

# Sample Economics

The following example is for discussion purposes only. Data is based on market conditions at the time of publication and is subject to change.

## CLIENT SCENARIO:

After living with their family in the same home in the same neighborhood since their first child was born, Marcus and Rachel have desired a second home where they can get away with their kids at their leisure, still feel at home, and make money on the second property when they're not using it through a service such as Airbnb or VRBO. Because raising a family in California can be expensive, Marcus and Rachel aren't able to qualify for a traditional mortgage on a second property. While they do have some cash on hand to make a big purchase like a home, they aren't interested in taking on more debt. Fortunately, their Agent tells them about Seashine and the fact that REAL doesn't use a Debt-to-Income ratio in the transaction process. With REAL, Marcus and Rachel are quickly able to find and begin enjoying the second home of their dreams.

The following table summarizes a few options - Marcus and Rachel chose Scenario (A):

CHARACTERISTICS	Credit Score	Property Use	Property Type	Purpose	Notes
Marcus and Rachel	720-749	PART-TIME	SFR	PURCHASE	Applicant/Property Details

SCENARIOS	(A)	(B)	(C)	(D)	Notes
Contract Purchase Price	1,000,000	1,000,000	1,000,000	1,000,000	Negotiated by Marcus and Rachel and Seashine through the agent
Acquisition Premium (\$)	(150,000)	(200,000)	(250,000)	(300,000)	Acquisition Premium (AP) is the option premium paid to acquire the benefits of ownership
Acquisition Premium (%)	15.00%	20.00%	25.00%	30.00%	
Transaction Fee (2.50%)	21,250	20,000	18,750	17,500	Transaction Fee is <b>not</b> paid upfront but added to the Program Balance
<b>Program Balance</b>	<b>871,250</b>	<b>820,000</b>	<b>768,750</b>	<b>717,500</b>	The amount paid by the resident to exercise the option

MONTHLY PAYMENT	(A)	(B)	(C)	(D)	Notes
<b>Base Payment</b>	\$5,915	\$4,978	\$4,127	\$3,334	Excludes taxes, insurance, and HOA dues added to the monthly payment



## TIMELINE FOR AMOUNTS DUE FROM MARCUS AND RACHEL

- Marcus and Rachel applied for REAL with only their photo IDs and paying \$25 each (**\$50** total). Getting approved for REAL is simple and void of the onerous documentation requirements associated with debt financing.
- Within 24 hours of offer acceptance, Marcus and Rachel wired their earnest money deposit (**\$10,000**) and Due Diligence Fee (**\$1,500**) to the REAL Homeownership Trust.
- Prior to the contract Due Diligence deadline, Marcus and Rachel wired the remainder of their upfront payment (~**\$140,000**) to the REAL Homeownership Trust. The earnest money deposit counts toward their Acquisition Premium.

## EXERCISING THE OPTION

When Marcus and Rachel decide to exercise their option by either buying or selling the home, the Program Balance of **\$871,250** is due to the Trust regardless of the current market value. Marcus and Rachel will receive 100% of any net price appreciation of the property as there is no equity sharing with REAL.

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