
The Homeowner Herald

Helping Canadians realize the benefits of home ownership

How Everybody Wins in a Rent to Own Program

Rent to own programs can be a fantastic tool for both tenant-buyers and investors to build wealth when properly designed and executed. The “win-win” philosophy commonly claimed by investment strategies may sound cliché, but it is incredible to see how well rent to own programs can work for both parties when done right.

Rent to own is not always the best solution, but in many situations it can work extremely well. This article will examine three common barriers to home ownership, how rent to own is an ideal solution, and how the investor benefits from the program to make this clever strategy a true “win-win”.



Rent to own programs can often help individuals who are held back from home ownership by credit, down payment, or income concerns to realize the benefits of home ownership today.

Case #1: Credit Concerns

The Problem

Having no credit, limited credit, or “bruised” credit is one of the most common reasons to consider a rent to own program. Many people with strong incomes who have saved some money to buy a home find themselves being declined by the banks due to the current state of their credit.

The Solution

If you have a thin credit file or have damaged credit as a result of late payments or bankruptcy, you’ll need to improve your credit standing before you are able to qualify for a traditional mortgage. Whether you need to build or repair your credit, it takes some time and thoughtful planning.

Why Rent to Own?

Rent to own is a great solution in this case because it allows you to move into the home you like and start enjoying the benefits of home ownership today. Meanwhile, the rent to own term gives you the time needed to shape up your credit and qualify for a mortgage down the road. Furthermore, the rent to own company can offer guidance on how to go about improving your credit score.

Case #2: Down Payment Difficulties

The Problem

Purchasing real estate these days requires a sizable down payment which is a barrier that keeps many people from becoming homeowners. If you don’t have a full 20% down

payment or meet all of the requirements for a CMHC insured mortgage, you may have to delay your plans for homeownership. Meanwhile, home prices continue to increase and make it even more difficult to accumulate the down payment you need.

The Solution

If you lack the down payment funds you require, you’ll simply need to save more before you can qualify for a traditional mortgage.

Why Rent to Own?

Building up the down payment you require usually takes some time. Instead of delaying your plans for homeownership and taking the risk of being priced out of the market, you may wish to consider a rent to own program. These programs can

allow you to live in the home you want today while giving you the time and discipline required to save the down payment you'll need to qualify for a traditional mortgage at the end of your term. Some programs allow for as little as 2% down with good credit and strong income.

With rent to own, a portion of your monthly payment accumulates as an option credit. These extra monthly credits act as forced savings which will put you in a stronger financial position at the end of your term.

Case #3: Income Irritations

The Problem

With today's tighter lending criteria, banks are more frequently saying "no" due to income concerns.

This frustrating barrier is commonly experienced by those who are self-employed or those who work on a commission basis. Since the banks do not view this type of income as favorably as they view salaried employment income, there are more hoops to jump through and therefore more declines from the banks.

The Solution

If you've been declined due to income concerns, you'll need to some time to jump through the hoops and meet certain criteria before you are able to qualify for a traditional mortgage.

Why Rent to Own?

As long as you have a strong income, rent to own can give you the time you need to conquer the hurdles the banks set out for self-employed or commissioned individuals.

As in the other cases, rent to own is again an ideal solution in this case. A rent to own program can allow you to get into the home you like and start enjoying the benefits of home ownership today.

You'll also get the time you need to satisfy the income requirements, and be forced to save a stronger down payment. If you've been making your monthly payments it demonstrates your ability to carry a mortgage and gives the lender confidence when underwriting your file.

Incredible Investment

On the other side of the rent to own transaction, there is an investor who will purchase the property and rent it to you during the rent to own term. Compared to the traditional buy-and-hold strategy where an investor will purchase a home and rent it to regular tenants, the investor realizes 3 key benefits which make rent to own a win-win:

Key Benefit #1:

Exit Strategy

Both the tenant-buyer and investor agree on the length of the rent to

own term so with rent to own there is a clear exit strategy from day one.

Key Benefit #2:

No Turnover or Vacancy

One of the biggest problems facing landlords is tenant turnover and vacancy. With rent to own the investor gets a tenant buyer who will move in as soon as the home closes, treat the home as their own, and then purchase the home at the end of the term.

Key Benefit #3:

Extra Security

In a rent to own program, the occupant provides a deposit up front and accumulates monthly option credits as they go along. These funds provide additional security for the investor incase the occupant decides to walk away from the deal.

In addition to these 3 key benefits there are several other factors which make rent to own investing an attractive strategy for investors.

What Are You Waiting For?

Are you are looking for a way to overcome your financing hurdles and realize the dream of ownership? If so rent to own may be the answer you are looking for.

The bottom line is you can stop renting, start owning, get a place to call your own, and start building equity for your future... today. So, what are YOU waiting for?

Our rent to own program is called the "Homeowner Prep Program". This win-win program is designed to assist individuals and families who cannot obtain financing with traditional mortgage lenders.

When working with Ownership Solutions, you can experience the benefits of home ownership today as we help to prepare you to become a homeowner. Each Homeowner Prep Program is structured to leave the participant in a strong position to purchase the home at the end of the term.

For more information or to apply and get started today, visit us online: www.ownershipsolutions.ca.