



Green and Lawrence, LLC

Why Should You Invest in Real Estate?

A Primer for High School Students.

Tips to Consider when Buying Real Estate in the Anacostia Market

About Us

Green and Lawrence LLC is an emerging property management company registered in the District of Columbia.

- We are the owners and managers of a property in Anacostia, whose investment goals will help diversify our revenue stream and provide affordable housing for young people living in Ward 7.
- Our common roots were with the US Peace Corps, where we both served in Southern Africa (Swaziland and Lesotho) over 30 years ago.
- Our friendship grew into a business partnership back in 2018. The business partnership allowed me to turn from a renter to homeowner, and for both of us to diversify our retirement portfolio.



Green and Lawrence LLC



- Homes are appreciating at a faster rate in Anacostia than most other DC neighborhoods (Urban Turf reported a 98% increase in Anacostia homes since 2013. March 2019).

- Over \$75 million in commercial and infrastructure development investments will attract more homeowners and businesses, effectively increasing home demand and related values at a faster pace than the rest of the District.

Why Should You Invest Now in Anacostia?



Real Estate Principles

KEY COMMON HOME LENDING TERMS YOU NEED TO KNOW BEFORE YOU BUY A HOME

Appreciation

- is the increase in a home's value over time.

Amortization

- the action or process of gradually writing off the initial cost of an asset.

Down Payment

- The amount of money a borrower puts down toward the cost of the home to secure a mortgage. Banks will generally require a down payment of 20% to avoid private mortgage insurance. The amount of the down payment may also affect your interest rate. Most first time borrowers may offer as little as 3% down.

Equity

- the value of a mortgaged property after deduction of charges against it.

Interest Rate

- The money you pay a lender in exchange for a loan, expressed as a percentage.

Mortgage

- a legal agreement by which a bank or other creditor lends money at interest in exchange for taking title of the debtor's property, with the condition that the conveyance of title becomes void upon the payment of the debt.

The Compound Interest Formula

Amount

Interest Rate (decimal)

$$A = P \left(1 + \frac{r}{n}\right)^{nt}$$

Time

Principal

Number of times interest is compounded per unit 't'

thecalculatorsite.com

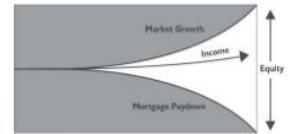


Equity Repayment & Appreciation

Equity Growth Model



Income Grows too



Equity Growth

Understanding Compound Interest and Appreciation

- Real Estate vs. Financial Markets

Compound Interest versus Appreciation

Investment Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Initial Investment	Return of Investment compounded annually at 10%/year									
\$ 1,000	\$ 1,100	\$ 1,210	\$ 1,331	\$ 1,464	\$ 1,611	\$ 1,772	\$ 1,949	\$ 2,144	\$ 2,358	\$ 2,594
\$ 5,000	\$ 5,500	\$ 6,050	\$ 6,655	\$ 7,321	\$ 8,053	\$ 8,858	\$ 9,744	\$ 10,718	\$ 11,790	\$ 12,969
\$ 10,000	\$ 11,000	\$ 12,100	\$ 13,310	\$ 14,641	\$ 16,105	\$ 17,716	\$ 19,487	\$ 21,436	\$ 23,579	\$ 25,937
\$ 15,000	\$ 16,500	\$ 18,150	\$ 19,965	\$ 21,962	\$ 24,158	\$ 26,573	\$ 29,231	\$ 32,154	\$ 35,369	\$ 38,906
\$ 20,000	\$ 22,000	\$ 24,200	\$ 26,620	\$ 29,282	\$ 32,210	\$ 35,431	\$ 38,974	\$ 42,872	\$ 47,159	\$ 51,875
\$ 25,000	\$ 27,500	\$ 30,250	\$ 33,275	\$ 36,603	\$ 40,263	\$ 44,289	\$ 48,718	\$ 53,590	\$ 58,949	\$ 64,844

