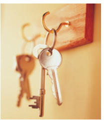
Buyer Education Workbook

The Community Empower Lease-To-Own Program©



Discover the key to your home buying future.

Learn how to buy a home with less money.

Find out how you can buy your home now.

Community Empower Lease-To-Own©

Lease-to-Own Buyer Workbook

Ver. 1, 09-2009

About Community Empower©

HYCA's unique Lease-to-Own home financing program is available nationally through many popular real estate brands.

Since 2002, HYCA, LLC, the parent company of the Community Empower Network has made direct investments in financing structures for distressed residential real estate. HYCA is an investment grade, Moodys-reviewed issuer of residential mortgage–backed securities and co-owner of the Castle Arch Lease-to-Own Income Fund, LLC.   CALTO investment securites are sold through FINRA broker dealers. HYCA's software companies serve the credit and mortgage markets.

HYCA is one of two commercial consumer credit scoring companies in the world. Its technology has received many recognitions including having been named worldwide data analytics software product of the year for its science in consumer credit and as a Top 17 most innovative new company worldwide. HYCA continues to innovate in data analytics for mortgage portfolio finance and in real estate financing structures having dispositioned over $2 billion in distressed loan portfolios and assisting 200,000 consumers in credit education cases annually.

ISBN

Table of Contents

Important Notice to Lease-Purchase Clients:

This workbook is provided free of charge as an information aid to people considering the Community Empower Lease-to-Own Program. All prospective participants should read and understand the concept, rules and guidelines of the program. This booklet is for your understanding of how to become a qualified successful homeowner.

1 Understanding the Community Empower Lease-To-Own Program™

Community Empower Lease-To-Own Program is a new path to homeownership developed by Community Empower. In many ways, it's the new way home buyers will purchase homes in the future. Owning a home is an important goal for many households in America. However, for too many individuals and families the path to homeownership is difficult - sometimes impossible.

Often, a significant barrier to home ownership is past credit experience or simply the difficulty of getting enough cash for a down payment and to pay closing costs. Sometimes both of these issues - lack of cash and lack of good credit - prevent homeownership. The Community Empower Lease-To-Own Program helps those individuals and families overcome both of these barriers.

Put simply, Community Empower Lease-To-Own Program allows a homebuyer to select and live in the home of their dreams now, lock in the purchase price and the monthly payment. If a homebuyer has satisfactory credit, then the purpose of program is to provide rent credits towards the down payment and closing costs. However, if credit is also a problem, the program not only provides credits towards the down payment and pays most of the closing costs, but also assists the home purchaser to establish or even re-establish their credit reputation. At the end of the lease period (from six to eighteen months depending on your state) most homebuyers should be ready to get their own mortgage with minimal down payment and closing costs (usually about 60% less than traditional conforming loan products).

During the lease period the home is owned by the seller. The Program's Administrator, Community Empower will help you get ready to assume the ownership of your home when you qualify for a mortgage at the end of the lease. You can select a home that meets your needs and that you can afford located within one of the participating cities. Many fine Realtors participate in the program and they can represent you during the home buying process.

It is easy to qualify for the Community Empower Lease-To-Own Program. If you have a stable source of income and can show that you have been paying your rent on time and can afford the monthly lease payment, you probably qualify. Section 3 of this workbook explains the qualification process in more detail.

The Community Empower Lease-To-Own Program provides you with a lot of help. First, the Administrator that sponsors the program in your area has staff that can help you get started and will be there when you find your home and then assist you during the lease period to prepare to become the owner of your home.

Second, they can help direct you to a qualified Realtor to find the home of your dreams and prepare for the Community Empower Lease-To-Own Program road to homeownership.

In order to ensure that interested individuals and families understand how the Community Empower Lease-To-Own Program works, this Pre-Lease Education Workbook should be completed prior to signing a lease agreement and moving into your chosen home.

Lease-To Own Vs. Purchase Now

This section explores if the Community Empower Lease-To-Own Program is right for you.

Community Empower's Lease-To-Own Program may be a very good choice for individuals and families who want to own a home but various issues keeping them from buying today. Some may have credit problems or may not have established traditional credit. Others might not have the cash normally required for a down payment and to pay closing costs and/or are unable to complete the purchase of the home they desire.

First, lets consider your credit experience. Review the statement below and place a check next to each one that applies to your situation:

• I have one or more credit accounts including auto loans, credit cards, and charge accounts.

• I normally pay all of my bills on time and especially over the last 24 months I have not been late with any of my payments.

