

Residential lease options

Posted by summers - 2009/05/07 09:08

could you please explain how lease options can work in the residential market and exactly what they are and the benefits and negatives thanks

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Re:Residential lease options

Posted by j_simpson - 2009/05/07 16:16

Hi summers,
I've moved this to the legal expert - Julian should be able to help with this

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Re:Residential lease options

Posted by jsampson - 2009/05/07 16:36

Hi Summers

You might have to elaborate for me here- are you looking at the option to enfranchise your Lease (i.e. buy the freehold or extend the lease term) or options in other senses (often used in the SARB market to profit share or grant reverse benefits to the tenant).

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Re:Residential lease options

Posted by George Stenson - 2009/06/25 21:31

An option on property is about taking control of that asset for a period of time for which you must pay a consideration for(non refundable)Control of residential property combined with a lease can give monthly cash flow for the duration of the lease as well as large lump sums at the end of the option agreement. Tread carefully when sourcing contracts, if it is free then it will be worthless. Check www.lease2keys.co.uk

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Re:Residential lease options

Posted by jsampson - 2009/06/26 08:59

George makes an interesting elaboration on this point; the use of option agreements with equitable (sometimes called sandwich) leases is an innovative approach to achieving remuneration for acting as an intermediary between Selling/ Distressed Landlord and Tenant.

The opportunity in this market for this type of business will increase as more and more portfolios are prejudiced and as more and more Tenants seek to take the chance to secure their home at fixed costs.

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Re:Residential lease options

Posted by jsampson - 2010/05/04 13:34

It is worth revisiting this as there are more and more people selling the lease option concept online than ever before.....

Be very careful about how these are packaged. To date there is one critical factor that I havent as yet seen addressed by lease option experts or their solicitors, and that is the problem of cross-collateralisation (or whether the person taking the option on one property is also, unknowingly, taking on the burden of a whole portfolio!)

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