



Rent-to-Own in Washington State

❖ You can find all the fact sheets we link to here at [WashingtonLawHelp.org](https://www.washingtonlawhelp.org).

Should I read this?

Yes, you should read this if you live in Washington state and you want to understand rent-to-own (RTO) home purchase agreements.

What will I learn?

- **If you are thinking about buying a rent-to-own home**, we warn you about the risks. We also explain how you can protect yourself.
- **If you are already living in an RTO home**, you will learn about problems you might face.

Are you considering a Rent-to-Own deal? Think again.

In a “rent-to-own” agreement (sometimes called a lease-option), a landlord rents you a home and gives you the option to buy it in the future. You are a renter, not a homeowner.

Few if any of these deals are ever completed. You can end up losing both the home and the money you have invested.

There are many risks. Be aware of them before signing anything.

Even if you pay a large down payment, you cannot buy the home until the end of the rental period. The agreement will probably hold you responsible for all repairs and maintenance. The seller may tell you that you must pay property taxes and buy insurance.

You will not get your money back if you do not buy the home. You will make payments like an owner, but only have a renter’s rights.

For more about renter’s rights, read [Your Rights as a Tenant in Washington](#) to learn more.

How can I tell if I have a rent-to-own agreement?

Usually there is language in the agreement saying, “rent-to-own,” “lease-option,” “lease purchase,” or “option to purchase.” Talk to a lawyer to find out how your agreement works. See contact info below.

I want to buy a home. What is an “option to purchase?”

It is an agreement between you and your landlord giving you a chance to buy the home later if you complete all conditions. In this situation, **you are not the buyer or owner. You are just a renter.**

Options to purchase can be hard to turn into a purchase. If you do not do everything the lease says, you cannot buy the home, even after years of payments. Also, the option can end (can expire). The landlord will not have to sell you the home after a certain day or event.

Carefully read your rent-to-own agreement to learn when you can exercise the option, and how and when it expires. You are a renter until you exercise the option. “When will I own my home?” below, has more about exercising the option.

What can go wrong with rent-to-own?

Many things can go wrong.

- **The landlord may have no intention of letting you own the home.** The landlord may want a large down payment, higher rent, and for you to pay property taxes, insurance, and make repairs. The landlord may be planning to evict you before you can buy the home.
- **It sets you up to lose.** You may lose the right to buy the home and lose all your investment when you commit even a small violation, like paying rent late or breaking a lease rule.
- **You may lose the money you put into repairing the place.** Many RTO homes are in bad condition. You will have to pay for improvements plus rent. You lose your money if you do not buy the home.
- **If the home is not up to code, banks will not lend you what you need to buy it.** Many sellers sell homes as RTOs because they are not up to building, electric, or plumbing codes. If you must make a large, final payment to exercise the

option to buy and you cannot get a bank loan because the home violates code, you will probably lose the home.

- **RTO gives you fewer protections than a traditional home purchase. The seller/landlord can evict you as a renter.** If you break the rules, there are no second chances. You have no right to fix (to *cure*) a default to save the home. You will get no foreclosure notices. You will have no right to catch up on missed payments. The seller/landlord can evict you on 14 days' notice if you are late once with rent. Read [My landlord just gave me a 14-Day Notice to Pay Rent or Vacate](#) to learn more.
- **The seller might not have full title to the property.** You should check county property records to see if there is a co-owner, or if the seller has mortgaged the property. If so, even if you can make all payments, you still might not become the legal owner.
- **You may lose your down payment.** If you cannot buy for any reason, the landlord will keep your down payment.
- **You may have to make a large, final payment** or “balloon” payment at the end of the option to purchase. If you cannot do this, the landlord can evict you and keep every other payment you have made.
- **If the seller/landlord loses the home, you lose the home.** If the seller/landlord loses the home in foreclosure because they did not pay taxes or the mortgage, the bank will evict you. You will lose all your payments.

I want to go through with rent-to-own anyway. what can I do to protect myself?

- **Talk to a lawyer.** Hiring a real estate attorney or talking to a legal aid attorney before signing can protect your rights. It could help you get a better deal. It could save you from making a mistake that will cost you thousands of dollars. See below.
- **Do not sign anything you cannot read or understand.** Do not trust the seller or the seller's agent to tell you what the agreement says.
- Have the **home inspected**. Make sure it has no hidden problems. Have the landlord make any needed repairs before you sign or move in.