Purchase Price	Appreciation, compounded at 8%/year				Year 5					
\$ 375,000	\$ 405,000	\$ 437,400	\$ 472,392	\$ 510,183	\$ 550,998	\$ 595,078	\$ 642,684	\$ 694,099	\$ 749,627	\$ 809,597
\$ 400,000	\$ 432,000	\$ 466,560	\$ 503,885	\$ 544,196	\$ 587,731	\$ 634,750	\$ 685,530	\$ 740,372	\$ 799,602	\$ 863,570
\$ 425,000	\$ 459,000	\$ 495,720	\$ 535,378	\$ 578,208	\$ 624,464	\$ 674,422	\$ 728,375	\$ 786,645	\$ 849,577	\$ 917,543
\$ 450,000	\$ 486,000	\$ 524,880	\$ 566,870	\$ 612,220	\$ 661,198	\$ 714,093	\$ 771,221	\$ 832,919	\$ 899,552	\$ 971,516

Amortization Schedule and Gross Profit

Amortization Schedule					Year 5
Purchase Price - 30 year fixed @ 5.25%					
375000	\$374,570	369,259	\$363,663	\$357,765	\$351,551
\$ 400,000	\$393,876	\$387,907	\$381,616	\$374,987	\$368,082
\$ 425,000	\$418,494	\$412,151	\$405,467	\$398,424	\$391,002
\$ 450,000	\$443,111	\$436,395	\$429,318	\$421,861	\$414,002
Gross Profit (Expected Value - Principal Balance)					
375000	\$ 30,430	\$ 68,141	\$ 108,729	\$ 152,418	\$ 199,447
\$ 400,000	\$ 38,124	\$ 78,653	\$ 122,269	\$ 169,209	\$ 219,649
\$ 425,000	\$ 40,506	\$ 83,569	\$ 129,911	\$ 179,784	\$ 233,462
\$ 450,000	\$ 42,889	\$ 88,485	\$ 137,552	\$ 190,359	\$ 247,196

Investment Comparison: Which is the Best Investment Choice?

One Time Investment of \$20,000 compounded @ 10%/year in a mutual fund.

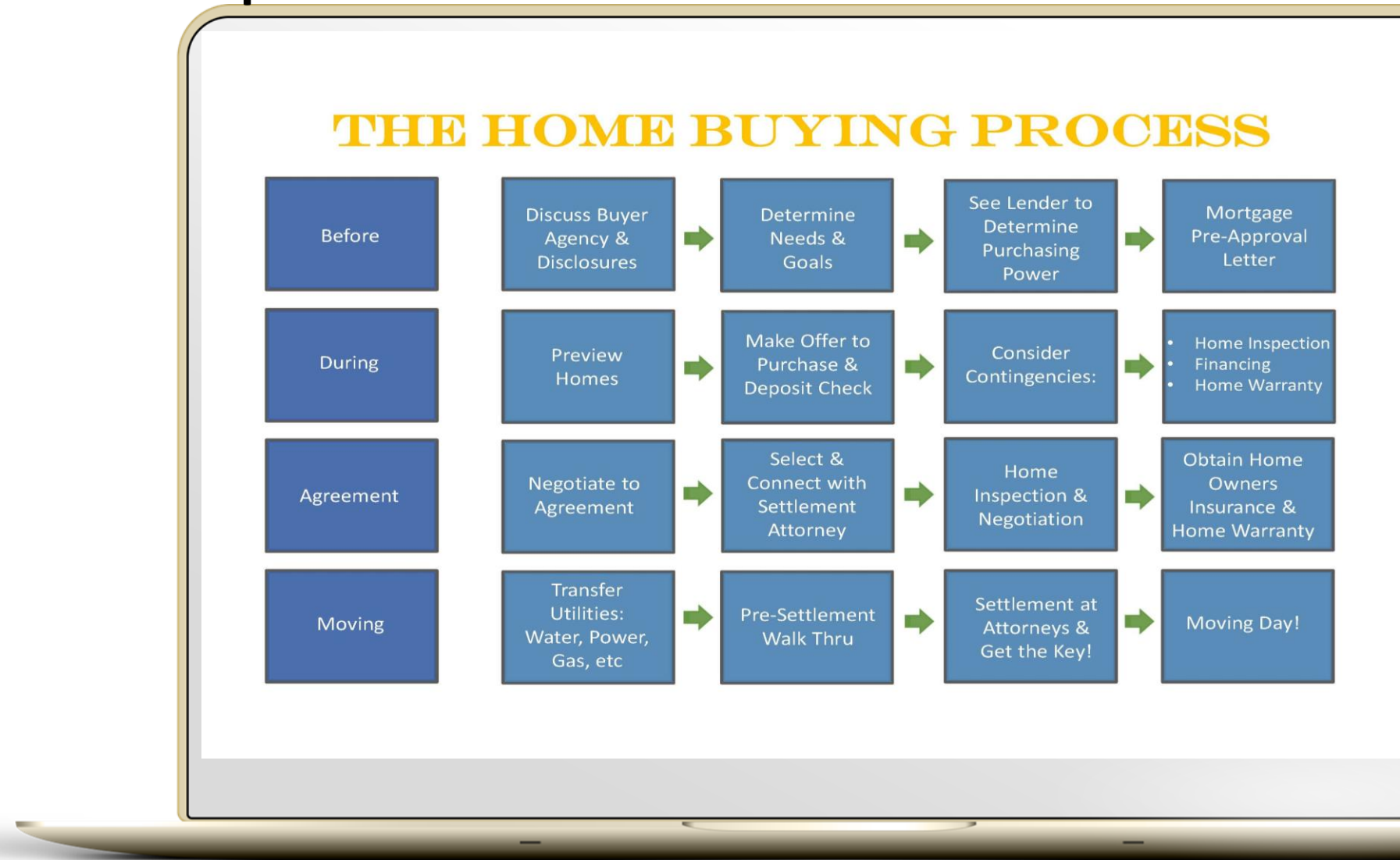
- At the end of 60 months, a \$20,000, one time initial investment would be valued at \$32,210, or 61%.
- As a Renter paying \$2000/month for 5 years, I would **pay** \$120,000 in interest.
- **\$12,210 in capital gains.**

