The Touching Story of Joe and Maria

A Tale of Love, Resilience, and Hope

Keep Your Home, Grow Your Wealth

"SHORT VERSION"

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Objective of this Guide:
This guide is designed to help you, as a realtor, create a customized presentation deck tailored to specific demographics. You may choose to target seniors, younger empty nesters, or high net worth individuals with your presentation. The financial figures used in this document are based on our actual property performance and **are not a representation of or guarantee of future results**.

FoxyHome's Focus:
It is important to highlight that FoxyHome is in the business of **development and construction**, not wealth management or the sale of investments. Neither FoxyHome nor its affiliates offer financial planning, tax or investment advice. FoxyHome's role is to provide high-quality real estate development, not to manage or sell investment portfolios. All financial, tax, or investment decisions should be made in consultation with your independent advisors, and no information, including but not limited to written materials, provided by FoxyHome should be construed as financial planning, tax, or investment advice.

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Guidelines for Creating Your Own Presentation Deck:

1. **Target Demographic:**
   - **Seniors:** Focus on comfort, accessibility, and long-term stability. Emphasize the benefits of downsizing, maintaining independence, and enjoying a simpler lifestyle.
   - **Younger Empty Nesters:** Highlight flexibility, low-maintenance living, and potential for travel or exploration. Offer options that align with their changing lifestyle.
   - **High Net Worth Individuals:** Present financial performance data, growth

potential, and investment opportunities. While FoxyHome focuses on real estate development, any potential returns or risks should be independently assessed with the help of a financial advisor.

2. **Customize Your Content:**
   Adjust the financial figures, visuals, and messaging to resonate with the specific concerns and desires of your chosen demographic. Ensure that you emphasize the **lifestyle benefits** for seniors or empty nesters, while focusing on the **investment potential** for accredited investors.

3. **Transparency is Key:**
   Always make it clear that any financial figures used are illustrative and based on current market trends, which may change. Stress that **FoxyHome does not guarantee future performance** or returns. **FoxyHome is in the business of building and developing.**

4. **Compliance and Disclaimers:**
   Include appropriate disclaimers about the nature of the presentation and the fact that **FoxyHome is not in the business of managing investments or providing financial advice**.

5. **Presentation Design:**
   - Use visuals that appeal to your target group: lifestyle-oriented images for seniors or empty nesters, and professional, data-driven charts for investors.
   - Keep text minimal but impactful—focus on key points and benefits.
   - Tailor the layout to be easy to navigate and visually engaging, ensuring it aligns with the specific needs of your audience.

KEY OBJECTIVE: SELL, SELL, SELL….

NB - FoxyHome pays heathy commissions on the

whole deal, both land and construction.

Typically, 2,5% on each land and construction.

Joe and Maria: A Tale of Resilience and Renewal

Joe, a retired carpenter, and Maria, his wife of over 50 years, poured their lives into their modest home in Toronto's Little Portugal. Purchased decades ago, the house stood as a testament to their hard work and love. Joe had built much of it with his own hands, while Maria filled it with warmth, laughter, and her cherished garden. Over the years, it became more than a house—it was a symbol of their journey together.

But as they entered retirement, rising property taxes, escalating living costs, and mounting home maintenance needs turned their sanctuary into a financial burden. With their fixed income stretched thin, Joe and Maria feared they might lose the home they had built their lives around. Like many in their neighborhood, they were caught between preserving their legacy and the harsh reality of Toronto's skyrocketing housing market.

That was when FoxyHome entered their lives.

The FoxyHome Solution: Unlocking Value Beyond the Norm

Maria discovered FoxyHome through a community flyer. Intrigued by its promise to "Keep Your Home, Grow Your Wealth," she and Joe attended an informational meeting. There, they learned that FoxyHome offered a revolutionary approach: transforming single-family homes into income-generating multifamily properties. Unlike traditional sales, which valued properties based on comparable residential sales, FoxyHome's model unlocked a new potential—valuing homes as commercial multifamily assets based on their income generation.

