

WinnipegHouseInfo.com



Rent-To-Own Program Explained...

 **431-489-2726**
 www.rent-to-own-homes-explained.winnipeghouseinfo.com

Lease term and monthly payments

When you enter into a rent-to-own agreement in Manitoba, you agree to lease the property for a set term, usually 1-3 years. During this time, you pay a monthly rent that is typically higher than the market rate for a traditional rental. The additional amount paid each month is credited towards a down payment on the home, allowing you to build equity while living in the property you agree to lease the property for a set term, usually 1-3 years. During this time, you pay a monthly rent that is typically higher than the market rate for a traditional rental. The additional amount paid each month is credited towards a down payment on the home, allowing you to build equity while living in the property.

Locked-in purchase price

At the start of the rent-to-own agreement, the purchase price of the home is locked in based on current market value and an agreed-upon appreciation rate. This provides certainty for both the tenant and the seller, as the future purchase price is established upfront.

Tenant responsibilities during the lease

Throughout the lease term, the tenant is responsible for maintaining the property as if they were the homeowner. This includes minor repairs, upkeep, and ensuring the home remains in good condition.

Opportunity to improve financial readiness

As the lease term progresses, the tenant has the opportunity to improve their credit score if required, save for the down payment and secure a mortgage for the eventual purchase and secure a mortgage for the eventual purchase.

End of the lease term

At the end of the lease term, the tenant has the option to purchase the home using the equity they have built through their monthly rent payments and any additional savings.

If the tenant is unable or chooses not to purchase the home at the end of the lease term, they may forfeit the extra money paid towards the down payment, depending on the terms of the rent-to-own agreement.

Importance of reviewing your agreement

It's important for potential rent-to-own participants in Winnipeg to thoroughly review the terms of their agreement and seek professional advice to ensure they understand their rights, responsibilities, and any associated risks.

Our Principal Staff To Help Serve You With WinnipegHouseInfo.com RENT-TO-OWN:



CENTURY 21[®]

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SHAWN SOMMERS - Realtor, Shawn Sommers Personal Real Estate Corporation - Century 21 Carrie Realty

"With over 1100 Winnipeg home buyers helped out of renting & into home ownership over the last 20 years, I look forward in putting my vast experience and enthusiasm to work & helping you too! My role as your Realtor is to work with you as a home buyer & to arrange everything from finance and or rent-to-own options (in conjunction with Pam Sommers), to arranging viewings of homes together, inspections, information, and be the link that will bind everything together between everyone involved to ensure a smooth and enjoyable transition into your new home. My invaluable service is FREE to you at no cost or obligation".



Canada's Mortgage Experts™

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PAM SOMMERS - Mortgage Specialist - INVIS Canada's Mortgage Experts

"As a mortgage specialist, I work for you, not any bank or lender! The first part of this process is to determine how much you may qualify for what and mortgage product may be the best fit for you now or in the future. If regular conventional mortgage products aren't a fit today, maybe our program with our Rent-To-Own lender may be the right fit for now. I will coach and guide you through the process both now and into the future and beyond. My invaluable service is FREE to you at no cost or obligation".

Who is rent-to-own for?

- Newcomers to Canada building credit history
- Self-employed workers and business owners with non-traditional income
- Life transitions—divorce, relocation, career changes with job offers
- Individuals with credit blemishes but can afford monthly payments

How does rent-to-own work?

Rent-to-own lets you live in the home now while working toward buying it later.

- Apply online to get pre-qualified with no credit impact
- Choose a home within your approved budget
- The lender will purchase the home and you move in
- Each month you pay rent plus a fixed savings amount
- You can buy back the home anytime during the standard three-year term, or walk away and keep your savings based on the program rules

What Kind Of Homes Are Eligible?

You can choose almost any move-in-ready home listed as long as it meets the program criteria.

Eligible homes typically:

- Are freehold single-family homes or townhouses
- Are connected to municipal water and sewer
- Are priced between \$150,000 and \$600,000
- Are located in Winnipeg

In some cases, newly built condo townhouses with reasonable condo fees may be approved. If approved, condo fees are added to your monthly payment.

Homes must be in good condition. Major systems such as roof, furnace, HVAC, and water heater should be within reasonable age limits. All properties are reviewed to confirm they meet our inspection and funding requirements.

