



FLAGSHIP
REAL ESTATE

Lease to Purchase *

An program offered exclusively by ERA Flagship Real Estate

Lease to Purchase (LTP) is a program established to assist Sellers who have, or soon will vacate their home and want to sell or generate income while awaiting a buyer; and to help Buyers who do not have sufficient funds for a down payment or who needs time to establish a credit history that would support qualifying for a mortgage.

Program is exclusive to single family homes.

The LTP Program:

LEASE: A Lease is established linking to a Contract For Purchase. Guidelines for terms of the Lease are as follows:

1. **Rent:** To be at market (determined by Flagship with mutual approval of parties);
2. **Term:** 2-3 years;
3. **Amount due at signing:** Two times the amount of monthly rent which represents the first month and security deposit (add \$300.00 for pet deposit, if applicable) and ERA Flagship fee;
4. **Additional Rent:** Each month an amount equal to twenty-five (25%) percent of monthly rent will be due as “additional rent”. This amount to be credited to the purchase price if Contract for Purchase is exercised the initial lease period;
5. **Tenant Income:** Tenant must be employed and have sufficient income to qualify for a 90% LTV including PITI;
6. **Application:** Tenant must qualify under the standard rent requirements set forth by Flagship relevant credit and criminal report (application fee of \$100.00;
7. **Fee:** Tenant pays ERA Flagship a non-refundable fee of \$1,500.00 (application fee credited at final contract).

CONTRACT FOR PURCHASE: A contract is established, linked to the lease, with terms as established below or as may be modified by all parties:

1. **Purchase Price (Initial):** If a price cannot be mutually agreed upon, an appraisal will be ordered, and paid for by the Seller. If not acceptable to Buyer, Buyer will order, and pay for, a second appraisal. If not identical, the agreed Contract Price will be the average of the two. If either party does not accept the “average” price, the LTP Agreement will become void. This price will not be modified if deed to the property is transferred within the initial 12 months for the commencement of the Lease.
2. **Purchase Price (Final):** To establish a final price to purchase, if deed transfer is subsequent to the one year anniversary of commencement of the Lease, a price adjustment may be requested by either party. If such a request is made, the party making the request will order, and pay for, an appraisal with 5 days of notice of intent to close and a minimum of 45 days prior to anticipated closing. If appraisal is not acceptable to other party, that party will order, and pay for, another appraisal and the price to purchase will be the average of the two.

If an appraisal made after the initial 12 month period identifies a “final price” higher than the “initial price”, the increase in value will be shared equally between the Buyer and the Seller. If this appraisal identifies a lower value, either party may void the agreement whereby one half of the “additional rent” will be reimbursed from the Seller to the Buyer.

3. **Closing:** The Buyer may exercise the option to purchase at any time within option period with no penalty related to the Lease.
4. **Down Payment:** The “additional rent” (see above) will be credited, at closing to the purchase price.

The following are guidelines to the LTP agreement, but may be modified with approval of parties:

Tenant Responsibilities:

1. All repairs or replacement other than A/C;
2. Cost of A/C replacement: one half of cost to be reimbursed to Seller at closing;
3. All costs related to day to day maintenance including, but not limited to lawn, pool and appliances;
4. All appliance replacement (appliance becomes property of buyer whether, or not a deed transfer takes place);
5. Renters insurance (required);
6. All utilities;
7. City/county code compliance.
8. Prior to occupancy, Tenant may have a Home Inspection made, at Tenants expense, all items that are not deemed as “cosmetic” will be corrected at Sellers expense. Upon satisfaction, inspection clause in the contract to purchase will be waived.

Seller Responsibilities:

1. Real estate taxes;
2. Insurances: hazard, wind and flood;
3. Deliver property in a clean condition as is normal for a standard transfer of deed;
4. Replacement of A/C if required (one half reimbursed by Buyer upon deed transfer.
5. Repair any and all items that are not in working order prior to Tenants occupancy.

Program Contract:

Seller’s commitment to ERA Flagship to qualify for LTP Program:

1. Sign an Exclusive Right to Sell for 12 month term;
2. Price property within 5% of market (to be established by appraiser);
3. Pay Flagship a fee of 15% of rent (total) for tenant approval process, inspections and program management;
4. Meet requirements for ERA “Gold Star” rating;
5. Order an appraisal by a local licensed appraiser;
6. Pay ERA Flagship a “program fee” of \$1,000.00 (when agreement signed by Buyer and Seller).

ERA Flagship’s commitment to Seller and Buyer;

1. Establish an up-to date list of locally qualified appraisers;
2. Guarantee rent for initial 18 months of lease;
3. Assist Buyer with application and qualifying for loan to purchase said property;
4. Inspect property: monthly drive-by and quarterly interior;
5. Include property in LTP marketing;

The terms Buyer and Tenant are synonymous.