

VINCE AND CORALIE ... EMBRACING LIFE'S JOURNEY

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Vince and Coralie Mandin would like to personally thank you for subscribing, to our real estate investing newsletter. The newsletter is intended for educational purposes and

to stay connected with others. Feedback / comments, and suggestions regarding future topics of interests are encouraged and greatly appreciated.

Vince and I would like to wish everyone a **HAPPY NEW YEAR**, and all the best in 2010. The month of December can be very busy and perhaps even chaotic as we attempt to fulfill commitments. However, keep the joy in Christmas. After all isn't that what it is all about? The wonderful 'North Pole' look of Edmonton creates an outstanding impression of nature's beauty. While I am not keen on the cold/freezing temperatures, I must admit that the frosty trees are picture perfect. Blessed are we for the beauty we enjoy each day.

Amidst the fog and snow Jake was able to land and we enjoyed a week together. Christmas was beautiful and filled with too many goodies and an abundance of laughter. We were able to enjoy family and friends over for the holiday season. I hope everyone enjoyed the Christmas festivities and New Years excitement.

OUR JOURNEY

The celebration of a new year should feel like a new opportunity to have a look back at the previous year while contemplating the future. Have a true look at your personal life, your business or work life as well as goals you have achieved. Lay it all out and take care of issues at hand. If your personal life is perfect...great...if not make those changes now. The same pertains to business and work. Make adjustments, not excuses. Make this the year for accomplishing what you want. It did not have to

start on January 1st, but make sure goals are set. These are personal and should reflect true adjustments that you wish to make. Make them real and make them attainable.

EDUCATION

We continue, this month, with our series on the six profit centers of real estate and why it is so important to own real estate. We discussed the first two profit centers – Equity & Appreciation. This month we discuss the third Profit Center: #3 – Principle Reduction
This profit centre is like the "Turtle vs The Hare" story. *Slow and Steady* is the moral of this story. When you purchase real estate you make a monthly mortgage payment, usually for 25 years. At the beginning of the mortgage most of the payment goes towards interest, only about 4% goes toward the principle. After 5 – 6 years, though, the principle reduction increases sharply. Now if you owned a rental property your tenants would become your business partners, as they would pay rent every month and this rent money would be used to pay your monthly mortgage, which includes the interest and principle portions. Each month the principle portion, of the payment, becomes larger and larger which increases your net worth month after month *slow and steady*.

Example)

\$250,000	- Purchase Price
\$62,500	- Down Payment 25%
\$187,500	- Mortgage 25 yrs at 5.0% Interest

\$1,090.51	- Monthly Mortgage Payment
<u>x 12 months</u>	
\$13,086.12	- Yearly Mortgage Payment

Yearly Mortgage Payment After Year #1

\$9,191.24	- Interest Portion
\$3,894.88	- Principle Reduction Portion
\$13,086.12	

See how your tenants increased your net worth after 1 year by \$3,894.88.

Vince and Coralie Mandin, Xtreme Services Inc. Box 57215, 2020-Sherwood Drive, Sherwood Park, Alberta, Canada
Phone Toll Free# 1-888-417-0570; Fax# 780-417-3905

Email: info@vinceandcoralie.com Website: www.vinceandcoralie.com

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