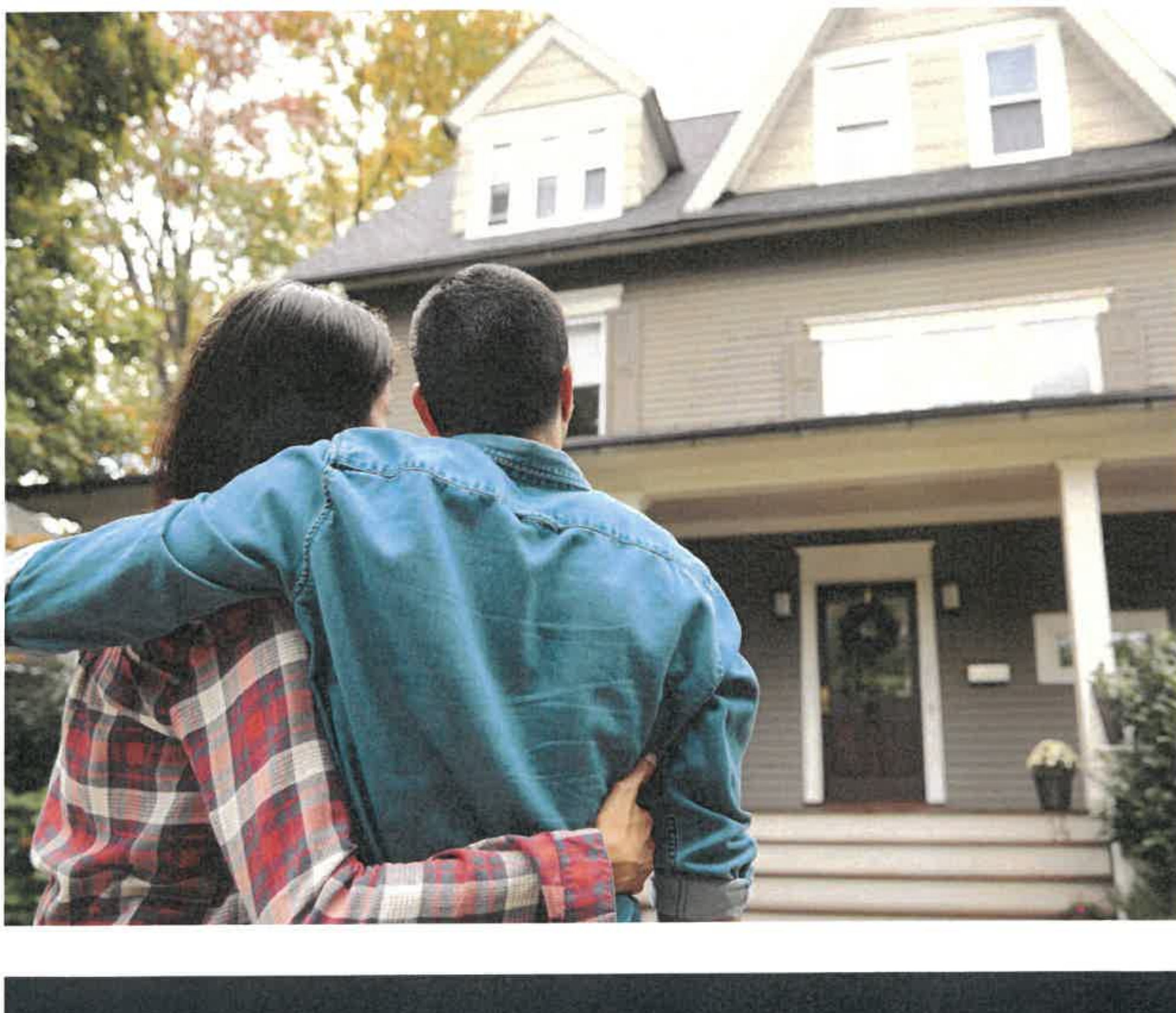
# PROSPECT GUIDE



LEASE PURCHASE PROGRAM

Home Partners of America

pathlight

# Frequently asked questions covered in this guide.

- How does the Lease Purchase Program work?
- Who is eligible?
- How do I apply?
- How do I find an eligible property?
- What are the lease terms?
- Are repairs done to the property before move-in?
- Who takes care of the property after move-in?
- What am I responsible for as a resident?
- What happens if I do not renew my lease?