Homes ideally available after an "offer date" are preferred so as to avoid over paying for a home in competing offer scenarios.

We do not purchase rural properties, fixer-uppers, homes sold as-is, or properties with structural or safety concerns.

How Does The Pricing Work?

Pricing depends on the home price, your initial deposit, your monthly savings goal, and how quickly you want to buy back the home.

Your monthly payment has two components:

Rent — aligned with the home's carrying costs, which include estimated mortgage costs, property tax, and landlord insurance. Rent-to-own company covers property tax and landlord insurance directly — these are our costs as the property owner, built into your rent so you have one simple monthly payment with no separate bills. Rent is not deducted from your future buyback price.

Monthly savings – a fixed amount set aside each month toward your down payment, in addition to your initial deposit .

The exact amounts depend on three factors: the home price, your initial deposit, and your savings goal. A higher home price or a larger savings target will result in a higher monthly payment. A larger initial deposit can reduce your monthly amount.

Example: \$250,000 home with a \$5,000 initial deposit

Monthly payment: ~\$2,356/month

Rent portion: ~\$2,093 (includes property tax and landlord insurance)

Monthly savings: ~\$263

The application itself is free of charge.

What Are The Basic Requirements to Qualify?

To qualify for the rent-to-own program, you generally need to meet the following minimum requirements:

- Credit score of 500 or higher (all applicants)
- No active bankruptcy or consumer proposal
- No unpaid collections or defaulted debt with an outstanding balance
- At least one applicant must be employed full-time or have a steady, verifiable income
- Minimum household income of \$50,000 - \$70,000 annually
- Minimum initial deposit of 2% of the home price or \$5,000, whichever is higher
- You can add a co-applicant if they will be living in the home with you and are over 18

What Documents Do I Need To Verify Income?

Depending on the type of income, we will ask for different supporting documents to verify your income. Our goal is to make sure you can afford rent-to-own payments during the lease term.

Traditional employment

(Hourly, Salaried or Commission)

- Employment letter
- Most recent pay stubs
- Notice of assessment from the last two years
- Bank statements for the past 6 months

Self-employed

Sole proprietorship

- T1 General tax returns for the last 2 years
- Notice of Assessment for the last 2 years
- Business bank statements for the last 6 months
- GST returns if applicable

Incorporated

- T1 General tax returns for the last 2 years

- Notice of Assessment for the last 2 years
- Articles of Incorporation
- Business bank statements for the last 6 months
- Accountant prepared financial statements for the last 2 years
- Corporate tax returns or CRA balance to verify corporate tax
- GST returns if applicable

Pension & Disability Incomes

Proof that such payments are expected to be longer than three years

Alimony & Child Support

Proof that such payments have been made consistently in the past 6 months

What Is The Interest Rate?

There is no interest rate during the rent-to-own term because this is not a mortgage. When you are ready to buy the home, most clients get a mortgage from a lender to complete the purchase. Our in-house mortgage broker specialist will assist through this process to ensure you have an exit strategy at the end of the term to properly qualify for a mortgage.

Is A Down Payment Required?

Yes. An initial deposit is required to enter the program. Here's how it works:

- Minimum deposit: \$5,000 or 2% of the home price — whichever is greater
- Accepted formats: cash, investments, or other liquid assets
- This deposit is not a fee — it goes directly toward your future down payment from day one. Combined with your monthly savings contributions, it builds toward the down payment you'll need when you're ready to purchase the home.
- In some cases, we may require a higher initial deposit depending on your overall risk profile. This will be confirmed during full approval.

What Credit Score Do I Need?

The minimum credit score to be considered for the program is 500.

That said, your credit score is just one part of the picture. When we review your application, we look at your full credit profile — which means a score of 500 or above is a starting point, not a guarantee of approval. Two additional requirements apply:

No unpaid collections or debt in default with an outstanding balance — any unresolved collections or defaulted debt will need to be addressed before you can be approved

No active bankruptcy or consumer proposal — you must be fully discharged before applying

If your score is below 500, or you have outstanding collections or an active proposal, we may not be able to approve your application right now. Our team can suggest practical steps to help you get there and reapply when you're ready.

If your score is 500 or above and your credit history has some bumps — but no active issues — that's okay. The program is specifically designed for people rebuilding their financial footing, and our coaching is there to help you strengthen your profile while you rent.

