

Tenants in for a buy

When the bank says no

Michelle Collins

DESPERATE homebuyers struggling to get a foothold in the property market are looking at rent-to-buy schemes.

The resurgence of rent-to-buy comes as the real estate market remains stagnant and cautious banks knock back more loan applications.

Brett Mudie from Rentovation, based on the Gold Coast, said tougher bank lending had made it difficult for the self-employed, contractors, immigrants and people with a poor credit history to break into the housing market.

"We are finding a lot of sellers who can't get out of their houses and a lot of buyers who can't get in," he said.

Rent-to-buy schemes offer buyers the opportunity to rent the home with an option to buy it for a set price.

"The payments are more than rent because they are paying the mortgage on the house and as the mortgage is being paid off they are building equity in the house," Mr Mudie said.

The schemes let sellers cover their mortgage payments immediately, rather than wait for the market to improve.

"We have sellers who are stuck and needing to get out and we are able to put in a solution that allows them to walk away from the property and someone else come in and make the payments until they can buy it down the track."

But lawyer and real estate watcher Tim O'Dwyer's advice is "no dough, no show".

"Never let anyone into your property until they have paid you all the money,"



Options: Brett Mudie lets people rent with the option of buying.

he said. "There are all sorts of risks if the seller goes broke or gets repossessed but also problems with the buyers because often they are the least capable people to be buying property."

Mr Mudie said rent-to-buy had been on the fringe of the real estate market but was now listed in the 2006 Census as a method of buying a home.

Sylvia Vincenc, whose home has been on the market since mid-January, said of the three offers received for her home, two had been rent-to-buy proposals.

"Basically we declined because the weekly rent was about \$100 under the market rate," she said.

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