• I have never declared bankruptcy

• I keep the balances on my credit cards well below the limit.

• Creditors do not call me or send me letters about past due accounts, liens or judgments.

For each item you checked give yourself one point. If your total is four or more points your credit history may good enough to qualify for a home loan today under reasonable terms. In this case you probably do not need the credit flexibility Community Empower's Lease-To-Own Program offers if you also have savings equal to about 5% to 10% percent of the sales price of the home.

If your credit history is poor, it is probably not possible that you may be able to get a home loan now. However, if your credit is less than perfect it is very likely that you will have to pay a lot of money for a loan both in terms of up-front fees to the lender and a much higher mortgage interest rate. These costs can cause you many problems both now and in the future. With the Community Empower Lease-To-Own Program your up-front, out-of-pocket expenses are very low and the interest charges will be at or very competitive for your situation. Bottom line, Community Empower Lease-To-Own Program can save homebuyers who have credit problems a lot of money.

Normally if you have poor credit, a home mortgage will cost you a lot more money - if you can get one at all. Community Empower's Lease-To-Own Program is a low-cost alternative.

Next, lets consider the up-front cash required to purchase a home. The minimum required down payment is typically three and one-half percent of the purchase price, or more. These down payment funds must be your own money that you can demonstrate to the lender you have saved over a period of time. Normally, you can not count funds that you happen to have on hand or have borrowed from someone. Also, you will have to pay some or all of the closing costs. This can often amount to an additional four percent of the purchase price of the home. Often too, a lender will require a homebuyer to have some money in the bank left over (called "reserves") before you purchase the home. The reserve that must be in the bank will typically be at least one month's mortgage payment including taxes and insurance. So, in order to qualify for a home loan now, you would typically have to have at least 10% of the purchase price and one month's mortgage payment available.

The Community Empower Lease-To-Own Program only requires that you pay an amount of one and one-half percent of the sales price of the home as an administrative program fee payable before you begin the lease. Additionally, you are required to pay your first month's rent.

So, in terms of up-front cash required, lets see how the two options compare. Let's assume the purchase price of the home is $150,000.

Costs for $150,000 Home Home Mortgage Vs. Community Empower Lease-To-Own Program

Down Payment (@ 3.5%)	$5,250	$0
Closing Costs: (@ 4%)	$6,000	$0
Reserves and Pre-paids:	$4,500	$0
Program Fee (@ 1.5%	$0	$2,250
First Month's Rent	$0	$2,100
Total Cash Required	**$15,750**	**$4,350**

As you can see, Community Empower Lease-To-Own Program is a good choice for someone who does not have a lot of cash.

Do I qualify for the Community Empower Lease-To-Own Program?

Only the Program Administrator can make a final decision about your qualifications for Community Empower's Lease-To-Own Program. However, it is possible to make a pretty accurate self-evaluation. But remember, its up to the Program Administrator and to make the final decision about your eligibility for the program.

There are three key areas you must consider:

• First, is your income stable?

• Second, are your current debts when compared to your income excessive?

• Third, does your past credit history demonstrate that you will make your lease payment on time?

Let's take a look at each area.

Your Income

In order to qualify for the Community Empower Lease-To-Own Program you must have stable and durable income. Here are some examples of the kinds of income we will consider as stable and durable income:

• Income from full-time employment. Generally, there is no minimum time-on-the job requirement if you've been employed in the same field for the past several years, but it must be likely to continue for at least three years.

• Part-time, bonus and over-time payment that you receive on a regular basis and are likely to continue to receive in the future.

• Income from self-employment (you will need two years of tax returns).

• Income from permanent government payments (unemployment and temporary disability payments can not be considered).

If your credit score is below 580 then you must be able to prove that you have been paying your rent on time for at least the last 12 months, or have three good credit trade line items.

The Program cannot consider earned income that you do not report on your income taxes. For example, cash income that you earn by providing childcare or gardening services can not be considered unless this income is reported on your taxes.

The Program will add up all of the gross monthly income from all persons who will lease-purchase, and live in the home with you. Typically, this includes yourself and your spouse, or someone else with whom you plan to purchase the home with; such as a roommate, or family member. When you speak with the Program Administrator be sure to send them copies of your most recent pay stubs and prior- year tax returns.

Also, keep in mind that your total income must be sufficient to afford a house payment for a typical home in the community where you want to live. If your total income is too low, you may wish to consider programs designed to help low-income individuals and families purchase a home – or invite another individual(s) to enter the program with you where their income is may also be considered. Contact the Program's Administrator for more information about programs in your area.