The process was explained with clarity and detail. By converting their property into a modern multi-unit building, FoxyHome could not only create substantial rental income for Joe and Maria but also dramatically increase the property's overall value. As a multifamily income-generating asset, their home would be worth far more than similar single-family homes in the area. This model didn't just preserve the couple's ability to stay in the neighborhood; it created free cash flow and unlocked a hefty development profit, securing their financial future.

Skeptical but hopeful, Joe and Maria decided to take the leap.

The Transformation

FoxyHome's team worked closely with Joe and Maria to design a solution that met their needs. The plans included private living quarters for the couple, preserving the essence of their home, while converting the rest of the property into efficient, modern rental units. The project also enhanced the property's curb appeal with sleek, market-friendly updates to the façade and landscaping.

During construction, FoxyHome handled every detail. From navigating permits to managing contractors, they ensured the process was seamless. Joe and Maria were temporarily relocated to a nearby apartment, allowing them to stay connected to the progress. Joe, ever the craftsman, visited daily to offer advice, while Maria brought her signature warmth to the crew, often delivering homemade pastries.

When the transformation was complete, their once-aging home was reborn as a modern, multifamily property designed for maximum rental potential. The new income streams covered Joe and Maria's expenses, creating free cash flow they hadn't imagined possible. On top of that, the increase in the property's value as a commercial asset generated a significant development profit – a **growth** that secured their future.

A Win-Win Model for Homeowners and Communities

The impact of FoxyHome's model extended beyond Joe and Maria's financial relief. Their story quickly became an inspiration for others in Little Portugal, showing how FoxyHome's approach could help homeowners preserve their ties to the neighborhood while unlocking untapped value in their properties.

Unlike traditional sales that often displaced long-time residents, FoxyHome's model empowered families to stay in place, benefit from the redevelopment, and contribute to the revitalization of their community. The additional rental units brought new energy to the neighborhood, attracting young professionals and families, while providing Joe and Maria with meaningful connections to their tenants.

A Legacy of Resilience and Prosperity

For Joe and Maria, the partnership with FoxyHome was transformative. The rental income allowed them to enjoy their retirement without financial stress, covering daily expenses and even creating room for indulgences like fresh flowers for Maria's garden. The hefty development profit enabled them to set up a trust for their children and grandchildren, ensuring the property would remain a family legacy.

Their revamped home became a vibrant hub of activity. Neighbors marveled at how FoxyHome had preserved the character of the property while modernizing it for a new generation. Joe found fulfillment mentoring tenants and local tradespeople, while Maria hosted gatherings in their newly landscaped garden.

Today, Joe and Maria's home stands as a shining example of how FoxyHome bridges the gap between traditional homeownership and income-driven property value. By transforming their single-family residence into a commercial multifamily asset, FoxyHome not only preserved their connection to the community but also created financial stability and a lasting legacy.

Their story proves that with the right vision, challenges can be turned into opportunities. FoxyHome's innovative model didn't just save their home—it redefined what it could be, unlocking its full potential for generations to come.

More about FoxyHome:

The FoxyHome plan offers distinct advantages over a *reverse mortgage*

The FoxyHome plan isn't just better than a reverse mortgage - it's a game-changer for seniors like Joe and Maria who want to secure their financial future without sacrificing their homes, community, or legacy. Reverse mortgages, on the other hand, can feel like a financial trap disguised as a lifeline. Here's why the FoxyHome plan outshines reverse mortgages in every way:

1. No Financial Traps or Growing Debt

- FoxyHome Plan: Covers all costs of redevelopment with no upfront investment required. Joe and Maria don't need to borrow against their home or take on debt of any kind. They get a modernized home and rental income without risking their financial stability. *"Upon completion of the construction, Joe and Maria, together with the guidance of FoxyHome to apply for a CMHC MLI-Select mortgage with a 50-year amortization, for $5,000,000**

  **Depending on the prevalent Canada Housing Bond Rates at time of funding."*
  FoxyHome is not a mortgage broker or providing mortgage brokerage services.
- Reverse Mortgage: Forces homeowners to borrow against their equity while accruing interest on the loan. Over time, the debt balloons, eating away at the value of the home. Many seniors are left with little to pass on to their children or forced to sell their homes to settle the debt.

