**Rent to Own basics:**

Foreclosure.com

Massachusetts Rent-to-own is a popular option among prospective homebuyers because it is essentially a neighborhood “test drive.”

Under the terms of a Massachusetts rent-to-own option, **you can live in the area you think is the best long-term fit for your situation without getting immediately locked into a 15- or 30-year mortgage commitment**.

**Benefits:**

Massachusetts Rent-To-Own Pros And Cons:

**PROS** (Benefits of rent-to-own):

* **Live in an area or neighborhood that you other might be unable to otherwise currently afford**
* **Learn whether or not you can actually afford the related costs associated with homeownership**
* **Have a portion of the rent credited to the sales price and/or closing costs — instant equity!**
* **Get a more favorable loan than you otherwise would be able to at the end of the term (no guarantee, though)**

**CONS (**Disadvantages of rent-to-own):

* **Prepare yourself for an upfront non-refundable “option fee” (typically 3­5 percent of the agreed-upon purchase price)**
  + It is **important going into a Massachusetts rent-to-own transaction that you are reasonably** certain that you want to buy the house at the end of the term. That’s because there are upfront, **non-refundable** expenses such as an “option fee” that are required to validate a rent-to-own contract. In addition, the monthly rent payment will often include an additional “credit,” which — along with the upfront option fee — will go toward the final purchase price at the end of the term.
* **Massachusetts Rent-to-own or lease option typically costs more each month than simply renting** (property taxes, insurance, maintenance costs, etc.)
  + The monthly rent-to-own payments will often include an “credit,” additional money on top of the fair rental value that will go toward the final purchase price at the end of the term. In addition, to the monthly rent payments, you could also be responsible for other expenses such as property taxes, insurance, maintenance costs, etc. — expenses for which traditional renters would not be responsible.
* **Must secure financing at the end of the Massachusetts rent-to-own term**
  + Once a Massachusetts rent-to-own term ends (the length depends on the specific deal you negotiate) you will need to apply for a home loan and secure financing. It’s always a good idea to get pre-qualified for a loan **before** entering into a Massachusetts rent-to-own agreement so that you know the limits of your buying power. Lenders often look favorably at rent-to-own applicants, especially if you are able to fulfill all the financial obligations set forth in the terms. In some cases, depending on the situation and the amount of extra money credited during the rent-to-own term, the seller might offer finance the purchase of the home at the end of the rental period.