Your Credit Reputation

In Section 7, entitled Credit Matters, you will learn more about the importance of maintaining a good credit reputation. For now, let's consider the basic credit requirements for Community Empower's Lease-To-Own Program. The good news is that the Community Empower Lease-To-Own Program provides a lot of flexibility.

Home loan programs usually set a minimum credit score in order to qualify. Community Empower Lease-To-Own Program does not. However, if your credit score is 640 or greater, a lender is usually able to continue to process your application without any further evaluation of your credit reputation.

What if your credit score is below 640? You may not be able to qualify for a loan, but you may still qualify with the Lease-To-Own Program. You must be able to show to the Program's Administrator that you have been making your current rental payments on time for at least the last 12 months. To do this you will need documentation such as canceled rent checks, money order receipts, bank statements, or certification from a property management company.

If your credit score is below 640 and you do not have proof of your rent history over the last 12 months, you must have evidence of no fewer than three open or acceptable alternative trade lines with good payment for a period not less than 6 months prior to closing and whose payments are due at least quarterly.

Also, the credit reputation of each person who is contributing qualifying income must be considered. In the case of a married couple where one spouse has a credit score of 600 and other of 560, it will be necessary to provide proof of prior rent history even though one persons has a score above 580. Think of it this way, when multiple persons are applying together, the lowest credit score will determine how the application is evaluated.

Once you have met the minimum credit requirements, there are two more considerations. First, if you have ever filed bankruptcy, then you must have 18 months of re-established credit to enter the program and 36 months of acceptable post-bankruptcy good credit to own the home. This means that during the prior 18 months you have not had any new credit problems (like a credit card payment that is more than 30 days late) and you must have at least three positive payment references. These positive credit requirements can include on-time utility bill payments as well as credit obligations.

The final consideration is unpaid collection or charged-off accounts. If you have either of these they must be worked-out during the lease. There are three possible ways to resolve unpaid collection accounts:

- Pay them off in full. You can do this by contacting the creditor and telling them that you want to pay off the unpaid balance of the account. Be sure to send the payment certified mail and keep a copy of the canceled check or money order receipt. Your lender will need this proof for the loan file.

• Negotiate a settlement payment. If an account is very old, a creditor may accept a settlement payment that is less than the full amount owed. Again, keep a copy of your proof of payment.

• Negotiate a repayment plan. This can be done either with the creditor directly or through a debt management program. These agencies are often able to create a debt management plan that includes concessions from your creditors on such things as late payments and interest. Once you have an approved debt management plan, you will make a single monthly payment to the agency that will in-turn pay your creditors. The debt management plan payment must be provided to the program's lender who will include the payment into your qualifying ratio calculations.(discussed earlier).

So, in summary here is a quick check-list to help you evaluate your credit readiness for Community Empower Lease-To-Own Program:

• My credit score is at least 580 OR I have proof that I have made my rent payments on-time for the last 12 months OR, I have evidence of no fewer than 3 open or acceptable alternative trade lines with bad credit entries for a period not less than 6 months prior to closing and whose payments are due at least quarterly.

• I have never filed bankruptcy OR the bankruptcy has been dismissed or discharged and over the last 18 months I have re-established my credit.

• I have no unpaid collection accounts OR I can resolve them, in writing with my creditor, before the end of the lease.

If you were able to answer YES to all three of these questions then it is very likely that you qualify for Community Empower Lease-To-Own Program at least with regard to the credit requirements. If you are still not sure about your eligibility, please feel free to contact the Program's Administrator.

How Does Lease-To-Own Work?

The new Lease-To-Own program from Community Empower is an opportunity for you to achieve the dream of homeownership with no down payment. This program allows you to lease the new home of your choice. During the lease period, you will work with Community Empower to improve your credit so you will be qualified to buy your home by qualifying for a mortgage loan at the end of the lease. After you qualify, you'll become the homeowner!

Step One: Apply Online. In order to get started, you must apply to find out if you qualify for the program. After submitting your application, an advisor will contact you to inform you of your qualification status and next steps. If you are pre-qualified for the program, your advisor will ask you to provide additional documentation.

If you are not immediately qualified for the program you may wish to enroll in our Home Buyer's Program. The Home Buyer's Club provides a comprehensive monthly strategy to help you work toward your ultimate goal of homeownership. The Home Buyer's Program will help you qualify for the program. It will show you how to increase your score and help you correct any credit issues that might keep you from qualifying. The Home Buyer's Program helped over 450 families own a home this year so far.

