

The Power of Leverage on Rate of Return

Price Paid	\$150,000	
Down Payment	\$30,000	
Appreciation (1 Year at 6.1%)	\$159,150	
Gain	\$9,150	$(\$150,000 \times 6.1\%)$
Rate of Return on Price	6.1%	$(\$9,150 \div \$150,000)$
Rate of Return on Investment	30.5%	$(\$9,150 \div \$30,000)$