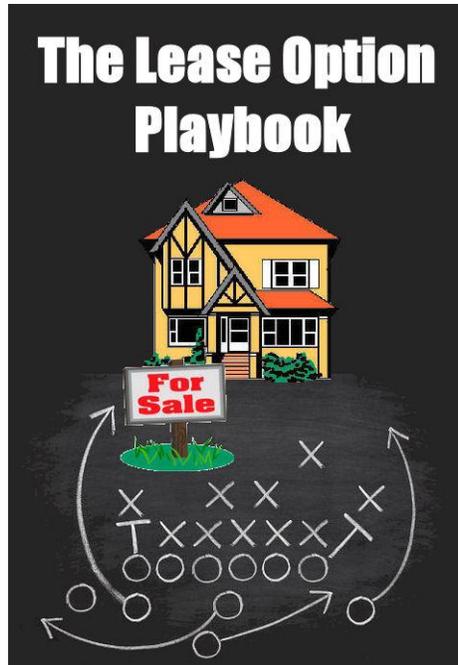


The Lease Option Playbook



Supplement

We are on the brink of a tremendous surge in both the number of homeowners willing to sell their properties with lease options and buyers wanting to purchase with lease options. Although I indicated that buyers would **want** to buy with a lease option it would be more accurate to say that they will **need** to buy in that fashion. As the following reprint reveals it is becoming increasingly difficult for buyers to obtain conventional financing making rent to own transactions not only very attractive but a necessity.

Wells Fargo To Stop Accepting Applications For Home Loans As Virus Hits Economy

Wells Fargo & Co, the largest US mortgage lender, said on Thursday that given the economic turmoil fueled by the coronavirus crisis, it would temporarily stop accepting applications for home equity loans. The suspension will stay in effect until bank executives have a better idea of what the economic rebound would look like, bank spokesperson Tom Goyda disclosed in a statement. In reaction to the ongoing global health problem, which has threatened to ravage the global economy into deep recession, banks have made steps to improve credit quality. After April 30 Wells Fargo Home Lending will temporarily stop accepting applications for all new home equity credit lines, Goyda said in an emailed statement. The option reflects careful consideration of existing market conditions and the doubts surrounding the timing and extent of the expected economic recovery, Goyda pointed out. Banks have withdrawn from housing-linked loans as the pandemic affects home prices and borrowers' credit standing. JPMorgan Chase said earlier this month it dropped HELOCs and also tightened conditions under which it would offer mortgages, requiring higher FICO scores and larger down payments on new loans. HELOCs are a way to create a cash hedge for homeowners while

capitalizing on Federal Reserve interest-rate cuts by using assets as leverage. During the crisis, banks were more preferred to underwrite HELOCs. JPMorgan indicated recently that consumers could still tap into the equity of their home by refinancing their current mortgage cash out.

Wells Fargo workers who have previously worked on home equity loans will move to help the bank process acquisitions and refinance mortgage loans where applications have increased as a result of lower interest rates, sources with knowledge of the revision in policy, said. The bank also paused on numerous home loan items earlier this month, including cash out refinance loans, most home equity loans over \$250,000 and riskier non-compliant mortgage loans. Wells Fargo had to retrench from the market, steering away from riskier loans and non-compliant mortgages. HELOCs are riskier items for banks during difficult economic times, and in a bankruptcy the lender who made the primary mortgage is first in line to get paid in a recovery. Nevertheless, the move would affect customers of Wells Fargo who had hoped to take out a line of credit dependent on the equity they had in their homes. The money may be used for a rainy day fund for people who lost jobs or whose companies were shuttered following the closures due to the current health crisis.

Unless the government intervenes to relieve the increasingly difficult credit requirements to obtain conventional financing the only way many buyers will be able to purchase a home is with seller financing initiatives like lease options.

There is one undeniable fact about rent to own or lease option transactions and that whether it's the buyer or the seller who knows more about lease options, that party will control the outcome of the transaction and get the better deal. When it comes to structuring the best deal with lease options, it doesn't necessarily favor the party that actually owns the property.

3 ESSENTIAL SKILLS TO BE SUCCESSFUL WITH LEASE OPTIONS

There are several factors that are extremely critical to putting together a great lease option deal and the following three are essential to being successful with these types of transactions.

1. The first essential factor is specific knowledge about lease options including how they work, how to negotiate one and the best places to find them. This is all material covered in the Lease Option Playbook which is designed to make you the expert in any rent to own or lease option situation.

2. The second essential factor is creativity. The ability to think outside the box can not only save a transaction but improve your side of the negotiation. Although creativity isn't easily conveyed on a printed page you will find examples that are easily duplicated in the Lease Option Playbook.
3. The third essential factor is flexibility. Without flexibility you will most likely be willing to close on a poorly structured deal that will not leave you with a sufficient amount of money at the end of the option term to finance the property conventionally. A buyer needs to retain an adequate amount of flexibility to be willing to walk away from deals and shift portions of the financial negotiation from one financial component of the deal to another. A buyer in a rent to own or lease option transaction can't afford to be rigid regarding price, down payment or monthly payment if they want to be successful.

For all the information you'll need to become the expert in a rent to own or lease option transaction order your copy of **The Lease Option Playbook** today.

<https://thevirtualcaregiver.org/the-lease-option-playbook>