- Have a professional **appraise** the property. Make sure you are getting a fair price.
- Purchase a **title search** before signing. Make sure there are no liens or mortgages on the property.
- A valid option to purchase land must **have a legal description and be notarized**. Both you and the seller/landlord must **sign it**.
- To protect your investment from the seller's creditors, **you must file** the option to purchase at the County auditor's office. **Do not expect the seller to file it**. You file it to tell later creditors, lenders (banks), and others that you have an option to purchase.
- Make sure you and the landlord **follow the agreement**. Check to see if the landlord is paying the taxes and insurance, if required to. If you miss a payment or violate the lease or agreement in some other way, catch up or fix the problem right away. If you act quickly, you might avoid a notice ending the tenancy. Get legal help right away if the landlord is not following the agreement. (See below.)
- **Keep everything** you have signed. You should also keep all receipts, including for rent, repairs, improvements, and taxes. You will need these if you ever have to go to court.

I am already in an RTO Home. When will I own my home?

It depends. Every agreement is different. Have a lawyer look your agreement over. (See contact info below.)

You are a renter until you exercise the option to purchase. "Exercise" means you follow the correct steps to notify the landlord that you have decided you want to own the home. The agreement should explain how you exercise the option.

Some RTOs will not let you exercise the option until the end of the rental period, many years out. Then it is more likely that you will lose your option to purchase because of late payment, lease violation, or need to move.

Exercising the option is often hard. Many sellers design it that way. **Read the terms of the option carefully**. A mistake could allow the seller to argue you did not successfully buy the property. Then you must hire a lawyer to sue the landlord.

Does the agreement protect my right to buy?

Only if it meets legal requirements. An RTO agreement must be all of these:

1. In writing.
2. Have a proper legal description. The address is not enough.
3. Signed by seller and buyer.
4. Notarized.

Contact a lawyer to have your RTO agreement put in proper written form.

Otherwise, a judge might not force the seller to honor (might not *enforce*) your agreement. Read the next section.

Our agreement is not in writing or is missing the legal description or notarization. Does it matter?

Probably. The landlord may claim that there is no rent-to-own agreement or that the agreement is not enforceable.

A judge might still enforce an RTO deal if you took possession of the home, paid rent, and made substantial improvements to it. **This is a complicated legal argument. Get help from a lawyer.** See contact info below.

Am I responsible for repairs?

In most cases, no. This is how many RTO disputes arise.

Your landlord and the paperwork you signed may say you must make all repairs. The law says your landlord has the duty to keep the property fit for living, be up to all codes, and do other maintenance. If your landlord put in the lease that you are responsible for repairs, this is likely illegal.

But you can be responsible for major repairs with a rent-to-own agreement if you had your own lawyer or certain government attorneys approve the written agreement.

Can the seller evict me?

Yes, the same way as any renter, unless you exercise the option to purchase. Read [Eviction and Your Defense](#) to better understand the eviction process.

Can I get out of the deal?

Maybe. Know your legal options before deciding what is best for you. **Talk to a lawyer** to find out if it is better for you to move out, try to get your money back, or try to buy the home.

Get Legal Help

- **Apply online:** nwjustice.org/apply-online
- **Facing Eviction?** Call 1-855-657-8387.
- **Facing Foreclosure?** Call 1-800-606-4819.
- **Facing a legal issue in King County** (other than Eviction or Foreclosure)? Call 2-1-1 (or toll-free 1-877-211-9274) weekdays 8:00 am - 6:00 pm. They will refer you to a legal aid provider.
- **Facing a legal issue outside of King County** (other than Eviction or Foreclosure)? Call the CLEAR Hotline at 1-888-201-1014 weekdays between 9:15 am - 12:15 pm or apply online at nwjustice.org/apply-online.
- **Seniors (age 60 and over)** with a legal issue outside of King County can also call CLEAR*Sr at 1-888-387-7111.

Deaf, hard of hearing or speech impaired callers can call any of these numbers using the relay service of your choice.

Interpreters provided.

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