

How to Buy Property with Lease Options

Why buy using this technique?

A wise old rich man once said, “own nothing - control everything.” With ownership comes liability and responsibility. If you want to avoid liability and have little in the way of responsibility, you should learn how to option and lease option property. While you can use the following techniques on any real estate (or personal property too) we are going to concentrate on single family houses today. Once you have perfected your technique you may want to apply these concepts to other investment opportunities.

Notes:

Imagine the IDEAL real estate investment.

It would have:

- 1. No down payment**
- 2. No risk (enables one to take advantage of very speculative opportunities without risking other assets)**
- 3. No negative cash flow (positive cash flow)**
- 4. Appreciation potential**
- 5. Principal reduction**
- 6. Low-to-no maintenance costs/effort**
- 7. No value to your creditors (freedom from threats of liens, seizure, EPA penalties, and other threats to assets)**
- 8. No reporting on your tax return**
- 9. No debt in your name**
- 10. No management**
- 11. Enhancement of financial statements (can show “contract receivable” as a current asset) OR NOT!**

12. Provides a means for a non-licensed individual or entity to take a middle-man position between buyers and sellers, lessors and lessees, and borrowers and lenders in the marketplace.

Notes:

Now, let's clear up some terminology before continuing.

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| 1. Optionor/Seller | Person giving the Option |
| 2. Optionee/Buyer | Person receiving the Option |
| 3. Consideration | Money given Optionor for the Option (initially, non-taxable). May be an obligation to perform under another contract (i.e. a lease) |
| 4. Option lapses | Buyer/Optionee decides not to purchase the property |