



## Portfolio 2

This was our third house. We bought this house back in 2016. We had both graduated and used the equity in our first house to purchase our next two home. One of our houses is currently rented to an awesome family and we lived in the other one. Unexpected career opportunities took us out to Calgary, Alberta and we decided one rental was enough to manage long distance and wanted to sell our apartment. We connected with a young individual who had enough for a minimum down payment, wanted to buy a house, but unfortunately had poor credit. We negotiated a three-year Lease Option and the individual is on their way to home ownership!



|  |                             |
|--|-----------------------------|
| <b>Location</b>  | <b>Thunder Bay, Ontario</b> |
| <b>Lease Term</b>  | <b>3-Years</b>              |
| <b>Market Value @ Signing</b>  | <b>\$170,000</b>            |
| <b>Purchase Price @ Lease Expiry</b>   | <b>\$185,000</b>            |
| <b>Required 5% Down Payment @ Lease Expiry</b>                                       | <b>\$9,250</b>              |
| <b>Initial Option Down Payment (Non-Refundable)<br/>(1% of Purchase Price)</b>       | <b>\$1,850</b>              |
| <b>Monthly Rent</b>  | <b>\$1,300</b>              |
| <b>Estimated Equity in House at Purchase<br/>(Estimating 3% Appreciation / Year)</b> | <b>\$15,700</b>             |



**Equity Position Estimation:**

***Fair Market Value of House (Year 0) = \$170,000***

***Market Value of House at Lease Expiry (Year 5) = \$170,000(1 + 0.03\*)<sup>3</sup>***

***Market Value of House at Lease Expiry (Year 5) = \$185,763.59***

**\*We are assuming that the House will appreciate conservatively at 3% each year of the Lease.**

***Equity Position at Lease End = \$185,763.59 – Purchase Price***

***Equity Position at Lease End = \$185,763.59 – \$170,000***

***Equity Position at Lease End = \$15,763.59***

**At the end of the Lease Term, the estimated equity into the house at time of purchase is \$15,700**

**Down Payment Calculation:**

***Initial Non – Refundable Option Deposit = 0.01 (1%) x \$185,000***

***Initial Non – Refundable Option Deposit = \$1,850***

**LTH Rentals Benefits:**

**Build  
Equity** 

**Build  
Credit** 

**Home  
Ownership** 

**Time** 

**Due to rounding, numbers presented throughout this and other documents may not add up precisely and each scenario is specific in nature and due consideration must be considered for each case**