One Down Payment of \$20,000 on a Home appreciating at 8%/year.

- At the end of 60 months, a home valued at \$350,000 has appreciated to \$550,998, or 47%.
- As an owner paying \$120,000 in mortgage payments over 60 months, I would **earn** over \$120,000 in equity after the mortgage is amortized.
- **\$ 199,447 in capital gains (does not include mortgage interest deduction).**

Steps to Real Estate Ownership

- Understand the home buying purchasing process.



Where do I Start to Determine How Much I Can Afford?

- Understand Your Work History Requirement
- Understand Your Credit Score and Lender's Minimum Range
- Understand the debt to income ratio (30-40% maximum requirement)
- Understand the other pre-approval requirements by your lender
- Understand the best lending program for you (FHA versus Conventional; HPAP and DC Open Doors)

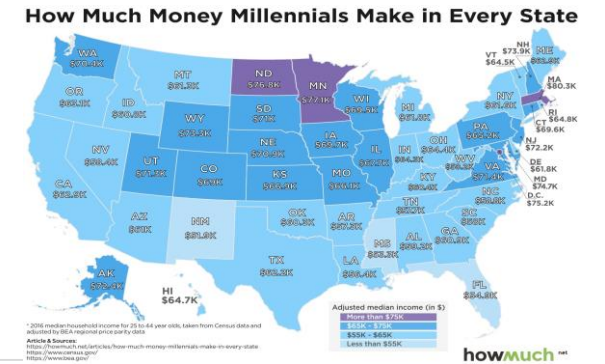
Financial Challenges for the Millennials

“

We are the most educated generation in history while simultaneously being the first to be worse off than our parents since the Great

”

Depression.



Unemployment

Millennials were applying for jobs in the most difficult economic climate since the Great Depression and as a result, a growing number are now working in low-wage industries and earning less than their predecessors.”

- Scott M. Stringer, New York City Comptroller (April 2016)

College Debt

Millennials are saddled with record student-loan debt of \$1.5 trillion and many have a hard time affording a first house (Market Watch. Quentin Fotrell. February 2020)

Income

When it comes to earning power, the average Millennial annual salary is \$35,592. Pew Research found that more millennial households are in poverty than any other generation and that millennials accounted for most of the nation’s renters.

Solution:

Plan your career and investment pathway now!



Work-Based Learning



Post Secondary



Service Learning

Where Can I Start to Save Money?