2. A Long-Term Solution, NOT a Short-Term Fix

- FoxyHome Plan: Transforms their home into a multi-family property which can generate sustainable rental income, securing their financial future indefinitely. Joe and Maria remain in control of their home and finances, with benefits that grow over time.
- Reverse Mortgage: Offers temporary relief with monthly payouts or a lump sum, but it doesn't address rising living costs, home maintenance expenses, or the need for additional income streams. Once the loan is due, seniors or their families are often left scrambling.

3. Keeps Seniors in Their Beloved Communities

- FoxyHome Plan: Enables Joe and Maria to stay in Little Portugal, the neighborhood they've called home for 40 years, surrounded by friends, family, and their cherished support network. Temporary relocation during construction ensures they never lose touch with their community.

- Reverse Mortgage: Leaves seniors financially vulnerable. If costs continue to rise, many still face the heartbreaking decision to sell their home and move away from the community they love. Reverse mortgages don't solve the root problem—they just delay it.

4. Preserves and Grows Family Wealth

- FoxyHome Plan: Increases the value of Joe and Maria's property while creating rental income. This ensures they have a valuable, income-generating asset to their children, preserving their family's legacy.

- Reverse Mortgage: Strips equity from the home, often leaving little or nothing for heirs after the loan is repaid. Instead of creating wealth, reverse mortgages deplete it, turning a cherished family home into a burden for future generations.

5. Empowers Seniors, Rather Than Exploiting Them

- FoxyHome Plan: Offers a compassionate, forward-thinking solution designed to uplift seniors and their communities. Joe and Maria gain financial security without sacrificing their dignity or independence.

- Reverse Mortgage: Targets vulnerable seniors, luring them in with promises of easy money while quietly eroding their home equity. It's a predatory financial tool that often leaves seniors worse off in the long run.

6. Modernization Without Financial Stress

- FoxyHome Plan: Upgrades their home to modern, eco-friendly standards, reducing utility expenses and increasing property value. Joe and Maria benefit from a home that's comfortable, efficient, and future proof.

- Reverse Mortgage: Does nothing to improve the home or address rising maintenance costs. Seniors are left shouldering the burden of repairs and upkeep, further straining their limited budgets.

7. Strengthens Communities, Not Just Individuals

- FoxyHome Plan: Helps address Toronto's housing shortage by converting single-family homes into medium-density housing. This approach benefits homeowners, renters, and the city as a whole, fostering inclusive, thriving communities.

- Reverse Mortgage: Offers no broader societal benefit. It’s an isolated financial tool that leaves seniors and their families dealing with its negative consequences.

Why the FoxyHome Plan Is the Clear Winner

A reverse mortgage might seem like a quick fix, but it’s riddled with pitfalls: mounting debt, depleted equity, and a lack of long-term solutions. FoxyHome, on the other hand, empowers seniors like Joe and Maria to stay in the homes and communities they love while transforming their properties into sustainable sources of income and wealth. It’s not just a better choice - it’s the *right* choice for those who want to protect their future, preserve their legacy, and remain deeply connected to the life they’ve built.

With FoxyHome, Joe and Maria are not just surviving -they’re thriving. And that’s a promise no reverse mortgage can ever deliver.

An Illustration of FoxyHome in Numbers:

FoxyHome's Unique Advantage: Maximizing Rental Income

At FoxyHome, we support homeowners who dedicate **20% of their units** to affordable housing, in compliance with CMHC requirements. For example, a unit that might rent for **$8,000 per month** is offered at an affordable rate of **$1,347.50 per month**. This is how FoxyHome can contribute to building inclusive and diverse communities.

To sustain this model and ensure profitability, the remaining **80% of the units** - known as the **non-sacrificial units** – may be rented out at **premium rates**. FoxyHome management services are available to assist homeowners with all aspects of the renal process, including helping to obtain these premium rates. By working with **partners specializing in the hospitality industry**, FoxyHome aims to consistently achieve rents for homeowners that are:

- **At least 20% above market levels**, and
- In some cases, as high as **double the market rent**.

