – Own

Let's Look at the Financial terms of each approach to living in this home:

Rent- Save and Buy Model

Monthly Rental Payment – Market Rents	\$ 2800
Property Purchase Price in 3 Years on Open Market – 8 % per yr Appreciation	\$ 881,600
Down Payment Required in 3 Years (5% of the 1 st \$ 500K + 10% of Remainder)	\$ 63,160
Monthly Savings to Acquire this Down Payment (\$ 63,160/36)	\$ 1744
Total Commitment Monthly Rent + Saving for Down Payment (\$ 2800 + \$1744)	\$ 4544

Rent to Own Model

Monthly Rent to Own Payment (Includes Savings Component)	\$ 4750
Property Purchase Price in 3 Years under Rent to Own – 4.00% Appreciation	\$ 730,000
Down Payment Required to move in today under Rent to Own (3-5%...using 4%)	\$ 24,000
Total Commitment Monthly	\$ 4750

Let's Compare

Description	Rent – Save – Buy in the Future	Rent to Own starting TODAY	Difference
Total Monthly Costs (Utilities Extra in both Scenarios)	\$ 4544	\$4750	\$ 206 More under RTO
Purchase Price in 3 Yrs	\$ 881,600 (Open Market)	\$730,000 (Capped Price)	\$ 151,600 Cheaper with Rent to Own!

As you can see, the monthly commitment to owning a home in the future is similar BUT the benefits of Rent to Own make it a very intriguing Option.

Locking Down the future Purchase price is SIGNIFICANT.

With Rent to Own, you move in TODAY – NO WAITING!

- ✓ Rent to Own “Caps” the Future Purchase Price no matter how much the “Open Market” value increases. You KNOW what you are paying in 3 years. It is agreed to UPFRONT!
In the example above...someone who waits 3 years and buys on the Open Market will pay \$151,600 more to Purchase the Same property. **Note that this is only using 8% MARKET Growth. Many areas are seeing 10-20% Market growth!**
- ✓ In a Rent-Save -Buy Later model, the monthly costs are similar. The difference is when you rent you are building Equity for someone else – NOT your family!
- ✓ In a Rent-Save-Buy later model, your future mortgage is considerable higher at the beginning. Statistics show that most first time Home Buyers take a 5 Year-Fixed Mortgage Term when they take their mortgage. You will **SAVE THOUSANDS** in Interest!

All the Above Financial Benefits happen using Rent to Own while you get to enjoy the home Today as “Your Home”. Also, during the Rent to Own term, our team of experts will work with you to get Bank ready for the future.

Rent to Own has significant Value!!!

Again, these numbers look great but you may still have questions. Listed below are the most popular Questions we get regarding Rent to Own.

What is the Initial Option and how much do I need to put down?

The Initial Option is your down payment to start the RTO program. It is required to demonstrate that you have something invested in the success of this program and that you have some financial footing to begin with.

The amount required varies depending on each unique financial situation; however, we look for a minimum of 3% of the home's purchase price.***

***** NOTE:** Not every applicant will be able to start the program with the greater of \$ 10,000 or 3% down. The starting down payment will be determined once we review your Application and Credit Report. For clients requesting a starting Down Payment of 3%, their Credit Score should be 680 to start the Program. Credit Score under 680 usually require a minimum starting down payment of 5%.

How is the Future Purchase Price calculated?

The buyout price is calculated based on the listing price of the home today, the length of the RTO term plus a Moderate Appreciation rate considering Appreciation rate in the market that the home is located in. We apply MODERATE appreciation rates to try and ensure the Future Purchase Price agreed to "at the beginning" will be less than or equal to Market Value at the end.

NOTE: Beware of Rent to Own Program that charge aggressive Appreciation Rates, the property may not be worth that much in the end. If this is the case, you will not qualify for the mortgage and will be required to pay a significant amount more as your down payment to secure the mortgage. Very Important component of any Rent to Own program.

What are monthly Option Payments (Savings Component)?

Over the RTO term, you accumulate a future down payment amount and closing costs for your future Mortgage. Your Initial Down payment will range from 3-5% of the Purchase Price and every month this Total Down payment amount increases by the Saving Component of YOUR Rent to Own Program. We add 20% of your Monthly Payment to the starting Down payment to calculate your Total Down payment at the end. This Savings component is INCLUDED in the Total Monthly Payment we quote!

In the above example, the Total Rent To Own payment was \$ 4750.00. Each month, 20% of this amount or \$ 950 is added to the starting down payment to form the final down payment at the end.

Starting Down payment \$ 24,000

Monthly Saving Component \$ 950 or 20% of \$ 4750

Total **MORTGAGE** Down payment at the end \$ 24,000 + (36 x \$ 950) = \$ 58,200

How is the Rent to Own Payment calculated?

As mentioned above, Rent to Own is a customized solution based on the personal financial position of the tenant at the beginning.

The Total Monthly payment factors considered are:

- ✓ Market Rents for the Area
- ✓ Starting Down Payment
- ✓ Purchase Price
- ✓ Tenants Credit Profile and Credit Score
- ✓ Amount required for Future Down Payment – Some clients require a higher EXIT Down Payment given their Credit Profile to start the Rent to Own Program.
- ✓ Affordability factor for the Tenant

What happens if I am not in a financial position to purchase the house at the end of the Rent to Own Program?

The action plan we put together for you is designed to ensure you are in a mortgage qualification position by the end of your RTO term. If you stick to the plan, you will have a greater chance of success. Having said that, sometimes things happen during a RTO term that are beyond your control. If something was to happen which affected your ability to exit the Rent to Own term, we have the Option to extend the term to allow the effects of the unexpected situation to pass.

We have the flexibility to address issues on a case-by-case basis and do not have a standard clause that applies to every situation. The situation would be addressed at the time of occurrence.

Who is in charge of the maintenance during the Rent To Own term?

This component often requires a shift in mindset for future homeowners. In most Rental Situations, the tenant is NOT responsible for Maintenance. It is different with Rent to Own.

We tell our clients “This is YOUR home”. As a future homeowner, you are responsible to care for of the home and property for the duration of the RTO term.

Having said this, every property must have a Home Inspection completed which will show obvious defects which will be addressed “before” you enter the Rent to Own Program.

Inspections will show any attention required to major items like:

- ✓ Windows
- ✓ Roof
- ✓ Structure
- ✓ Mechanical Systems
- ✓ Plumbing
- ✓ Electrical

Who pays for the home inspection?

You are responsible for the cost of the home inspection. As mentioned, a home inspection is mandatory to ensure you have selected a quality home for your family. A second home inspection should not be required again at the end of the term for Mortgage Financing

Who pays for the Property Taxes and Home Insurance?

During the RTO term, the Investor is responsible pay the property taxes. When you pay your Lease Payment, the Investor is expected to pay his costs from the rents collected.

NOTE: As a Rent to Own tenant, you will be expected to arrange for Content and Liability Insurance.

Who pays for the utilities?

As a homeowner would, you are responsible for the utilities including water, heat, gas, hydro, and any other utilities that may apply.

What about Condo Fees?

Condo Fees are over and above the Monthly Lease Payment and the Tenant is responsible to pay this amount.

MY PARTNER IN RENT TO OWN!

HOS Financial

Proud Owner of the Home Owner Soon RTO Program

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