For a full list of frequently asked questions, please visit our FAQ page.

Home Partners of America

- Processes your application
- Buys the home you love and leases it to you
- Facilitates your Right to Purchase*

pathlight

- Prepares the home for move-in
- Is your point of contact during your lease term
- Collects rent & handles maintenance requests

*Home Partners does not provide financing for a resident to purchase a home, and cannot guarantee that a household will be able to obtain a mortgage loan.

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# Rent or own, you decide.

A home you love. A neighborhood you want. Our approach to real estate starts with you: your budget, your timeline, and your goals.

Enjoy the benefits of a single-family home now and decide later.

With Lease Purchase, your choices are clear, your options are open, and you can move forward with confidence.

- Choose from quality, single-family homes listed FOR SALE.
- Only commit to a one-year lease and standard rental deposit.
- See rent & purchase prices for up to 5 years before signing.
- Buy at any time. There is no obligation, or penalty if you don't.

Lease Purchase is a three year Program in Texas. The initial deposit may vary by state. We are not a lender and your household must be able to qualify for a mortgage at the agreed purchase price.

# How it works.

## Get Approved

Start with our free Pre-Qualification Questionnaire and see if the Program is right for you! Then, apply with no impact on your credit.

## Find a Home You Love

Search for an eligible home listed for sale. Work with your agent, or we'll connect you with one. You see rent and purchase prices upfront.

## We Buy the Home

We make a cash offer on the home. If the seller accepts, you will sign a one-year lease and Right to Purchase agreement, and get ready to move-in.

## Rent and Decide

Enjoy locked-in rent for up to 5 years (3 in Texas). You can buy at any time. At the end of your lease term, renew or walkaway with no penalties.

# Application criteria.

You might be a good fit for the Program if:

You're looking to live in a **single-family home** located in one of our **approved communities.**

Your gross annual household income is at least **$40,000 with verifiable documentation.**

You have at least **45 days** from the date of application approval to moving in.

Criteria is subject to change. Please review our Application Policies for details.

### Choice

### More homes, better options.

Access hundreds of homes listed for sale and find the one that is right for you. Your options are open, and the choice is yours.

### Transparency

### What you see is what you get!

The rents listed are what you pay, no matter what. Plan ahead with rent and purchase prices that are locked-in for 5 years (3 years in TX).

### Flexibility

### Owning a home is a big decision.

You have the option to buy at any time, or, at the end of the lease term, you can renew, or simply walk away with no penalties.