How FoxyHome Achieves These Premium Rents

1. **Partnership with Top-Tier Property Managers:**
    - FoxyHome collaborates with property managers who specialize in the hospitality industry. These experts are adept at identifying high-value opportunities and attracting premium tenants who are willing to pay significantly higher rents for luxury living.
    - This approach positions FoxyHome properties to consistently outperform market averages.
2. **Hospitality-Focused Rentals:**
    - By targeting groups like corporate tenants, students, and short- to medium-term renters, FoxyHome avoids the risks associated with traditional long-term tenants while optimizing rental income.
    - High-end features, such as fully furnished units and cutting-edge energy-efficient designs, attract a discerning clientele willing to pay a premium.

3. **Maximizing Value from Premium Units:**

   - For example, a unit with a typical market rent of **$6,000 per month** can command rents as high as **$7,500 to $8,000 per month**—a **20% to 33% premium**. In exceptional cases, FoxyHome clients have achieved rents as high as **$12,000 per month** for luxury units, effectively doubling market rates.

Risk Points	INCOME MODEL					
	-Legacy Tenant -Students -Short Term Rentals	Score	Legacy Tenant & Custodian Tenants plus short-term Rentals	Score	Conventional Affordable Tenant and Conventional LTB Tenancy	Score
	Score 0-10, 10 Excellent, 0 Terrible					
Receivables (None Payment of Rents)	*Credit Card*	*10*	Moderate	5	High	0
LTB Tribunal	*None*	*10*	High	0	Very High	0
Legal Costs to collect Rents	*None*	*10*	Very High	0	Very High	0
Rental Income	*Market >25%*	*10*	Market +10%	5	Market	0
Ease of Compliance	*100%*	*10*	Borderline	5	Cumbersome	5
Management	*Hybrid*	*10*	Intensive	5	Very High	0
Quality of Tenants	*High*	*10*	Intermediate	5	Low Quality	0
Tenant Turnover	*High*	*10*	Intermediate	5	Low	0
Ability to keep rents above inflation	*High*	*10*	Intermediate	5	Negative	0
Overall Control	*High*	*10*	Intermediate	5	Low	3
TOTAL POINTS		*100*		40		8

Example: Balancing Affordable and Premium Units

Here's how the numbers work for a typical FoxyHome property[1]:

- **Affordable Units (20%):**
  For every five units, one unit is rented at an affordable rate of **$1,347.50 per month**.
  Annual Income from Affordable Unit: $16,170.

- **Premium Units (80%):**
  The remaining four units achieve rents of **$8,000 per month**, exceeding market rates by at least 20%.
  Annual Income from Premium Units: $384,000.

[1] Assuming 100% occupancy for a 12-month period.

- **Total Annual Income:**
  Affordable Unit: **$16,170**
  Premium Units: **$384,000**
  Total[2] = $400,170 per year.

By ensuring premium rents for the non-sacrificial units, FoxyHome offsets the lower rents of the affordable units while generating a healthy surplus.

Why This Model Works

1. **Unparalleled Rental Income:**
   - With top-tier property managers achieving rents significantly above market rates, this model is positioned for profitability even with 20% of units allocated for affordable housing.
2. **Avoiding Traditional Tenants:**
   - Focusing on hospitality-driven rentals, avoids the challenges of traditional tenants and landlord and tenant board regulations, ensuring flexibility and contract enforceability.
3. **Sustainable Profitability:**
   - The ability to achieve premium rents - sometimes double the market rate - provides the opportunity to deliver strong returns for homeowners while maintaining its community-driven mission.

Conclusion

FoxyHome's strategy to allow homeowners to attract 20% or more above-market rents for their premium units positions this innovative business model for success. By working with hospitality-focused property managers, FoxyHome allows homeowners the opportunity to achieve exceptional profitability and make meaningful contributions to their communities. This approach demonstrates how luxury, sustainability, and social responsibility can coexist in perfect harmony.

[2] Assuming 100% occupancy for a 12-month period.

