



Be Informed Before You Rent-To-Own

WHAT IS A RENT-TO-OWN AGREEMENT?

Through a rent-to-own agreement, often a tenant rents a property and the landlord sets aside part of the money paid for the tenant to use as a down payment toward the purchase of the property. These leases are sometimes referred to as a “lease with an option to purchase,” or a “lease-purchase agreement.” Depending upon the terms of the agreement, it may give the tenant either the *option* to buy, or *require* the tenant to buy.

WHAT RISKS ARE INVOLVED WHEN YOU RENT-TO-OWN?

Rent-to-own agreements can be risky. In addition to rent, you likely will be paying extra money toward a down payment. You will also be taking care of the property - maybe even improving the property. If the owner loses the property for any reason, so do you. The owner may not even really want to sell the property. Instead, the owner may look for ways to get out of the agreement, keep all of your money, and then evict you.

CAN RENTING-TO-OWN IMPROVE MY CREDIT SCORE?

Probably not. In most cases, entering into a rent-to-own agreement doesn't help the credit score of a tenant/buyer because the property owner doesn't report the payments to a credit reporting agency.

ARE THERE STEPS I CAN TAKE TO PROTECT MYSELF?

Before you rent-to-own, get all the facts:

- Make sure the seller owns the property and has full title. If not, you won't be the legal owner at the end of the agreement.
- Get a home inspection. The home may need major repairs.
- Have the property appraised to make sure you are getting a fair price.
- Make sure there are no liens on the property.
- Does the owner have the property mortgaged? If the owner stops making payments, the bank will foreclose the mortgage and you will lose your right to purchase the property under your agreement.
- GET THE AGREEMENT IN WRITING. Among other requirements, contracts for the sale of real estate in Florida must be in writing, adequately describe the property being bought, state the consideration (usually money) exchanged for the property, and be signed by all parties.

WHAT SHOULD I LOOK OUT FOR IN THE AGREEMENT?

For the rental period, does the agreement address:

- How long will the rental period last?
- How much of my monthly payment will go toward the purchase of the property?
- When can I purchase the property?
- When and how will the purchase price of the home be determined?

- Usually the property owner pays the property taxes and homeowner's insurance during the rental period. If the property taxes are not paid, the county can sell the property to collect the money it is owed.
- If the property is part of a homeowners' association (HOA), who will pay the dues? If the dues are not paid, the HOA can file a foreclosure lawsuit and sell the property to collect the money it is owed.
- Who will be responsible for maintenance and repairs (minor and major)? The agreement should be as specific as possible when it comes to maintenance. Mowing the lawn and cleaning the gutters are very different from replacing a damaged roof.
- What if I miss a payment, is the deal off?
- Under what circumstances can the landlord/seller terminate my right to purchase the property?
- What happens with the money I paid toward the purchase of property if one party violates or terminates the agreement before the purchase happens?

Concerning the purchase, does the agreement address:

- When will the deed be delivered?
- Will the seller offer a mortgage or do I have to find my own financing?
- If the seller will hold the mortgage, under what terms?
- Who will pay the closing costs?

WHAT ELSE SHOULD I KEEP IN MIND?

- Before you sign a rent-to-own agreement, consult with a real estate lawyer. If you need help locating a real estate lawyer, you can contact the Florida Bar Lawyer Referral Service at (800) 342-8011.
- Signing a rent-to-own agreement does not always mean that you will end up with a house. Most people end up evicted, not homeowners.
- Will you be in a position to buy the property at the end of the rental period? Can you get financing?
- If you sign an agreement, get and keep a copy of the agreement. Keep proof of all of your payments.
- If the agreement *requires* a tenant to purchase the home, and the tenant backs out of the agreement, the owner may be able to sue the tenant for not holding up their end of the agreement.

This fact sheet is for general education only it is not intended to be used to solve individual problems. If you have specific questions contact a lawyer. The laws described here may change without notice. You may find additional resources at: <https://www.jaxlegalaid.org/get-help/self-help/pamphlets-videos/>. Revised April 2025.

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