



## How to Buy a Builder's Model Home Now and Live in it Later

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**A**re you eager to invest in property now to take advantage of the current housing market conditions, but you're not ready to move just yet? What if you could buy now and occupy later ... while earning income on the property, but without the hassle of finding tenants?

Many of us would love to take advantage of current housing market conditions by purchasing or building our dream home today. However, just the thought of having to move right now is enough to scare some of us away from the idea. If this sounds like you, you might be interested in taking advantage of a little-known opportunity that would allow you to purchase property now and occupy it later.

## How it Works

Most builders must have a model home to showcase what they are offering and to help potential buyers see, touch, and feel the quality that the builder has to offer. Without a showcase or model home, it becomes much more difficult for builders to sell homes. While model homes certainly help sell more new homes, they simultaneously represent a financial burden to the builder because now they have their line of credit tied up. The model is one less home they can borrow money on to build with.

Today more than ever before, cash flow is the life blood to all builders. More builders are willing to sell their model homes now and then lease them back from their new owner for a period of time ranging anywhere from a few months to a few years.

## Who's it For?

This sale-and-lease-back strategy will appeal to all-types of buyers, but the following are some that come to mind that might describe you:

- Retirees, or someone looking to retire in the near future
- Families that are growing, or plan to
- Young couples that are not quite ready to move, but want to go ahead and make the investment now
- Investors who are looking to have a built-in renter now and plan to sell the home at a later date

## Advantages

Purchasing a builder's model home offers a number of benefits and advantages to anyone who wants to buy now and enjoy later.

- The ability to negotiate the terms of the lease with the builder before you purchase
- Hassle-free tenants – no need to find renters yourself
- Receive income while you wait to move in
- Since no one is “living” in the model, the wear and tear on the place will be minimal
- Your warranty period usually starts the day you occupy the property rather than the day you purchase
- Model homes tend to be built in the best locations the community has to offer
- You can be sure that, most of the time, the model home will come fully loaded – upgraded kitchens, premium appliances, professionally decorated and landscaped, etc.

- Oftentimes, the builder will pay the operating costs, including utilities, maintenance, insurance, lawn care, and even homeowner association dues
- The ability to take advantage of today's low housing prices and historically low interest rates

## Disadvantages

As with any investment, there are some risks one takes on. However, I wouldn't let these stop you if you are eager to take advantage of today's low housing prices and interest rates. The builder could terminate the lease early if he sells all the homes in the community earlier than anticipated. For other financial reasons, the builder could potentially be unable to fulfill the lease, but that is to be expected with anyone that is renting property from you. The good part is that you still own the home – that hasn't changed. And if you aren't ready to move in, find a tenant! Or, better yet, another builder could start building in that community and want to lease the model from you or take over the lease. In any case, those are all part of being a landlord.



*Author, business owner and financial expert, John Palumbo will take you “where Wall Street can’t” by giving you advice on out-of-the-ordinary investment strategies. As one of the nation’s leading authorities on unique investing strategies, John adds a fresh facet to the old ideology of “thinking outside of the box”. He has spent over 20 years navigating the treacherous path of investing in unusual assets, providing him with his unique and profound investing perspectives. You can see him regularly on his “Investment Gambler” segment on Jacksonville’s [WJXT TV’s Morning Show](#) or on his Web site, [www.InvestmentGambler.com](http://www.InvestmentGambler.com)*