Let us analyse the differences in approaches (market Vs Income) and how they influence values.[3]

Market Approach (Single-Family Home)

- Imagine you're selling a regular house in a neighborhood. To figure out what it's worth, you look at other houses nearby that are similar (same size, number of bedrooms, etc.) and see what they recently sold for.
- It's like checking what others are paying for something similar at the moment. The value is based on what the market says people are willing to pay for that type of house.

Income Approach (Five-Dwelling Structure)

- Now imagine you own a building with five apartments that people rent from you. This building is not just a property; it's a business because it makes money from the rent people pay.
- To figure out its value, you think about how much money it earns every month or year. A buyer will ask, "How much profit will I make if I buy this?" The value is based on the income it generates, not just what similar buildings sold for.

In short:

- The **Market Approach** is about comparing prices of similar properties nearby.
- The **Income Approach** is about how much money the property can make for its owner.

Let us differentiate between an ASSET and a LIABILITY and how the very same property located in the very same location can be one or the other, and why at FoxyHome we say Keep Your Home, Grow Your Wealth – FoxyHome Leads the Way.

Let's look at these two scenarios.

Market Approach: The $2 Million Home

- Imagine you own a beautiful single-family home worth **$2,000,000**.
- To keep the home running each year, you must pay:
  - **Maintenance:** $5,000
  - **Property Taxes:** $10,000
  - **Insurance & Utilities:** $10,000
- **Total Annual Costs:** $25,000.

Since this home doesn't generate any income (you're just living in it or holding onto it), you must pay these costs out of your pocket every year. This makes the home a **liability** because it *takes money out of your pocket*.

[3] Disclaimer: This information is of a general nature and is provided for illustrative and educational purposes only.

Income Approach: The Five-Unit Apartment Building

- Now, imagine you own a property with **five high-end apartments** in a great part of the city. Each unit rents for **$7,500 per month**.
- Total income from all five units[4]:
  $7,500 x 5 units x 12 months = $450,000 per year.
- To run this property each year, you have some costs:
  - **Property Taxes:** $20,000
  - **Insurance:** $7,500
  - **Maintenance:** $15,000 (lower because it's a brand-new building with energy-saving features)
  - **Vacancy Reserve:** $10,000 (to account for any gaps in rental income)
  - **Property Management:** $15,000 (paying someone to handle tenants, repairs, etc.)
  - **Working Capital Reserve:** $10,000 (saving for unexpected costs).
- **Total Annual Expenses:** $75,000.

Now subtract the expenses from the income:
$450,000 (Income) - $75,000 (Expenses) = $375,000 Net Income.

This means you're making **$375,000 per year** from this property, which makes it an **asset** because it *puts money in your pocket*.

[4] Assuming 100% occupancy for a 12-month period.

Key Difference:

- The **$2 Million Home** costs you $25,000 per year (liability).
- The **Apartment Building** earns you $375,000 per year after expenses (asset).

This shows why income-producing properties, like the five-unit building, are often seen as better investments than single-family homes!

Now let us explain two initial concepts that show how Joe and Maria journey to value creation looked like, we start with the capitalization rate (CAP rate), and then explain the development yield/profit step by step in a simple way:[5]

What is the CAP Rate?

- Think of the **CAP Rate (Capitalization Rate)** as a tool that helps investors figure out how much a property is worth based on how much income it generates.
- The CAP Rate is expressed as a percentage and shows the return an investor expects to earn yearly on their investment.

Formula:
Value of Property = Net Income ÷ CAP Rate

- A **lower CAP Rate** (like 3%) means the property is very valuable because it's in a prime location, is brand new, and has little risk of losing income.

Calculating the Value of the Property

- The property generates a **Net Income of $375,000 per year**.
- The CAP Rate is **3%** (because this is a top-tier, AAA-quality property).
- Using the formula:
  $375,000 ÷ 0.03 = $12,500,000

So, this property is now worth **$12,500,000**, which is what an investor would be willing to pay for it.

