

# Leverage – Today's Investor

Now a 100% return in a 6 year period is nothing to complain about. However, using the unique leverage of real estate, you can vastly improve the return you receive on your investment.

The next example is exactly the same property, using exactly the same time frame, only this time you have purchased it with just a 25% down payment, which is a standard figure that almost anyone can arrange at the bank.

## Example #2 – 25% Down Purchase

Most banks feel that real estate is a very small long term risk in their portfolio. Therefore, in most cases, they will provide you with 75% of the purchase (or appraised) price. All you need to come up with is 25%.

### The Deal:

- 25% Down (\$25,000)
- Purchase at \$100,000
- 6 Year Holding Period
- Sell for \$200,000

**SOLD! Only \$100,000**



***The Bank Becomes  
Your Silent Partner!***

### The Gross Profit:

- Gross Sales Price: \$200,000
- MINUS Purchase Price: \$100,000
- Gross Profit: \$100,000

### Return-On-Investment Formula:

$$\frac{\text{Gross Profit}}{\text{Initial Investment}} = \frac{\$100,000}{\$25,000} \times 100 = \underline{400} \%$$

Same Property now a 400 %  
Return-On-Investment over a 6 Year Period