Who Pays The Closing Costs (ie: Lawyer, land transfer taxes)?

When the rent-to-own lender purchases the home on your behalf, they cover all associated closing costs — legal fees, title insurance, and land transfer tax. You pay for the home inspection.

When you buy the home back from the rent-to-own company at the end of the program, you are responsible for the closing costs associated with that purchase, just as any buyer would be when completing a real estate transaction.

How Does The Purchase Process Work?

We understand buying a home is a big decision and the process can be stressful. We will always aim to support you along the way. Here is what you can expect once you find a home that you'd like to put an offer:

Our team will work with you and your agent to set on our bidding strategy and the maximum price we are willing to bid.

We will reach out to you to get your consent on our bidding strategy and price.

Once we get your consent in writing, you will be required to put a deposit of \$500 so that we can move forward and present our offer to the seller.

Once our offer is sent in, we expect to hear from the seller within 24 hours and sometimes we may need to negotiate with the seller through the process.

Once your offer is accepted, our team will arrange the inspection of the home to make sure that there are no surprises. This process is pretty standard and usually takes less than 10 business days.

Assuming we are happy with the home condition, we will waive our condition and the deal will become firm.

You will wait for the closing date of the home (usually 1-2 months from the offer acceptance date) when you can move into your new home.

How Is The Buyback Price Determined?

The initial purchase price is based on comparable properties and recent sales in the area. We work with you and your realtor to ensure the offer is competitive but fair.

Your buyback price is the initial purchase price plus 5% per year. This is agreed upon and locked in at the start of the program — it does not change based on market fluctuations.

If the home appreciates faster than 5% annually, you benefit from purchasing at below-market value. If the market softens, your buyback price remains fixed — see the question below on appraisal scenarios.

What Happens After I Get Pre-Qualified?

We provide your estimated home shopping budget — the price range of homes you're eligible for based on your initial application.

You submit your full supporting documents (income verification, bank statements, etc.) for final approval. Full approval typically takes 1 business day once all documents are received.

Once fully approved, Shawn Sommers from Century 21 Carrie Realty will help with your home search.

You start visiting homes. Once you find one you'd like to move forward on, our team reviews the property to confirm it meets program criteria.

From pre-qualification to moving in, most clients are in their home within 30 to 90 days.

Is This A Loan or A Mortgage?

No. The Rent-To-Own company is not a lender and this is not a mortgage.

During the rent-to-own term, you are renting the home — there is no interest rate, no loan, and no debt in your name. Your monthly payment is rent plus a fixed savings amount.

The goal of the program is to help you become mortgage-ready so that when you're ready to buy the home back from the rent-to-own company, you can secure financing through a traditional bank or lender on your own terms.

What Are The Key Considerations When Drafting The Offer?

Closing Date - the date you can move in to the home.

Offer Price - We'll review comparables and work with the realtor to determine a competitive price. Your input is important and we'll make an offer only with your consent. We'll ensure your interests are protected and the purchase price is reasonable. The lower we can negotiate the initial purchase price, the better it is for you as it impacts monthly payments, deposit, and buyback price.

Conditions

Home Inspection Condition - essential for protecting you from unforeseen problems due to major structural/foundation issues

Financing Condition - ensure the appraised home value is the same or higher than the offer price and the homes meet lender requirements

Insurance Condition - required by lenders, especially for homes with wood burning fireplace that may need a WETT certification

Others, if applicable.

What Do I Need Before The Move In Date?

Before your move-in date, you'll need to:

- Transfer your first month's partial rent and savings contribution to Requity
- Set up utility accounts in your name (gas, electricity, water)
- Obtain tenant insurance
- Pay a refundable key deposit of \$100 to Rent To Own Company

Who Pays Taxes, Utilities, Insurance?

Here's how costs are divided:

Rent To Own Company covers:

- Property taxes
- Landlord's building insurance

You are responsible for:

- All utilities (gas, electricity, water)
- Tenant insurance (required before move-in)
- Snow removal and lawn care

Can The Rent-To-Own Company use My Rent To Build Up My Credit Report?

Yes. The Rent-to-own company reports your rent payments to the credit bureaus like Equifax at no charge. This means every on-time payment contributes to improving your credit score during the program.