Development Costs

- To turn the original **single-family home (worth $2,000,000)** into this **income-producing property**, you spent:

[5] *Disclaimer: This information is of a general nature and is provided for illustrative and educational purposes only.*

  - **$2,000,000** (the cost of the land, or original home).
  - **$6,000,000** (the cost of construction and transformation).

Total Cost = $2,000,000 + $6,000,000 = $8,000,000.

Development Profit (or Development Yield)

- The property is now worth **$12,500,000** (based on income and CAP Rate).
- Your total cost was **$8,000,000**.
- The difference between the two is your **development profit**:
  $12,500,000 - $8,000,000 = $4,500,000.

This **$4,500,000** is the extra value you created by transforming the property into an income-producing asset.

What This Means if You Sold It

- If you sold the property for **$12,500,000**, you'd walk away with:
  - Your **$2,000,000** (the value of the land/home you started with).
  - The **$4,500,000 profit** you created by developing it.

Total in Your Pocket: $6,500,000.

Key Takeaways

- The **CAP Rate** (3% in this case) tells us how much the property is worth based on its income.
- The **Development Profit** is the extra value you created by transforming the property.
- By turning a liability (the single-family home) into an asset (the five-unit building), you added significant value and created wealth.

Let's break this down in simple terms for Joe and Maria so they can see how this works step by step, including the cash flow, their supplemental retirement income, and how FoxyHome helps them make this a reality:[6]

The Situation:

Joe and Maria own a single-family home worth **$2,000,000** in Little Portugal. FoxyHome helps them transform it into a five-unit income-producing property worth **$12,500,000**. However, to make this transformation, they need a total investment of **$8,000,000**. Joe and Maria are short **$1,000,000**, so FoxyHome steps in to help.

Step 1: The Mortgage

Joe and Maria secure a **CMHC-insured mortgage** for **$5,000,000**.

- **What is CMHC?**
  CMHC (Canada Mortgage and Housing Corporation) is a government-backed organization that helps make mortgages more affordable by offering insurance and favorable terms, like longer repayment periods.
- **Mortgage Details:**
  - Loan Amount: **$5,000,000**
  - Interest Rate: **4.14% fixed for five years**
  - Amortization Period: **50 years** (the loan is spread out over 50 years to make monthly payments lower).
  - Monthly Payment: **$20,250**
  - Annual Payment: **$242,996 (principal + interest).**

[6] *Disclaimer: This information is of a general nature and is provided for illustrative and educational purposes only. Information contained herein is based on estimates and sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to confirm independently its accuracy and completeness.*

Step 2: Property Income and Expenses

- **Income from Rentals[7]:**
  Joe and Maria collect **$450,000 per year** from renting out the five units.
- **Expenses:**
  - Mortgage Payments: **$242,996 per year**
  - Other Expenses (property taxes, maintenance, management, etc.): **$75,000 per year**

Total Expenses = $242,996 + $75,000 = $317,996.

Step 3: Cash Flow (Supplemental Income)

After paying all expenses, the property still earns:
$450,000 (income) - $317,996 (expenses) = $132,004 surplus cash per year.

This is called **free cash flow**—the money left over after all expenses are paid. This cash flow can be used to supplement Joe and Maria's retirement income.

Step 4: The Missing $1,000,000 and FoxyHome's Role

- Joe and Maria had **$2,000,000** from the value of their land and borrowed **$5,000,000** as a mortgage.
- This left them short **$1,000,000** to cover the total cost of **$8,000,000**.
- **FoxyHome** steps in and contributes the missing $1,000,000.

Now, the ownership of the project is split based on the capital contribution:

- **Joe and Maria:** 2/3 ownership (because their land is worth $2,000,000).
- **FoxyHome:** 1/3 ownership (because they contributed $1,000,000 in cash).

Step 5: Development Profit

- The property is worth **$12,500,000** after the transformation.

[7] *Assuming 100% occupancy for a 12-month period.*

- Total costs were **$8,000,000**.
- **Development Profit = $12,500,000 - $8,000,000 = $4,500,000.**

Ownership of the profit is split:

- **Joe and Maria (2/3): $3,000,000**
- **FoxyHome (1/3): $1,500,000**

If the property were sold for **$12,500,000**, Joe and Maria would walk away with:

- **$2,000,000 (land value) + $3,000,000 (their share of the profit) = $5,000,000.**

That's **2.5 times the value** of their original home!

