Frequent resident misperceptions
about the lease purchase program

- **Monthly rent payment vs. monthly mortgage payment:** Many residents believe that their rent payment is strictly used to pay down “their mortgage”. CHN frequently distributes its per unit operating budget (including debt service) to residents who raise this issue. This per unit budget demonstrates that, on average, only $20 per month goes towards principal reduction. Nonetheless, this misperception persists, even after the resident sees the operating budget.

- **“I was never told my rent would increase”:** CHN offers both rental and lease purchase housing. Lease purchase buyers are particularly sensitive about rent increases. Perhaps residents equate their rental payments to making payments on a fixed rate mortgage – payments which do not change year to year.

- **Tenant status vs. being an owner with an equity interest:** Many residents believe that they have an equity interest in the property. All CHN documents stress that this is not the case, and that the lease purchase resident is a tenant for fifteen years, and only if the tenant successfully exercises his/her option to purchase do they become an owner. Nonetheless, this misperception persists.

- **Purchasing the property in Yr. 16 vs. Taking title free and clear in Yr. 16:** Many residents choose to believe that they will receive title to their home free and clear after fifteen years. Part of this is wishful thinking, and part of this is due to the fact that CHN only implemented the Option Agreement (complete with a guaranteed maximum purchase price) in the past five years. In prior years, the “corporate line” was that your purchase price will be the sum of all remaining debt plus exit taxes, and that this amount could not be determined precisely until Year 16. This left it to rumor what the actual purchase price might be.

In preparing literature about a lease purchase program, it is important to consistently address these potential resident misperceptions.