

Lease Options And Subject TOS: Moneymaking Tools In Real Estate

The only condition is that you must know how to use these techniques properly. You must know the pros and cons of both techniques in order to understand when and how to use which of the techniques.

Lease Options: PROS

When you use lease option, it makes your real estate deal risk-free. Even if the things go against you, you own the right to change your mind and terminate the deal.

Lease options can be a great way to buy nicer properties. This is because if the property is in an awesome condition, most sellers prefer to do the lease option rather than giving a deed.

There are many lenders in the real estate market who consider lease option as a land contract or a contract for deed refinance. Thus, even if you are not on a deed, you get a chance to enjoy its benefits.

Lease options also provide you an opportunity to buy properties from the sellers who have lots of equity.

Lease Options: CONS

As I have already said when you go with lease options, you simply get a control over the property and not its ownership. This is in a way beneficial to you, but at the same time it has certain disadvantages as well.

If you are looking for something that could ensure you long-term gains, lease options are not for you.

Most sellers in the real estate market do not consider lease options as a closure on the property.

They usually see the transfer deed as a guarantee only.

Most sellers, especially those with lots of equity, prefer to do lease options rather than giving you the deed to their real estate property, but at the same time, they also want to close the deal as soon as possible so that they could get their equity out.

Subject TOS: PROS

When you use subject TOS, it gives you complete ownership of the property. You can even get the title in your own name.

Quite interestingly, one of the best things with the subject TOS is that sometimes you may get paid to get the deed.

Since using subject TOS, you get the ownership of the property and become the titleholder; it becomes very easy for you to refinance the property. Once you get the deed, if you happen to hold the property for longer than 12 months, subject TOS give you the opportunity to enjoy some long-term gains.

Subject TOS: CONS

Unlike lease options, no change of mind is allowed in subject TOS, even if things go extremely wrong against you.

Using subject TOS can also cause a substantial rise in your real monthly costs. The reason is that subject TOS require you to keep two insurance policies in place - one for yourself, as you are the real owner, and another for the lender with the old owner on it.

The laws regarding the subject TOS widely vary from place to place. And, in some places, the laws do not favor going for subject TOS.

Unlike, lease options, the sellers who have lots of equity with their property, do not prefer subject TOS, or for that matter, giving a deed.

Overall, these techniques have opened new ways to earn more money in real estate business.

Source: <http://www.articlecircle.com>

About the Author

James Klobasa, once broke with no job and \$20,000 in debt made a choice that changed his life forever. That choice was investing in Real Estate. You too, can make that choice. Learn and be kept up to date with the latest information at <http://www.Real-RealEstateInvesting.com>