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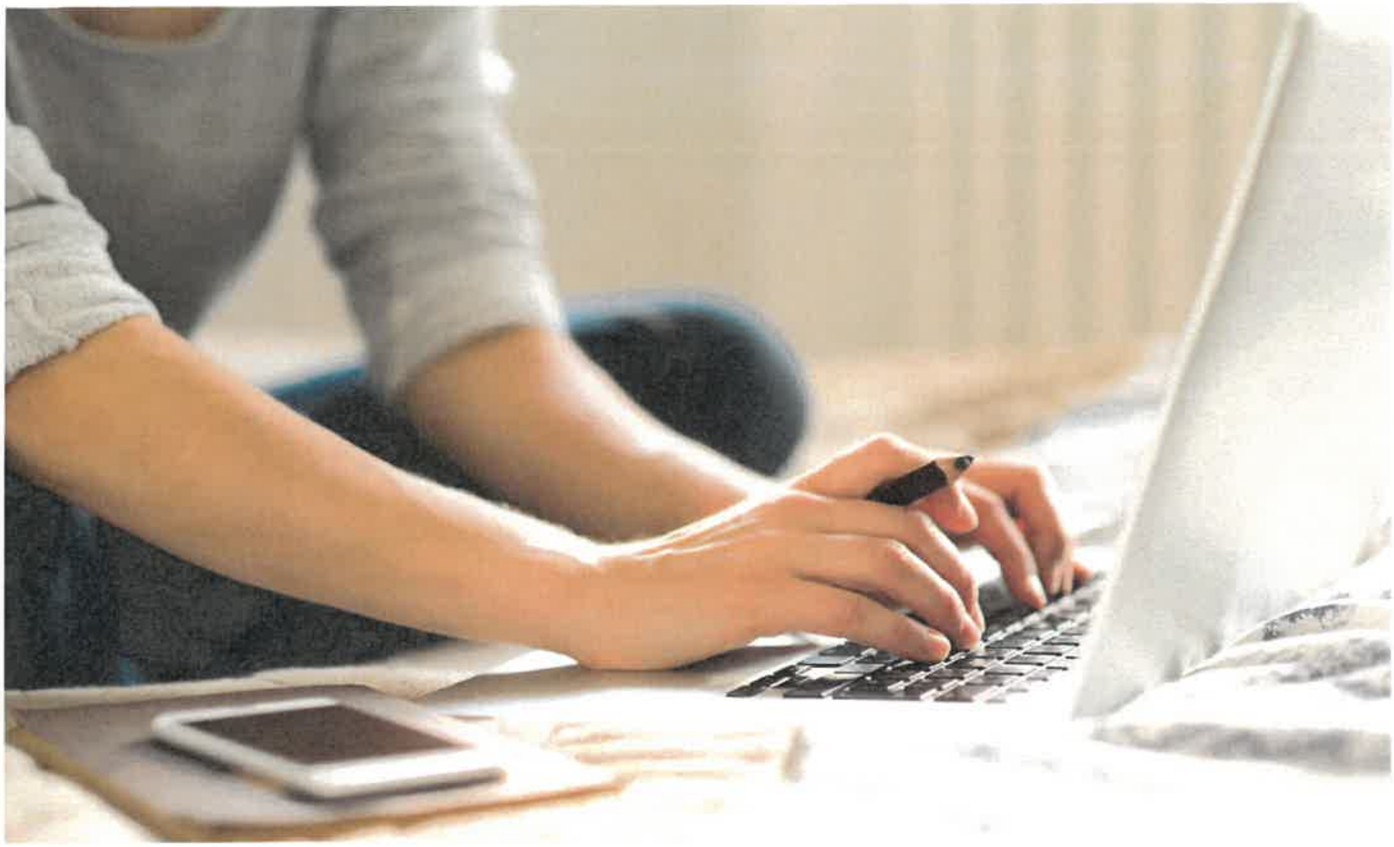
## We are cat and dog friendly!

We allow a **maximum of 3 pets** (cats or dogs) weighing less than 180 pounds in total combined weight.

We welcome all dog breeds, however, some may be restricted by local regulations and Homeowner's Association rules.

Livestock/farm animal pets such as pigs, horses, chickens and goats, aquariums over 20 gallons, and exotic, venomous and verminous pets, are not allowed.

Pet rent and fees vary by state. Both service and assistance animals are excluded from our pet policy requirements, however, supporting documentation is required to qualify as such.



# Application process.

We encourage you to review our Pre-Qualification Questionnaire and Income Verification Guide to ensure that you meet the basic application criteria, and that you have necessary documents ready when filling out the Full Application.

## Important considerations.

- **We do not accept cosigners**, and households must have at least one applicant with a SSN or ITIN and established credit history.
- We cannot process an application until all income documents are correctly uploaded. **Documents added after the initial application is submitted will delay processing time.**
- The income from any household members added after the initial application has been submitted **will not be considered towards the approved rental amount.**

## Pre-Qualification Questionnaire.


pre-qualification questionnaire

question 1

question 2

question 3

question 4

question 5

question 6

click here

Start by answering six questions to help determine if you might be a good fit before the paid application.

**This portion is free and takes minutes to do!**

If you pre-qualify, you can move on to the Full Application.

Visit www.HomePartners.com to start the process.

## Full application, payment, and document upload.


income verification

Provide employment, housing, credit, and background history for all household members. If pets or assistance animals will be living in the home, add their information next. Applicants over 18 years old will be subject to a credit and background check.

Next, pay the nonrefundable application fee. The fee varies by market, and is per household in most areas.

Upload income documents for each household member contributing to rent. **We use these documents to calculate your maximum rent amount.**

Once all verifiable income documents are submitted, we typically make a decision within 1-3 business days.

# Property search.

Our team evaluates income verification documents uploaded by you in the final step of the Full Application. These documents are used to determine your maximum monthly rent amount.

Once we determine your households maximum monthly rent amount, you may start searching for eligible homes within your budget, and that meet our criteria, which is detailed in our FAQs and in our Property Guide.