Building credit through consistent rent payments is one of the ways Requity helps you become mortgage-ready by the end of the term.

How Are Property Taxes Factored Into The Monthly Rent Payment?

Your monthly rent payment is designed to reflect the costs associated with home ownership and generally includes components for mortgage principal and interest, property taxes, and insurance.

Because property taxes vary across provinces and municipalities, we use an industry-standard estimate of **1% of the home purchase price** when calculating the property tax component for purposes of structuring the lease payment. This approach is applied consistently throughout the lease term.

When you exercise your option to buy back the home, you assume responsibility for paying the actual property taxes associated with the property directly, based on the applicable municipal assessment and tax rates at that time.

How Can I Buyback The Home?

You can initiate the buyback at any time during your three-year term – there is no minimum rental period. Here's how it works:

- Contact the Rent-To-Own company to indicate you're ready to buy back the home.
- Secure a mortgage through a bank or lender. Your RTO & mortgage broker coaches can help you prepare your application.
- The buyback price is your locked-in price (original purchase price plus 5% per year for each year elapsed).
- Your accumulated savings (initial deposit plus monthly savings) are applied toward your down payment.
- If you don't have sufficient mortgage financing, you also have the option to purchase with cash.

What If The House Appraises For Less Than What The Rent-to-own Company Paid For It When I Buyback?

If the home appraises below your buyback price when you're ready to purchase, you have a few options:

- Request a second appraisal — submit the report to the Rent-To-Own company and we'll explore a second opinion.
- Postpone the buyback — give the market time to recover, or contribute the difference yourself if you're able.
- Exit the program — walk away and receive your accumulated savings back, minus the 5% transaction fee.
- This situation is uncommon, but we work with each client to find the best path forward.

What Happens If I Decide Not To Buy The Home?

If you decide not to purchase the home, you can exit the program at any time after your initial lease term ends.

You'll receive your accumulated savings back — your initial deposit plus all monthly savings contributions — minus a transaction fee of 5% of the original home purchase price. Your savings are yours. No arbitrary forfeiture.

How Quickly Can I Receive My Savings If I Exit The Program?

After you initiate the exit process and move out, the Rent-To-Own company will list the property for sale or find a replacement tenant. We guarantee your savings will be returned within 90 days of your move-out date.

What If I Can't Qualify For A Mortgage At The End Of The Term?

We aim to help every client become mortgage-ready during the program through one-on-one financial coaching. However, we understand that circumstances can change.

If you're approaching the end of your term and aren't yet mortgage-ready, you have a few options:

- Request a term extension — we review these on a case-by-case basis
- Exit the program and cash out your accumulated savings (minus the 5% transaction fee)
- If this is a concern, the best approach is to raise it with your RTO & mortgage broker coaches early — the sooner we know, the more options you have.

How Long Do I Get To Decide If I Want To Buy The Home?

The standard program term is up to three years. You can buy the home back at any point during this period — there is no minimum time you must wait.

If you need more time beyond three years, reach out to discuss whether an extension is possible. Circumstances vary, and we review extension requests on a case-by-case basis.

Can The Home Be Sold To Someone Else While I Am Renting It?

No. As long as you are making your payments on time, the RTO company cannot sell the home to anyone other than you during your rent-to-own term.

You hold the exclusive right to purchase the home throughout the duration of your contract. This is a fundamental protection of the program — your stability is guaranteed by contract, not just policy.

What Happens If A Client Becomes Disabled, or Passes Away During The Rental Agreement?

These agreements contemplate these circumstances and the approach is intended to be fair, practical, and sensitive to the client's situation.

In the event of death:

For a sole tenant, the lease terminates 30 days following the tenant's death. Where there is more than one tenant, the surviving tenant may continue under the lease, with the estate included for a 30-day period before the tenancy continues solely in the name of the surviving tenant.

Under the Option to Purchase Agreement, where a sole optionee passes away, the agreement terminates concurrently with the lease. In these circumstances, any penalty fee otherwise applicable is waived.

In the event of disability:

Because every situation can vary significantly, disability-related circumstances are assessed on a case-by-case basis. Our approach is to work constructively and compassionately with clients to understand their circumstances and determine an appropriate path forward.

The objective in either situation is to provide a framework that is fair, practical, and responsive to client needs.