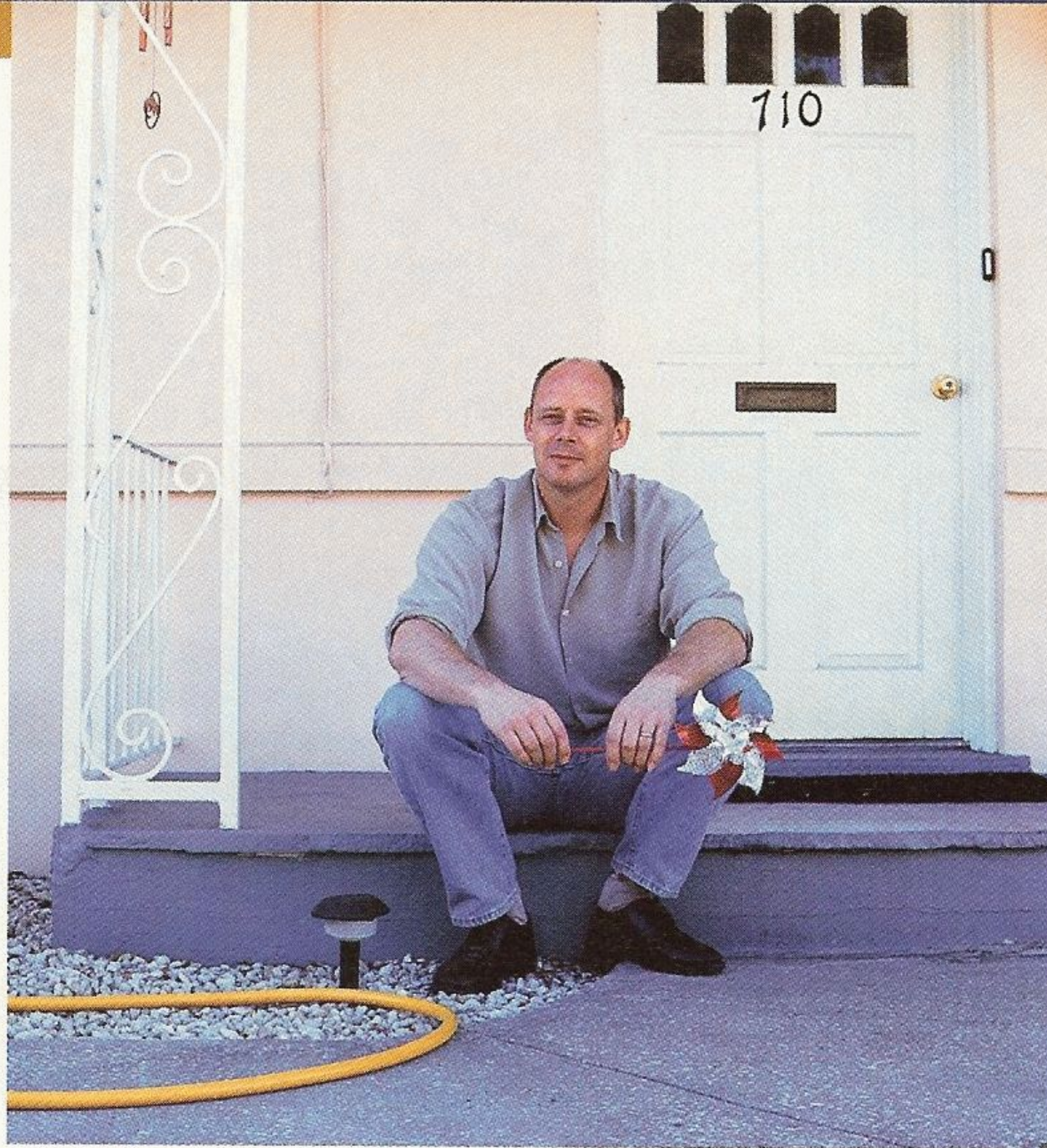




The Rent-to-Own Strategists

Hans and Janice van der Kolk know the value of doing one thing in real estate investing and doing it well. Ten years ago 44-year-old Hans, the CEO and primary owner of a building-products manufacturer in Palmetto, Fla., met a real estate investor who told him about a potentially lucrative strategy. It was this: Buy a house, fix it up, rent it to a tenant—typically one who is trying to clean up his credit—and give that tenant the option to buy the house at a specified price in a certain time period. The rent-to-own tenant agrees to maintain the house, so expenses are minimal.

The van der Kolks were game to try it. In 1998, with \$14,000 from a line of credit on their home, they bought a \$65,000, three-bedroom concrete-block home in Bradenton that had been a foreclosure (they found it on the website of the U.S. Department of Housing and Urban Development). Over the next four weeks they spent an additional \$3,000 and tons of sweat equity filling four dumpsters with debris, putting three coats of paint on every wall and cabinet, laying tiles in the kitchen and carpet everywhere else, and installing new brass knobs on each door and cup-



board. They then took out an ad in the local paper offering the house for a 48-month lease (\$925 a month) with an option to buy for \$92,000 at any time before the end of the lease. (They charged \$1,500 up front for that option.) Of the \$925 per

MAXIMIZING PROFIT
Hans van der Kolk loves rent-to-own deals.