**All prospective residents must view the inside of the home in person before we make an offer.**

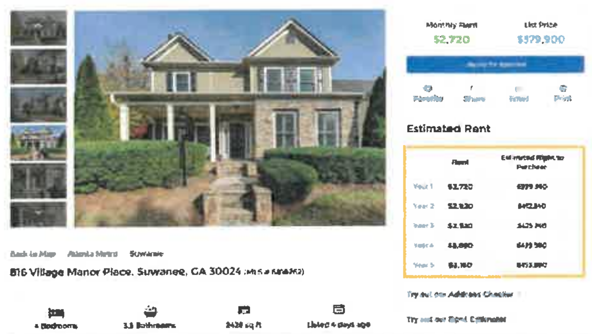
Virtual showings or having someone view the property in your place are not acceptable alternatives to seeing the home in person.

## Browse eligible homes for sale on our website.

Visit www.HomePartners.com and enter your area of interest in the search bar at the top of the page. You can also filter results by your approved monthly rent amount, and bedrooms, baths, etc.

Homes that do not meet our basic criteria are automatically removed from listings shown our website.

Estimated monthly rent and Right to Purchase prices are shown for each year.




## Schedule showings with your agent.

Your agent will help schedule showings at properties that you are interested in. Use the 'Favorite' button to keep track of homes that you like.

## Your agent submits the home for our review.

If we approve the home, you will review the Anticipated Terms that outline rent and Right to Purchase prices for each year. Once you sign and return these terms to us, we will submit a competitive cash offer to the seller.[2]

If the seller accepts, you sign a one-year Lease and Right to Purchase Agreement. If the offer is rejected, you will return to the home search.

[2]The purchase will depend on certain conditions being satisfied such as Home Partners agreeing on a purchase price with the seller, a satisfactory inspection, and other closing conditions.

# The purchase process.

## TIMELINE TO CLOSING

### 1 Property underwriting.

- **Your agent** sends you the Renovation Checklist.
- **Your household** completes it and your agent submits it for review. We will notify you of our decision within 4-6 business hours.

### 2 Offer submission.

- **Your agent** submits our cash offer. When the seller accepts, the home goes under contract.
- **Your household** reviews our Anticipated Terms before we will submit an offer. Deposit and signed lease are due within two business days of going under contract.

### 3 Home inspection.

- **Your agent** facilitates the inspection and will make sure all utilities are on.
- **Your household** should anticipate a 10-15 day inspection period that your agent will handle with us.

The average time from property submission to move-in is typically 5-6 weeks. Situations outside of our control or certain conditions being satisfied such as agreeing on purchase terms with the seller, a satisfactory inspection, rental license requirements, and other closing conditions may cause delays.

## 4 Closing day.

- **Your agent** completes the final walk through, submits photos, and lets us know where the keys are located.
- **Your household** moves in, on average, two weeks after closing.

## 5 Make-ready period.

- **Pathlight** completes necessary repairs and approved renovations to ensure a safe and functional home.
- **Your household** receives an email that explains payments and what is needed before move-in.

## 6 Move-in day!

- **Pathlight** becomes your main point of contact and facilitates the move-in process.
- **Your household** receives a lock box code on the morning of move-in day.

# Lease information.

## Security deposit.

The Security Deposit and signed Lease are due within two business days of going under contract on the home. Failure to do so will result in the termination of the contract and disqualify you from the Program. Security Deposit amounts vary by state.

## Rent certainty.

Our Program is a unique version of a standard rental lease. We lock-in monthly rent each year through your lease expiration date, or until you exercise your Right to Purchase.

| Year | Rent |
|---|---|
| 1 | $1,400 |
| 2 | $1,450 |
| 3 | $1,500 |
| 4 (n/a in TX) | $1,560 |
| 5 (n/a in TX) | $1,620 |

Each year, monthly rent increases by no more than 3.75% over the previous year's monthly rent.

For example, if the monthly rent for Year 1 is $1,400, the increase for the next year is $50 per month (i.e., $1,400 x 1.0375). Rent will round down to the nearest $10.

## Lease terms.

Every lease is a one-year term that automatically renews each year. However, if you decide not to renew, there are no penalties for doing so.

You must give Pathlight a 60-day notice prior to your lease term end date. Your Security Deposit is returned in accordance with lease terms.