Step 6: Supplemental Income

- The **$132,004 surplus cash** is also divided:
    - **Joe and Maria (2/3): $88,002.67 per year**
    - **FoxyHome (1/3): $44,001.33 per year**

This **$88,002.67** is **Joe and Maria's supplemental retirement income**—a steady source of cash flow while the tenants pay off the mortgage.

Step 7: Cash-on-Cash Return

The **cash-on-cash return** measures how much income the investment generates compared to the money invested.

- Total cash invested: **$3,000,000** (Joe and Maria's land + FoxyHome's $1,000,000).
- Free cash flow: **$132,004 per year**.
- **Cash-on-Cash Return = $132,004 ÷ $3,000,000 = 4.4%.**

Bonus: Tax Benefits

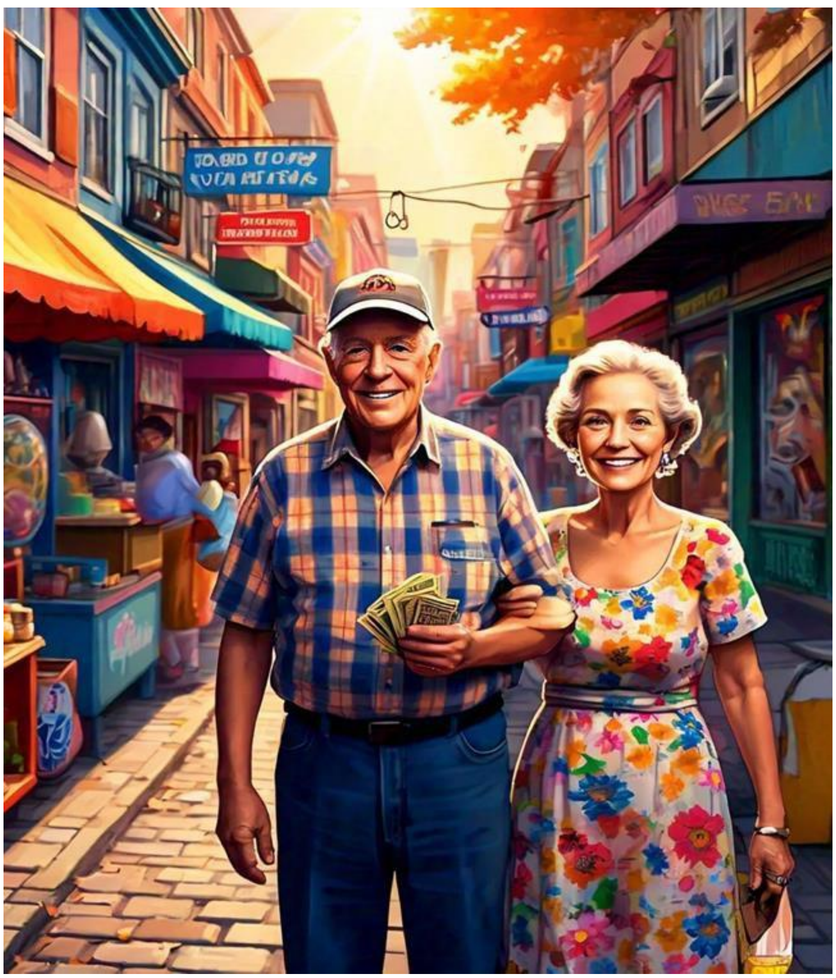
- The free cash flow ($132,004) is essentially **tax-free** because depreciation and interest expenses (on the mortgage) offset the income for tax purposes.

- If taxed at the regular rate, the return would be much higher—closer to **8.8% before taxes**.

Conclusion

- Joe and Maria's retirement income is boosted by **$88,002.67 per year** without them lifting a finger.
- Their property value grows from **$2,000,000** to **$5,000,000** (if sold).
- FoxyHome makes the transformation possible by contributing **$1,000,000** and managing the project.

