

Real Estate - Lease Purchase Contracts Are Becoming More Common

With Lease Purchase Contracts, the property holder is permitted to lease or rent his home to the buyer until he closes. A Lease Purchase Agreement is generally used when the potential buyer is interested to purchase the home but is not still ready or is competent to close quickly. Thus, with this contract, the buyer can lease the home until he closes. A Lease Purchase Contract allows the buyer to close somewhere between 12 to 24 months, however, the contract also allows the buyer to close it earlier. It is a flexible contract where the maximum term period is flexible. This contract is helpful to the property holder as the buyer has to satisfy one condition, that is, he has to make a non-refundable fee of 3% of the purchase price, this is called as purchase deposit. This amount will be further adjusted against the customer's down payment of the property. This amount is a normal purchase deposit. Further, this purchase deposit amount can be discussed between the buyer and the property holder. This amount can be significantly higher or lower and this is quite common. Most of the sellers as well as the customer's bother about the fluctuations of Purchase price of the property; they are jumbled if they have to consider the purchase price of today's worth or the future value. Well, the buyers and property holders both choose to fix the purchase price before hand. The buyer can close with loan or cash before the timeframe jointly settled by both in the contract and the property holder actually relies on the buyer for closing. Thus, if the property holder agrees to increase the term of the contract, the Lease Purchase agreement invites for rise in the purchase price. A Lease Purchase Agreement is beneficial for both, the and the buyer. It is advantageous for the buyer as he gets enough time to gather huge cash for the down payment, clear the previous bills or gets time to sell off some other possessions. Customers also enjoy "forced savings plan" and this is because a part of monthly rental is usually adjusted in the purchase price. The amount fixed for monthly rents can be discussed between both the parties of contract as per the terms of agreement. This contract is advantageous to the as they enjoy the present top market rates of the property due to the flexibility given to the buyer on the closing dates. However, there are chances that the monthly rentals might be higher than the market rents and even the buyer has to bear all the expenses of maintenance and upkeep of the property. This is so because, the buyer is the future owner of the property and it is natural that the is reassured from paying mortgage on the property that is vacant. Thus, a Lease Purchase Agreement is quite advantageous and safe for both the parties, that is, the buyer and the in the contract. However, each factor related to the property should be investigated properly before both the parties sign the contract.

About the Author

Know all about [Lease Purchase Agreement](#) and how is it beneficial to buyer and the seller. Learn more about [Lease Purchase Contract](#) at leasepurchasemadeeasy.com

Source: <http://www.net-traders.biz>