Step Two: Choose A Home. If you are approved for the program, your advisor will assign you to a Realtor who will then work with you to find the perfect home!

Step Three: Sign Your Lease And Move-In. After you sign your lease agreement, pay your Program Fee and first month's rent, you'll get the keys to your new home! Move-in and start enjoying your new home. During the lease period, you will be enrolled in our ScoreManager - which will help you to improve your credit in preparation to buy your home with a mortgage loan at the end of the lease.

Step Four: Get Your Loan And Become The Homeowner. By the end of the lease period, you will have worked diligently to achieve the credit requirements and/or rent credits you need. If you make all your lease payments on time, and meet the guidelines, including raising your credit score to 640, you'll be eligible to become the homeowner. In fact, you can become the owner of your home before the end of the lease, if you improve your credit and meet the guidelines before your lease expires. At this point, you will no longer make a lease payment, instead you will pay the mortgage payments directly. You will have all the rights and responsibilities of homeownership!

Advantages of Homeownership

Most Americans want to own their own home. There are many good reasons for this:

• For most people the value in their home is their primary source of wealth.

• Owning a home provides personal security and satisfaction.

• It provides families with a sense of stability.

• There are tax benefits as mortgage interest payments can be deducted from your income when calculating your federal taxes.

The Community Empower Lease-To-Own Program helps individuals and families prepare to enjoy the full benefits of homeownership.

It should be noted that during the lease period while you do not own the home, you are encouraged to treat the home as if it were your own. For example, you will be responsible for normal maintenance. Of course, when you assume ownership of home from the Landlord at the end of the lease, you will be the sole and complete owner of the home. At that time, you will be able to enjoy all of the advantages of being a homeowner.

During the lease period, you will not be entitled to take the mortgage interest deduction on your federal taxes. This deduction is only available to taxpayers that actually own a home. In this case, the home is owned by the Landlord during the lease period. However, when you purchase the home at the end of the lease, you will then be entitled to take the mortgage interest deduction going forward.

Overview of the Community Empower Lease-To-Own Program Process

The Community Empower Lease-To-Own Program path to homeownership is simple and in many ways it is just like the process used to purchase a home. Here is how it works:

1. Contact CE. To apply online go to:

https://www.communityempower.com/customer/selfregister.aspx?TYPE=LTOTV&SRCCODE=LTO-TV

and complete the online application. There is a $19.95 application fee that must be paid for you to be considered for the program.

Or you may call:

1.800.362.6101

Often your first contact with CE will occur within a few working days over the phone. Applications will require some basic information including:

- Your Social Security number;
- Your total household income that will be used to qualify for the lease; and
- The total of your monthly debts.

With this information in-hand the Administrator will be able to determine if you meet the basic requirements of the program described in Section 3. They will determine if it is likely that you will be successful in buying your home at the end of your lease. This is called the pre-qualification process. When the pre-qualification process is finished CE will be able to tell you how much home you can afford to lease-purchase. This information is going to be very important in the next step of the process when you meet with a real estate professional to begin shopping for a home.

As a result of the pre-qualification process, you may also be told that you must fulfill certain conditions before you can receive final approval.

Typical conditions may include, depending on your situation: obtaining proof of your prior rental history; or proof that you have paid-off, settled or entered into a repayment plan delinquent or charged-off collection accounts. Also, you may be asked to send in copies of certain documents such as recent paycheck stubs and possibly tax returns.

Finally, every participant is required to be actively enrolled in the CE credit management system. The cost of this is included in your monthly rent.

2. After you have been pre-qualified, the next step is to get with a qualified Realtor or Agent to determine the economic range determined for you under the program guidelines. This Agent will work with you to find a home in your lease range. Section 8 of this document discusses issues related to selecting a home. Please review this section thoroughly before you meet with your Agent. In addition to letting your Agent know your housing needs, be sure to let them know about any special conditions. If needed, your Agent will be able to help you put together the required documentation.

3. Once you have found a house that you can afford to lease-purchase, your Agent will work with you to enter into a lease and purchase contract with the seller of the home. The purchase price of your home must be acceptable to a value provided by a licensed appraiser. Once a purchase agreement has been determined a purchase escrow will be opened. Escrow is a process used by the landlord to complete the purchase of the home – with the first step being your lease. Keep in mind that the lease and purchase agreement will be between the seller of the home and you. A closing date will be set. This is the date when the Seller and you will sign your lease agreement and your occupancy of your home will begin on or after that date.

