

# W GROUP HOLDINGS, LLC



Providing Quality Real Estate Solutions

## Our Guide on How to Own a Home through Owner Financing

**W Group Holdings, LLC + Affiliates**

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## Why Owner Financing?

Since the economic meltdown that occurred in 2007-2009, it has become one of the most difficult periods in history for the average home buyer to be able to qualify and obtain a mortgage for purchasing a new home. The very strict lending environment existing today has resulted in millions of Americans, that otherwise would be very responsible home owners and desire to have the benefits of home ownership, are now not able to buy a home.

As a result of the need in the market for many, otherwise responsible families and individuals, including those that have had past credit or other financial issues, we started several years ago, to provide homes to families and individuals wishing to have the benefits and pride associated with home ownership without the need to obtain a bank mortgage.

## How can I own a home without having to obtain a bank mortgage to pay for it?

There are three primary ways that we will structure the financing of a home for a buyer. Which method primarily depends on the amount of down payment a buyer is able to put down on the property upfront. Our program is based on awarding buyers that are able to put as much down as possible on the home. We can work with buyers that can put from 2%-30% down or higher.

**VERY IMPORTANT → *The amount of the down payment will have a large impact on the interest rate/financing terms that we will provide on a specific home; in addition, we are able to negotiate more on the total price of the home with higher down payment amounts. We always encourage our buyers to put down as much as possible upfront as this will result in the best terms and pricing for the home.***

Keep in mind that while many of the homes we sell under our program have built-in financing from 6-30 years, we view our program as a bridge allowing the buyer to get themselves in a position from a financial/credit/income standpoint that they will be able to qualify for their own financing through a mortgage lender at some point in the future.

## What Are My Options?

1. **Down Payments of 2-3%:** Buyers that have a lower amount of down payments in the range of 2-3% will be set up under our *rent-to-own financing structure*. The amount of upfront down payment will be fully credited towards the purchase price. There is a monthly base rent that the buyer will make on the home with a portion of this base payment also being credited towards the total price of the home. We will hold the deed in escrow until the buyer is able to refinance and pay off the remaining balance owed on the home. The buyer is able to make additional payments at any time towards the purchase price of the home. After a period of time, the buyer will have enough credit built up towards the purchase price to allow for refinancing with a mortgage lender. We pay for all upfront costs in setting this up with a buyer. Buyer is not responsible for property taxes and insurance, but is responsible for all utilities and maintenance under this structure.
2. **Down Payments of 4% or more:** Buyers with down payments in this range will be set up under our *purchase lease option financing structure*. This financing will work the same way as a normal mortgage in terms of following a specific amortization, fixed interest rate, etc. We will pay for all upfront closing costs. 100% of the down payment money will be credited towards the purchase price of the home. We will hold the deed in escrow until the buyer is able to refinance or otherwise pay off the financing provided by us. The monthly payment will follow a regular 30 year mortgage amortization schedule with corresponding amounts applied with each monthly payment to the principal on the purchase price of the home. The interest rate is fixed at the initial closing. *The higher the amount of down payment, the lower the interest rate we can provide to a buyer.* At month 60, the base interest rate will go up 1-1.5% and then remain fixed the remainder of the period of time. Typically, a buyer under this scenario will have 6-30 years before they will need to refinance with a mortgage lender or otherwise payoff the financing to us. We will escrow the property taxes and insurance, allowing the buyer to spread out these costs over a 12 month period. This monthly escrow payment will be added to the base monthly lease financing payment each month. The interest rate will be determined by a number of factors, including the amount of down payment, credit score, income, financial history, etc.
3. **Straight Rental:** All of our properties are also available as a straight rental. You may decide to switch to our rent-to-own or owner finance program at any time, which will require new documentation.

## How Does the Process Work?

**STEP 1:** Complete an application & pay the \$39.95 application fee.

**STEP 2:** We will either approve or deny the application.

→ If you are approved, then we go over the specific terms of the financing with you. Once you accept the terms of the financing and agree to move forward with us, we will proceed to STEP 3.

→ If you are denied with us, then we will provide the reasons for the denial. Once your situation improves, then you are free to re-apply with us at any time in the future.

**STEP 3:** Upon acceptance of the financing terms related to your new home, we require a \$1000 deposit, which is fully credited towards your total agreed upon down payment at closing.

**STEP 4:** We prepare the documents for your review & move towards a mutually agreed upon closing date for your new home.

## FAQ

### **1. Who pays for the closing costs?**

We pay for all upfront closing costs associated with our financing programs. This means that 100% of the money you put down on a home goes to work for you.

### **2. Can I payoff the financing early?**

YES! There is no prepayment penalty with any of our financing programs; you are free to pay us off early or make additional principal payments at any time.

### **3. Am I able to sell the home from the appreciation over time?**

YES! It is your home, 100% of the appreciation on the home over time is yours at the time you would decide to sell or refinance.

### **4. What is the interest rate?**

Under our rent-to-own structure, a specific amount of the monthly rent is credited towards the total purchase of the home. Under our purchase lease option, the interest rate can range from 4.5-10.95%.

### **5. Can I make improvements on the home?**

YES! It is your home, you are able to make improvements. For major improvements, we do require that we be notified ahead of time as to the scope of work.

### **6. Who holds the deed?**

In order for us to provide attractive financing terms to our buyers, the deed will transfer at time of payoff of full principal balance.

### **7. What other expenses am I responsible for once I buy the home?**

Under our rent to own financing structure, the buyer is responsible for all utilities, maintenance and HOA (if applicable). We pay for property taxes & insurance. Under our purchase lease option, the buyer is fully responsible for all property taxes, insurance, utilities, maintenance, and HOA (if applicable).

### **8. How long do you provide financing?**

This depends on the property, it can range from 6-30 years.

### **9. Can I have a co-signer to obtain better financing terms?**

YES!

## Qualification Criteria

- No minimum credit score
- Stable source of income, typically a minimum of 3x the expected monthly payment
- Minimum down payment of 2%
- Not in active bankruptcy
- Clean criminal background for at least the last 10 years
- Good past housing references
- Past Foreclosure OK
- Past Short Sale OK
- Past Bankruptcy OK



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