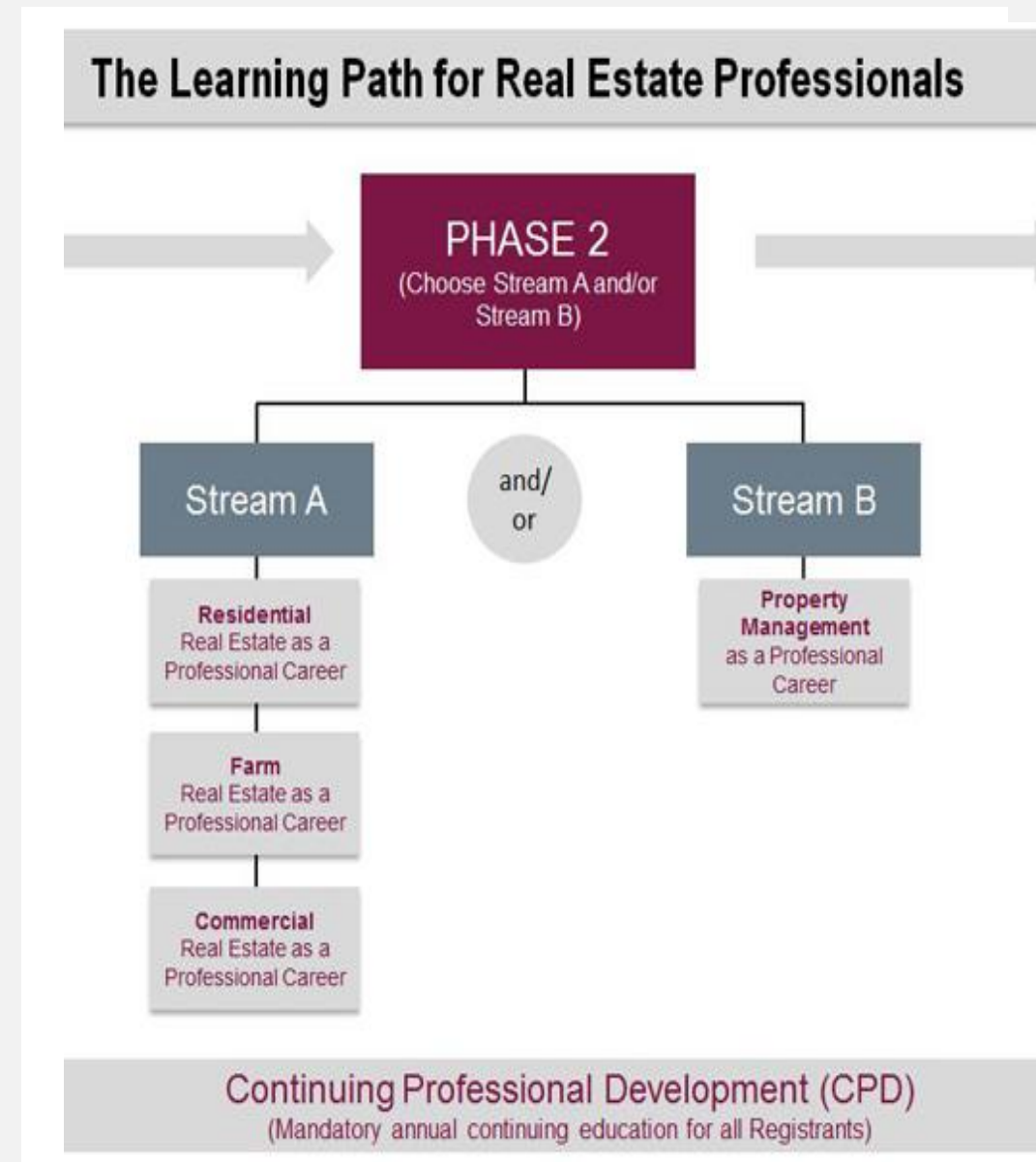
High Wage, High Demand Jobs in Washington DC's Ward 7

While in high school, consider career technical education programs leading to certification in high paying fields such as

- **Utilities - \$2,324 average in weekly wages (Infrastructure Academy, located in Ward 7)**
- **Construction - \$1,211 average in weekly wages**
- ***Real Estate and Rental and Leasing - \$833 average in weekly wages (<https://does.dc.gov/page/labor-statistics>)***
- ***The median salary in Washington DC for real estate agents is \$47,710. The media salary for property managers is \$74,580***
 - ***People starting in this career usually have:***
 - ***High school diploma or equivalent***
 - ***No work experience***
 - ***1 to 12 months on-the-job training***

SUMMARY


- Real Estate in Anacostia is appreciating faster than virtually any other zip code in the States.
- With careful planning, you can own property, and create wealth faster than in other financial markets.
- Align your career goals prudently, and consider taking career education programs in areas that are considered high paying (over \$50,000), which will help qualify you to purchase property in your own backyard!





Thank You

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