4. During the escrow period, you will have a lot of work to do. Check with the Administrator to make sure they have received all of the documentation they require. If you have not yet finalized a debt management plan (if one was required) now is the time to get that done. Also, you should begin making plans to move into your new home. Stay in close contact with the Agent during this period. Once you obtain a firm move-in date from the Agent you can give your current landlord notice of your plans to move. Check with your Agent for advice on the moving process, they may know of some low-cost movers in your area. Finally, do not forget that you must complete this lease-purchase introduction program prior to the lease.

During this escrow period it is very important that you do not make any big changes to your financial life. Don't take on any new credit obligations such as a new car payment. And don't change you job status (unless it's a promotion!).

5. Prior to the beginning of the lease, you will meet with the Agent to review the terms of the lease, discuss any questions you may have and to make sure that you have completed all of the requirements. The Agent will also schedule a walk-through day when you will meet them at the house and do a pre-move in inspection. After this meeting you should contact the local utility companies and let them know that you will moving into the home and they will establish service in your name prior to your move-in date.

6. Move-in Day! This is the day you have been waiting for! Start enjoying your new home. But also remember, that the ultimate goal is to be able to purchase the home from the Landlord at the end of the lease. In order to do that you must:

• Make your full lease payment on time every month.

• Maintain your home in good condition.

• Keep you credit in good order: don't get over extended on your credit cards; raise your credit score to 640; and make your payments on time.

• Actively participate in the credit management program that is required .

Credit Matters

OK, let's take some time out and talk about one of the most important aspects of your personal financial life: your credit reputation. Why is this important? It is important because maintaining a positive credit history will help you achieve life's important goals. Good credit can play an important part in all of these areas:

Obtaining a new job. Employers now often review a candidate's credit history before making an offer of employment.

Qualifying for some types of insurance.

Buying a car or furniture.

Starting a business.

Financing a college education

Obtaining any kind of loan under affordable terms.

This is why a major goal of the Community Empower Lease-To-Own Program is to help individuals and families develop a positive credit reputation while they prepare for homeownership.

Here is a summary of the most important steps to improving and maintaining a good credit history.

• Be careful on how you use credit. Except in an emergency, credit should never be used to fill-in the gaps in your budget. If you can not afford to purchase something with cash, don't use credit.

• Obtain a copy of your credit reports from the three national credit bureaus. Review your report for errors and ask the bureaus to make corrections. Get help from a non-profit credit counseling agency with this process if you need it.

• If you have credit cards make sure you stay within your credit limits and try to keep the balances that you don't pay off each month very low.

• Do not use a lot of credit cards, one or two should be enough for most people.

• Shop for the best credit terms available. Don't assume that a merchant who selling you a product you need or want will also be able to offer you the most affordable credit terms.

• Pay your bills on time. This is probably the single most important step you can take. If you have a pattern of paying your bills late, your credit reputation will be quickly damaged.

• Avoid bankruptcy. If you are having serious problems repaying your debts on-time, contact a non-profit credit counseling agency (see above). They can usually help negotiate an affordable repayment plan that will allow you to stay out of bankruptcy.

Finally, keep in mind that during the lease period, your Program Administrator can be a good source of help and information. Feel free to contact them at any time.

Choosing A Home

There are many important factors to consider when choosing a home to lease-purchase. Keep in mind that at the end of the lease you will be able to purchase the home from the Landlord, so it is important that you choose a home that you can afford and meets your living needs now and in the future.

Here are the most important things to consider when selecting a home:

Location. It the home in a neighborhood that is convenient to services such as shopping, medical centers and businesses? Do you like the neighborhood? Also, make sure the home you choose is located in one of the participating cities.

Type of Home. Through Community Empower's Lease-To-Own Program you can lease-purchase a detached single-family home, condominium or town home.

Each of these has advantages and disadvantages. For example, in a condominium an association pays for most of your exterior maintenance.

Age of the Home. There is no limit to the age of a home, but it must be habitable.

Size of the Home. Choose a home that will have enough space for you and your family not just now but in the future. Generally, most families require at least three bedrooms and two baths. However, you have to be the final judge or your size requirements just be sure to take into consideration both your current and future needs.

It is a good idea to be flexible when you choose your first home, but know what you need.

When choosing a home it is important to be flexible. There is not likely to be one house that will meet every single one of your preferences. Keep in mind all of the advantage homeownership provides and be ready to make some compromises, especially when selecting your first home.