# PURCHASE PRICES.

## Total cost.

This is the price we pay for the acquisition of the home, which includes the Purchase Price, Closing Costs, HOA Transfer Fee (if any), Make-Ready Costs, and Resident Property Requests ("Landlord Work"). Total cost will determine Right to Purchase prices.

| | |
|---|---|
| Purchase Price | $200,000 |
| Closing Costs* | $3,000 |
| Make-Ready & "Landlord Work" | $7,000 |
| **Total Cost** | **$210,000** |

*Includes transfer taxes, attorneys' fees, title insurance, and other acquisition costs, etc.

## Right to Purchase (RTP).

You can exercise your RTP anytime during the lease so long as we are given a 60-day notice before your desired closing date.

Each year, the RTP Price increases by 3% - 5.5% (varies by market). If the total cost of the home is $210,000 and the RTP increases by 5% (i.e., prior year RTP x 1.05) then the RTP for years 1-5 is shown below. RTP price will round down to the nearest $100.

| Year | RTP price |
|---|---|
| 1 | $220,500 |
| 2 | $231,500 |
| 3 | $243,100 |
| 4 (n/a in TX) | $255,300 |
| 5 (n/a in TX) | $268,000 |

Standard closing costs that you will incur if you exercise your RTP include: transfer taxes, title insurance, and the cost of a mortgage loan.

Actual total costs to exercise the RTP will vary.

# Renovation policy.

Your agent sends you the Renovation Checklist during the property submission process. This is where you may request certain paint, carpet, and appliances. We advise that you read the list form closely, as any requests need to be approved by us **before an offer is made to the seller**.

We reserve the right to deny any resident request and do not replace appliances that are in working condition. Any costs associated with approved resident requests are added to the Right to Purchase price.

We recommend choosing a property with an oven and refrigerator that are in good condition. If these appliances are not left by the seller, you have the option to purchase them at your own expense or request that we provide them, adding to the Right to Purchase price.

We will not provide or maintain washers and dryers. If not included in the sale of the home, you can bring your own.

Please see our Sample Renovation Checklist for more information.


sample renovation checklist

# MAKE-READY COST.

The Make-Ready Cost is a budget for anticipated repair items that may be uncovered during the property inspection, or soon after you move-in.

You will receive the estimated Make-Ready cost in our Anticipated Terms before we make an offer on the home.

This cost is an estimate because the amount is generated prior to an inspection of the property's condition. This estimate is based on our experience purchasing homes in the same market and adjusts based on the size, age, and location of the home.

The Make-Ready Cost is added to the Right to Purchase price, which is outlined in the Anticipated Terms.

## Potential Make-Ready costs include:

- Life-safety repairs
- Asset preservation
- Lock changes
- Cleaning
- One-time seasonal landscape cleaning
- Pool start-up (where applicable)

Any additional improvements aside from standard Make-Ready items that we will complete prior to your move-in date must be specifically requested by you and approved by us before an offer is made on the home.


# Property management.

After closing, our exclusive property management company, Pathlight, becomes your point of contact.

This team works with you to handle rent and utility payments, property maintenance, and everything in between.

During the inspection, Pathlight identifies if a home does not meet safety standards and completes necessary repairs to ensure a safe and functional home. They prepare the home for move-in, which includes approved resident property requests and basic cleaning.

Before moving in, you are introduced to Pathlight with a Welcome Email that includes important information and a guide to moving in. On the morning of move-in, you will receive instructions on how to access the keys.

Pathlight has a convenient online Resident Portal for you to make payments, submit maintenance requests, and contact their team.

# Move-in expectations.

**Pathlight ensures safe conditions and that the following function properly:**

- Roof and foundation
- Handrails and posts (installations for additional safety if applicable)
- Windows and exterior door locks
- The garage door and garage door opener (if applicable)
- Breaker panels
- Light bulbs in all fixtures
- Kitchen appliances
- Well/septic systems (if applicable)
- Sinks and toilets
- Sump pump
- Furnace, AC, and hot water heater
- Smoke/CO detectors, and fire extinguishers (installed as required by code)
- Fireplace and flue (if applicable)

# RESIDENT RESPONSIBILITIES

You are responsible for minor repairs during your lease term.

