



Policy Number: 01-008
Subject: Rent-to-Own and Option to Buy Agreements
Chapter: General Issues

<p>Rent-to-own agreements are not covered by the Residential Tenancies Act. Purchasers do not qualify as tenants. Under a rent-to-own agreement, the original owner still holds an interest in the property as does the tenant, therefore, they are both part owners. An agreement to sell creates the relationship of vendor and purchaser, not landlord and tenant. (See Newman/Glover opinion of Articling Clerk Mark Stares).</p> <p>Rent with option to buy agreements may be covered by the Residential Tenancies Act. It is important to note that if the tenant holds any interest in the premises, it is not considered a rent with option to buy.</p>	
Legislation	s. 3(4)(k)
Definitions	<p>Rent-to-own agreement: a tenant agrees to pay the owner to live in a house, mobile home or other single family unit, with the understanding that the occupant holds an interest or equity in the premises. Some or all of the money paid to the owner, is applied toward the purchase price of the unit.</p> <p>Rent with option to buy: a tenant agrees to rent the premises with an option of buying it at a later time. The tenant pays rent and, unless money is paid directly towards the purchase of the premises, the tenant does not hold an interest in the premises.</p> <p>Depending on the agreement, some or all of the money paid to the owner, is applied toward the purchase price of the unit.</p>
Purpose	The purpose of this policy is to clarify the role and authority of the Residential Tenancies Division.
Policy	<p>Rent-to-own agreements are not covered by the Residential Tenancies Act if the tenant holds any interest in the premises.</p> <p>Rent with the option to buy agreements are covered by the Residential Tenancies Act so long as the tenant does not hold an interest in the premises.</p>
Procedure Overview	An individual who wishes to file a claim regarding rent to own agreements should be directed to seek legal counsel, and advised that this division has no authority to deal with this matter.
Forms &	N/A



Form Letters	
X-Reference	See Exemptions section of this manual.
Policy Developed	September, 2000
Policy Revised	January, 2002 September, 2021
Other Resources	