The Community Empower Lease-To-Own Program offers you a lot of help in selecting an affordable home. When you find a home you like, the Agent will work with your Landlord to make sure the home is one you can afford. This will take into account any repairs the home might need. Also, once you move-in, a warranty will cover the repair of most of the critical systems in the house during the lease period.

Frequently Asked Questions

Q: How do I purchase the home?

A: You will purchase the home by entering into a Sales Agreement to buy the home from the Seller, after an initial lease period. You will be responsible for maintaining the lease payments and caring for the property during the lease period. You will be able to own the home any time during the lease period when you are able to qualify for a mortgage loan.

Q: What is the interest rate on the lease-purchase mortgage?

A: Contact the Program Administrator, or Agent, for the current interest rate. Your rent is an amount similar to the mortgage payment you might make on the property you are leasing. Typically the rate is very close to competitive current market rates. The rent will not change during the entire term of the lease. The exact terms of the lease-purchase mortgage will be explained to you prior to the beginning of the lease.

Q: What makes up the lease payment?

A: The monthly lease payment is made up of an amount equal to at least six components: the amortized princpal, interest, taxes, insurance, property management fees and credit counseling fees, amongh others.

Q: Is program fee I pay at the beginning of the lease considered a security deposit?

A: No. It is a non-refundable administrative fee paid to the Administrator at the start of the lease. This fee helps the administrator cover costs associated with operating this program.

Q: Who is responsible for maintaining my home during the lease?

A: You are responsible for the regular maintenance of the home. This includes paying all your utilities, telephone and cable charges, mowing the lawn and maintaining the yard, painting and small repairs. Most large system repairs except for damages caused by people or pets will be covered by a home warranty that will be in effect during the entire lease period. You will be provided with the name of the home warranty company who will coordinate with you to make the repairs. You may be responsible for a warranty deductible fee (usually around $100 per service call). If your home requires a large repair and it is not covered by the warranty, the Property Manager will determine liability and arrange to have the repair made. You will be liable for damage caused by people or events within your control.

Q: Can I make minor improvements to the home during the lease period?

A: Yes but be sure to coordinate these minor improvements with the Property Manager. Keep in mind that you can not be reimbursed for any improvement you make, even if you decide not to assume the loan and become the owner of the home.

Q: What happens if I decide not to purchase the home at the end of the lease?

A: There is no penalty if you decide not to purchase the home, however you will have to move out when your lease expires. Notify the Property Manager as soon as possible in order to arrange termination of your lease.

Q: What if I have temporary financial problems and I cannot make the monthly lease payments on-time?

A: If you have a temporary financial problem, it is important that you contact the Property Manager as soon as possible. It is very important that you honor the lease. Failure to do so could result in eviction and termination of any option to purchase. Also, keep in mind that in order to assume the loan at the end of the lease, you will need at least 12 previous months of on-time payment history.

Q: Can I assume ownership early?

A: In most cases, yes. However, however, you will have to be approvable for a mortgage loan to become the owner.

Q: Am I entitled to take the mortgage interest deduction on my federal taxes during the lease period?

A: No. Since you do not own the home during the lease period you can not take the mortgage interest deduction. Once you become owner the home at the end of the lease you should contact your tax advisor.

Q: What is the purchase price of the home at the end of the lease?

A: The Landlord will sell the home to you for the home's purchase price less the amount of credits you earn in the pay down on the principal balance and the rent credits offset available to you on your purchase loan at the end of the lease period. This means that you are able to lock-in the current home value rather than a higher or lower home price.

Q: Do I get to keep all of the increase in value that may have built-up during the lease?

A: When you purchase the home it is a likely that a certain amount of increase of value will have built-up during the lease since the mortgages were paid down and because the market value of the home may have increased. In the Community Empower Lease-To-Own Program any of that built-up increased value will be yours upon assumption. You should note that your home's value could also go down. You should consider this point carefully because it could mean you might have to re-negotiate with the seller or come up with more down payment.

Q: What will happen if I do not pay my lease payment on time?

A: The Property Manager will contact you to determine if your financial problem is temporary. If so, it may be possible to negotiate a repayment plan and stay in the home. However, if you are in default on your lease payment, you risk being evicted.

Q: How much will my monthly lease payments cost?