**Indoor.**

- Replace light bulbs
- Change thermostat and smoke detector batteries, and test smoke/ CO detectors
- Unclog toilets, sinks, and other drains
- Minor repairs to doors and walls
- Maintain and replace blinds
- Change HVAC filter(s) delivered from Second Nature
- Change water filters, softeners, and ice makers
- Monitor interior humidity and condensation levels

**Outdoor.**

- Pest control
- Landscaping and irrigation
- Maintain and repair fences
- Unit cleaning
- Window screens
- Disposal of garbage and recycling
- Daily upkeep of swimming pools[8]

**Pets.**

- Clean the exterior and interior of the home accordingly
- Walk pets on a leash and clean up waste

[5]Including controlling water levels and winterization. Monthly pool service fees are not included in the rent or Right to Purchase prices listed on our website.

# Homeowner's associations and municipalities.

Your home may be located within a Homeowner's Association (HOA) and/or municipality that makes and enforces rules for the properties and its residents, to ensure that the neighborhood is at its best.

Please familiarize yourself with HOA and/or municipality rules and regulations. Common codes include standards on noise, landscaping, parking, vehicle types, pets, trash bins, and exterior storage.

We recommend regularly reviewing the policies of your HOA and/ or municipality. We provide a copy of the rules and regulations in your Resident Portal to view at any time. Typically, they can also be found on the HOA website or local county records.

## Amenities.

We are happy to pay monthly assessments and encourage you to take advantage of the amenities offered by your HOA. If a key fob is required, we ask that you cover the charge.

## Violations.

Failure to abide by HOA and/or municipality's rules and regulations will result in a violation. If this occurs, you will be responsible for correcting any issues.

Fines assessed by HOAs and/or municipalities deemed a resident responsibility will be charged to you to your Resident Portal during your lease term.

# Right to Purchase.

We want to help make homeownership a reality for more people, and exercising your Right to Purchase is the final step in your journey. We check in throughout your lease with information regarding next steps and other beneficial financial programs.

## Begin the process.

First, contact us at Purchase@HomePartners.com. Our team is here to provide important information and resources.

Since you're already living in the home, exercising your Right to Purchase is simple, giving you confidence in the financial investment of homeownership.

You are required to provide written notice of your intent to purchase at least 60 days before the lease term ends. We require that you sign a contract and pay $1,000 earnest money.

If you decide not to purchase, there is no penalty. For details, see page 24.

We do not offer financing. You must seek an outside lender to provide a mortgage for the predetermined purchase price of the home.

**Click here for details on the purchase process.**

GreenPath financial wellness

We partner with GreenPath Financial Wellness to offer guidance through debt and credit issues.

Call (844) 440-5495 or visit their website to learn more.

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newrez

We offer helpful resources, because when you're ready to exercise your Right to Purchase, you'll want to **check with a lender**!

You are free to work with a lender of your choice, however we want to introduce you to Newrez, a top 20 lender offering several mortgage programs with loans from Fannie Mae, Freddie Mac, FHA, VA, and USDA.

They have specialized loan programs that consider factors that other lenders may not. They have helped numerous Home Partners residents successfully purchase their home.*

> Newrez is currently offering a **$50 gift card** to our residents who complete a full application for a mortgage pre-approval.

> In addition, they pay for **100% of your appraisal** when utilizing their mortgage financing.

To learn more, visit their website, or call (855) 388-8870.

*Newrez and Home Partners of America (HPA) are not affiliated and are not authorized to act or make representations on behalf of the other. You are free to obtain a loan from any lender and are responsible for the evaluation of available loan products. HPA is not a mortgage company, does not provide financing for a resident to purchase a home, and cannot guarantee that a resident will be able to obtain a mortgage loan.

# Resident options.

## Lease renewal.

If you decide to stay in the home for another year, you don't need to worry about unexpected rent increases or fees.

As the end of the lease term approaches, a representative from Pathlight will check and see if you need anything. Leases automatically renew as long as households have been in compliance with lease terms.

If you choose not to renew, notify Pathlight at least 60 days before your planned move out date. This can be done in your Resident Portal. There is no penalty for not renewing.

## Moving out.

If you decide to move out, the Security Deposit will be returned in accordance with lease terms. The home should be left in the condition agreed upon in your Lease Agreement. Before leaving, we ask that you clean all surfaces and shampoo carpets.

Closer to the move-out date, Pathlight will provide instructions on where to leave the keys.

## Other options.

The Lease Purchase Program is a one-time opportunity for households. However, Pathlight has plenty of great single-family homes available to rent as a standard lease.

To browse available homes, visit [www.PathlightMgt.com](http://www.PathlightMgt.com).

Home Partners of America®

For a full list of frequently asked questions, please visit our FAQ page.