

Realized Dream Team

Rent-to-Own Program

The Realized Dream Team Rent-to-Own program is designed to match real estate Investors with otherwise unqualified buyers with the goal of helping these unqualified buyers build equity while they fix their credit. This enables the Tenant/Buyer who has experienced a short sale or even a foreclosure of their home to realize home ownership after their credit is repaired so that they can again qualify for a loan to purchase a home.

How does it work?

- For the Investor, rather than buy a property and then look for a tenant, I find the Tenant/Buyer first. That buyer looks for a home in their price range that is currently offered for sale.
- Our lender or your lender qualifies the Tenant/Buyer and tells them what they can afford and how long it will take to fix their credit. A letter is issued by the lender with the pre-qualification information for the Investor.
- The Tenant/Buyer finds their home and this is where you, the Investor, come in. The Tenant/Buyer make a deposit of 1% of the home's selling price, first month's rent and security deposit to the escrow company. I prepare a comprehensive financial profile and investment value estimate for the chosen property and then send it out to Investors; first to my loyal Investors, who have signed a Buyer Loyalty Agreement, giving them a 24-hour advance notice of the opportunity. If the opportunity is not taken by my loyal Investors, the opportunity then goes out to all other Investors in my database as well as my North American network of real estate Investors.
- Previous opportunities have not gotten past my loyal Investors. So the deals go very fast. Quick decisions need to be made by the Investor.
- Once escrow is closed, the Tenant/Buyer moves into their new home. They are responsible for all maintenance except for that covered by the home warranty paid for by you to reduce risk and cost. A portion of their rent is credited against the sale price of the home if they pay their rent on time. This helps the Tenant/Buyer build their equity and/or down payment while they fix their credit.



Why does it work?

The Realized Dream Team Rent-to-Own program works because it is the best option available for credit-troubled people to stop renting and start owning. Unlike traditional Lease/Option programs that are designed to maximize Investor return at all costs and to the detriment of the Tenant/Buyer, this Rent-to-Own program is designed to get the Tenant/Buyer into their new home while providing an attractive return to the Investor. It is designed to be a Win-Win for both parties involved.

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The best tenants are generated from this program. They have chosen the home they are working to buy. They can get into their home for just a little more than traditional rental up-front fees. Since their rent is set at the estimated mortgage payment, taxes and insurance, they can buy later without the sticker shock of a higher payment while they are building their down payment. They can improve the home (with Investor written approval), and they can buy the home earlier than the stated term or they can extend the term without an increase to rent or fees, all the time continuing to build their down payment.

For the Investor, good returns on investment, return of investment, and cash on cash are offered. The rental properties generated not only have the best tenants, but are free from the “trash and toilets” aspect of owning rental property. These rentals have positive or even cash flow “after tax” and can be purchased with high leverage financing (little down payment) to maximize return on investment. These are truly passive income rental properties—no hassle, high return, high leverage, good cash flow.

What are the numbers?

For a typical \$265,000 home, 24 month term in Sacramento/Placer market:

Tenant/Buyer: Initial Deposit of \$6,371
Purchase Price Estimate of \$307,400 in two years
Monthly Rent of \$1,861
Monthly Down Payment portion of Rent \$930
Total Down Payment \$26,837 in 24 months

Investor: Initial Cash Requirement of \$33,281
Return on Investment of \$15,883 to \$38,215
Average Annual Return 16.15%
Capitalization Rate 9% (5-7% is good)
Return of Investment Period: 17 months

Realtor Fee: 1.5% at inception of Rent-to-Own tenancy
3% at exercise of option

The Realized Dream Team Investor Network

To become a loyal Investor client of the Realized Dream Team, all you need to do is to commit your loyalty whenever you purchase an investment property in the Sacramento / Placer market through a Buyer Loyalty Agreement. There is no cost for this commitment until a deal is consummated. Of course, the seller pays the fees on any other investment properties you purchase through your commitment.

How do I get started?

Simply call or e-mail Erin Phillips at (916) 580-2227 ephillips@realizeddreamteam.com.

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