A: The amount you will pay during the lease period depends on the value of the home your intend to purchase. Your mortgage payment will vary depending on the price of the home you choose, the interest rate, the property taxes assessed to the home, the cost of hazard insurance, and any additional fees such as homeowner association dues. Only after you apply and choose a home, can your counselor give you an accurate estimate of your lease payment. Because this is a homeownership program, you should be looking at the savings you will get over a period of years, not months.

Q: What costs are covered in my lease payment before assumption?

A: Your monthly payment during the lease period will include:

Professional Property Management, Lease Servicing, Monthly ScoreManager credit management, Monthly rent, including insurance, and other fees.

Q: How long do I lease the home before I become the homeowner?

A: The lease period is 18 months in most states (except for Texas which is limited to 180 days or less) or less depending on your credit status. You may assume ownership of the home if you meet the qualifying guidelines. Or, at the end of the lease, you have the option to purchase a mortgage loan and become the homeowner, if you are qualified. Owning a home is an incredible opportunity for you. That's because when you become the owner, you stand to benefit from the increase in value that has accumulated with the home's appreciation, if any.

Q: How do I become the homeowner at the end of my lease?

A: To buy your home and become the homeowner, you must qualify for a mortgage. Qualifying is a 2 step process that requires that you; 1) abide by all the terms of the lease, and 2) financially qualify for a mortgage, including obtaining a credit score of at least 640. In order to qualify for a mortgage, you must meet certain criteria, including making all your lease payments on time, and working diligently to improve your credit with the help of our Home Buyer's Club. Other conditions apply. If you are unable to qualify for a loan at the end of the lease period, the Seller, in it's sole discretion, may extend the lease if your state law allows.

Q: How do I apply for Lease-To-Own?

A: There are 3 ways to apply:

1. Apply Online

2. Apply over the phone at 214-722-5800 or 800-362-6101

3. Apply by US mail by downloading the application form PDF from our website.

You can pay for the application fee using a credit card, or you may mail us a check or money order.

Q: How much does it cost to apply?

A: The cost to apply is $19.95.

Q: What do I get for my application fee?

A: When you submit your paid application, a professional counselor will personally review your application and contact you to inform you of your qualification status within 1-2 weeks. It's important to understand that although thousands of families will apply for this special program, less than 1,000 will qualify. For this reason, your application fee is non-refundable. Applicants will be qualified on a first-come, first-served basis, so apply now.

Q: Do I have to pay a down payment?

A: No. You do not have to pay a down payment to begin the program. If you apply and are approved for the program, you will be asked to pay a program fee (an amount equal 1.5% the Sales Price of the house) and your first month's lease payment prior to moving in to your new home.

Q: What if I am currently renting, and my lease doesn't expire soon?

A: If your current lease agreement expires in the next 12 months or less, you should apply now for the lease-to-own program. All applicants will be approved on a first-come, first-served basis. By applying now, you can ensure homes will be available for you when your current lease expires. In addition, applying now will give you the benefit of a head-start in preparing for homeownership by taking advantage of your ScoreManager enrollment.

Q: If I currently own a home or other property, can I still qualify?

A: You can still qualify if you own a home and plan to sell it prior to signing your lease agreement. If you plan to sell your home, you should apply now for the lease-to-own program. You may own other undeveloped land (ie: land without a home on it); however, you can not own another home when you enter the lease agreement.

Q: How do I know if I will qualify for Lease-To-Own?

A: It is generally easier to qualify for lease-to-own than applying for a typical home purchase mortgage. That's because there is no down payment and it's OK to have a few bumps and bruises on your credit. The only way you can find out for certain if you qualify is to apply. But before applying, you should ask yourself the questions listed here.

Q: If I have a low credit score can I still qualify?

A: There is no minimum credit score required to qualify for this program. However, there are other minimum credit requirements.

Q: How much income do I have to earn to qualify?

A: While there is no minimum or maximum income required for this program, there are limitations to the amount of debt you can carry. In most cases, this program will be appropriate for those earning $50,000 or more household income. Income can come from all persons who are signing the lease agreement, as well as boarder income, if it comes from a family member living in the home. Although no minimum time on the job is required, income must be stable and durable. Income may be full-time, part-time or self-employed. All income must be documentable.

Q: Can I use section 8 vouchers or other assistance to make my lease payment?

A: No. Section 8 vouchers cannot be counted as part of your income, nor can they be used to make all or part of the monthly lease payment. Social Security, pension, disability and/or family support payments can be counted as part of your income under certain circumstances, so long as the payments are reasonably expected to continue for at least 3 years.

Q: Will I qualify if I've had a bankruptcy or foreclosure?

