



Home Ownership Lease to Own Program

Many people want to experience the American dream of home ownership, but are not able to qualify for a mortgage at this time. There are many possible reasons including a low credit score, lack of credit, not a large enough down payment, a previous foreclosure, a previous bankruptcy, an ongoing divorce, etc. If you are in this situation, we may be able to help you locate and move into a home within weeks, a home that you will ultimately buy. Please do not misunderstand. We do not work with those that have a total disregard for paying their bills on time. We work with only those who are willing to work diligently toward resolving the roadblocks they face to obtaining a mortgage. We are looking for those who will qualify for a mortgage within 12 to 18 months. Here's how it works.

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Step 1 – Complete an application for our lease to own program.

Step 2 – Bring in the completed application to our office along with an application fee (\$25 per person).

Step 3 – We will process your application. This involves a previous rental history check, a background check, a verification of income, and a credit check by our mortgage broker.

Step 4 – If you are approved, you sign our Home Ownership Program Policies agreement and put down half of your deposit, which is called an option fee.

Step 5 – You will meet with us and our mortgage broker to discuss a game plan for qualifying you for a mortgage. This usually involves a personalized credit repair plan.

Step 6 – With guidance from the mortgage broker, we determine what price range of house we need to be looking for on your behalf.

Step 7 – Our home buyer program administrator is a licensed real estate agent. She will perform a search of homes on the Multiple Listing Service (MLS) and for sale by owners that we would potentially be able to sell to you within the established price range. You pick which homes you would like to view.

Step 8 – Select the home you would like to own.

Step 9 – Smart Choice inspects the home for material defects.

Step 10 – If the home passes Smart Choice's inspection, you pay the remaining half of your option fee to Smart Choice before the offer is made to the seller.

Step 11 - Smart Choice offers to buy the home from the seller.

Step 12 – If the offer is accepted, Smart Choice buys the home.

Step 13 – The lease purchase agreements are signed and you move in.

Step 14 – Once your mortgage is approved, you purchase the home.

What is a lease purchase?

Our lease purchase consists of two agreements: a lease agreement and an option agreement. The lease agreement is a standard lease, similar to others you have probably signed in the past. The only significant difference is that you are responsible for all maintenance and repairs. The term of the lease is typically between 12 and 18 months. This term allows you to work on your credit, save more for your down payment and anything else that needs to be accomplished for you to obtain your mortgage. Sometimes your agreement can be structured so a portion of your rent is applied toward your down payment. Smart Choice is responsible for paying the property taxes and insurance on the home during the lease period.

The second agreement is the purchase option agreement. This agreement gives you the right to buy the home for a predetermined price. The term of this agreement is the same as the lease agreement. You typically will pay an option fee of 3% of the purchase price at the time of signing the agreements. This fee is applied toward your down payment and secures your right to purchase the home provided you abide by the terms of the agreement.

Benefits of lease purchasing from Smart Choice

- You have lots of choices. We let you choose from homes we own and from other homes on the market, which we would be able to sell to you in your price range. Our in house real estate agent can narrow the search to homes that have the features that are important to you.
- We'll help you save up for your down payment. Your lease purchase can be structured with a portion of your monthly rent credited toward your down payment on the home.
- Minimum out of pocket cash needed to move in your home. When you lease purchase from us, you will not pay any closing costs up front. You'll only pay your first month's rent and your option fee. Your option fee is typically 3 percent of your purchase price.
- Your purchase price is locked in up front. Any appreciation during your original lease term is instant equity for you.
- Credit problems are okay. Sometimes people just need some time to clean up their credit and show a stable payment history. Your lease period is designed for just that.
- Although we are not licensed home inspectors, we do perform our own inspection of each home before we buy them. In addition, we try to negotiate a 13 month home warranty on each home. This covers some appliances and mechanical systems, such as the furnace or air conditioning unit.
- Smart Choice Homes is locally owned and operated, and has had a presence in the local housing market since 1986. We are a company that works toward honesty and integrity in every business transaction. We try to create win/win situations for everyone involved in each lease purchase transaction.