



Before you sign on the dotted line ...

If you do decide to enter into a rent-to-buy contract, before you sign on the dotted line ensure that you:

1. **Inspect the property!**
2. **Read the contract!**
3. **Compare prices!**
4. **Get independent legal and financial advice!**



For more information:

- Queensland Office of Fair Trading
www.fairtrading.qld.gov.au
1 300 658 030
- Tenants Union of Queensland
www.tuq.org.au
1 800 177 761
- QPILCH
www.qpilch.org.au
(07) 3012 9773

QPILCH Contact Details:

PO Box 1543
Brisbane, Queensland
4001

T 3012 9773
F 3012 9774

contact@qpilch.org.au



Queensland Public Interest
Law Clearing House Inc

Thinking
about
rent-to-buy?



What the
Vendors don't
tell you...



Rent-to-Buy?

In these days of record-high property prices and climbing interest rates, rent-to-buy may seem like an attractive option for those **looking to enter the property market**.

Rent-to-buy schemes come in many different shapes and sizes. They have many different names, being sometimes referred to as “**vendor terms contracts**”, “**wrap contracts**”, “**mortgage wrapping**” or “**rent-to-own contracts**”.



Each of these different terms describe the same type of contract: you agree to purchase the house at a specified future date for a set price. You pay a fee (sometimes referred to as an “option fee”) and are able to **move into the house** straight away. You **pay ‘rent’**. When the time comes to purchase the house, the amount of rent you have paid comes off the purchase price.

You maintain the property and can make improvements to it.

It is your home.

Or is it?!

Sounds too good to be true?

It probably is!

**“Own your own home now”
FALSE**

You have no legal rights to the house. You do not own the house until the full purchase price has been paid. If you miss a rent payment **you can be evicted** and have **no right to compensation**. The vendor is entitled to keep all of the payments made up to that time. Also, the vendor may have a mortgage over the house, so if they don't keep up their own repayments, their bank may be able to repossess the property. You might have to move out and you will probably lose all rent payments already made.

**“A great investment”
FALSE**

The risks are substantial and outcomes cannot be guaranteed. Profits are generally only made when property values increase significantly over a very short period of time. If you make improvements to the property **you could lose more than just rent money** if you miss a rent payment.

**“Cheaper than renting”
FALSE**

Under a standard rent-to-buy arrangement, you will be responsible for paying rent and an option fee PLUS the costs of all repairs, rates, maintenance, insurance and other outgoings. These costs are **significantly higher than the cost of renting**.



BEWARE!

No legal protection

On top of your limited contractual rights, your rent-to-buy contract may prevent you from accessing consumer protection legislation—you have **limited legal rights if things go wrong**.

The *Residential Tenancies Act* does not apply. Protection under the *Consumer Credit Code* will probably not be available.