A: If the foreclosure or bankruptcy was discharged over 2 years ago, and you have re-established good credit habits since then, you may still qualify.

Q: Will I qualify if I have unpaid collections or civil judgments?

A: If the collections and/or civil judgments are reported in error, you can dispute them with the help of your Home Buyer's Club enrollment. If you can pay-off the collections and civil judgments prior to signing your lease agreement, (or resolve them with a legitimate dispute process), you may still qualify.

Furthermore, you may also choose to establish a written debt repayment plan to pay-off the debt in installments over time. When you setup a debt repayment plan in writing, you may qualify to lease-to-own even while you are still repaying your past debts. Certain collection accounts can be disregarded, and therefore not affect your qualification status. Collection accounts that are more than 2 years old AND in an amount less than $500 may be disregarded. Medical collections may be overlooked on a case-by-case basis.

Q: Will I qualify if I have a lot of debt?

A: This depends on your total monthly income and total monthly debt payments - in other words, your Debt-To-Income Ratio (DTI). To qualify for this program, your total monthly debt payments and anticipated lease-to-own payment must not exceed 45% of your total monthly income (45% DTI). To determine this, you should add the monthly payments on your existing debt such as car payments, minimum payments on credit cards, loan payments and other debts (if any). Also add in the anticipated lease payment for your lease-to-own home (see here for estimates.) Do not include monthly expenses such food, utilities and insurance. Then add up your total gross monthly income before taxes. Your total monthly debt payments, including your estimated lease payment, should not exceed 45% of your monthly income. If this formula seems too complicated, don't worry. When you apply for the program, your DTI will be calculated automatically, and your counselor can help explain it to you.

Q: Will I qualify if I have an unpaid tax lien?

A: No. All tax liens must be paid in full prior to entering the lease-to-own program.

Q: Will I qualify if I've had an automobile repossession?

A: A repossession or voluntary surrender will not by itself prevent you from qualifying for the lease-to-own program. Other factors will be used to determine your qualification.

Q: Do I have to take a home buyers education course or credit counseling to qualify?

A: Yes. When you submit your application, you will begin a credit education program called ScoreManager within our Home Buyer's Club. If you are approved for the program, and enter a lease, you will continue in the ScoreManager Program for the duration of the lease period at no additional charge. If there is a significant time gap between the time you apply and the time your home is ready, you may need to enroll in the ScoreManager (at your own expense) to stay on track to homeownership.

Q: What homes are eligible?

A: Visit our section called "What Homes Are Eligible" to learn more.

Q: Where are the homes located?

A: "What Homes Are Eligible" to learn more.

Q: How will I find the right home for me?

A: After you submit your application and are pre-approved for the program, one our our professional Realtor Agents will work with you to find your new home and home builder. Visit our page called "What Homes Are Eligible" to learn more.

Q: Can I get a tax deduction during my lease period?

A: No. During the lease period you can not deduct the property taxes or interest because you are not yet the homeowner. When you assume the loan at the end of the lease, you will then be the homeowner, and will be eligible to deduct all future property taxes and mortgage interest, as allowed under federal and state tax laws.

Q: Can I use my own real estate agent?

A: Yes.

Q: What if I find a new home I want, but the builder is not participating in the LTO program?

A: If you submit a paid application to us, and are approved for the program, we will make every effort to negotiate with the builder of your choice. Most builders see the tremendous value of participating in the lease-to-own program. So long as the homes the builder sells meet the program requirements, we may be able to work with the builder of your choice. If we are unable to negotiate with the builder, we will refer you to a participating builder offering a similar home.

Q: What if the house needs repairs while I am leasing?

A: A home warranty covers repairs to most home systems and built-in appliances during the lease period. If a repair is required for warranty items, you may pay a nominal fee for a service technician to come to the home to make the repair. In all other respects, it will be your responsibility to take pride in your home and maintain it properly during the lease period - just as if it were your own home.

Q: Do I have to pay for home insurance and property taxes?

A: During the lease period, you do not have to pay for home insurance or property taxes. The home insurance provided (called all-risk hazard insurance) does cover the contents of your home, such as furniture. After you qualify for your loan and become the homeowner, you will be responsible to obtain a comprehensive home insurance policy, and you will be required to pay property taxes and all other fees associated with homeownership.

The Lease

You will sign a lease. Read the lease carefully. The monthly payment is the same each month of the lease unless the landlord's real estate taxes or insurance increases; if these increase, you will be notified that the payment will increase.

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