It's a win-win relationship that turns their liability into a cash-flowing **legacy asset**. Not bad, eh?



Here's how we can break down the tax advantages for Joe and Maria in simple terms:

What Are Tax Advantages?

Tax advantages reduce the amount of income you are taxed on, which means you pay less in taxes. For Joe and Maria, their new income-generating property allows them to claim depreciation, interest expenses, and carry forward losses to lower their taxable income.[8]

[8] Disclaimer: You understand that neither FoxyHome nor its affiliates provide tax advice. All tax decisions should be made in consultation with your independent tax advisor. You understand that the below numbers and examples are used for illustrative purposes only and that no information, including but not limited to written materials, provided by FoxyHome should be construed as tax advice.

Step 1: The Mortgage Breakdown

Each year, the **$242,996 mortgage payment** is divided into two parts:

1. **Principal Payment**: **$30,337** (reduces the loan balance but isn't tax-deductible).
2. **Interest Payment**: **$212,659** (this **is** tax-deductible as a business expense).

Step 2: Depreciation

- Depreciation allows Joe and Maria to account for the fact that the property and its assets (like furniture) lose value over time.
- In Canada, the government lets you deduct depreciation each year as a "paper loss" (an expense you didn't actually pay in cash).

For their property:

1. **Building**: Valued at **$5,250,000** and depreciates at **4% per year**.
   - **Depreciation = $5,250,000 × 4% = $210,000.**
2. **Chattels (Furniture, Appliances, etc.)**: Valued at **$750,000** and depreciates at **20% per year**.
   - **Depreciation = $750,000 × 20% = $150,000.**

Total Depreciation = $210,000 + $150,000 = $360,000.

Step 3: Total Accounting Loss

Joe and Maria's property generates a **paper loss** that they can carry forward to future years. Let's add this up:

1. **Depreciation**: $360,000.
2. **Interest Expense**: $212,659.

Total Accounting Loss = $360,000 + $212,659 = $572,659.

Step 4: Deduct Income from Losses

From their **$572,659 in accounting losses**, Joe and Maria must deduct any income earned from the property:

1. **Principal Payment**: $30,337 (this isn't deductible but still counts as income).
2. **Surplus Cash Flow**: $132,004.

Total Income = $30,337 + $132,004 = $162,341.

Now subtract this income from the accounting loss:
$572,659 - $162,341 = $410,318.

This means Joe and Maria still have **$410,318 in carry-forward losses** after the first year!

Step 5: What Are Carry-Forward Losses?

- Carry-forward losses are the "leftover" losses you didn't use in one year.
- Joe and Maria can apply these losses to reduce taxable income in future years for up to **20 years**.
- If they hold the property in a **limited partnership**, these losses can even be used to offset other active income from other investments.

Step 6: Surplus Income and Capital Contribution

The **$132,004 surplus income** can also be reinvested. For example:

- Joe and Maria can use their share of the surplus (**$88,002**) to pay down their initial capital contribution or reinvest it elsewhere.
- FoxyHome does the same with its share (**$44,002**).

Key Takeaways for Joe and Maria

1. **Tax-Deductible Expenses**: They can deduct depreciation ($360,000) and interest payments ($212,659), resulting in **big paper losses** that reduce their taxable income.
2. **Carry-Forward Losses**: They'll have **$410,318 in losses** to carry into Year 2, reducing their taxes for future years.
3. **Tax-Free Surplus Income**: The **$132,004 surplus cash flow** is effectively **tax-free**, thanks to depreciation and interest deductions.
4. **Partnership Advantages**: If held in a **limited partnership**, these losses can be transferred to a holding entity and applied to other active income.

Conclusion

Joe and Maria now have a property that:

- Generates **tax-free supplemental income** of **$88,002 per year**.
- Builds long-term wealth through appreciation.
- Allows them to **defer taxes** for years using carry-forward losses.

Not bad for a retirement strategy, eh?

LOCATION AND LOT SELECTION: LOCATION/LOCATION/LOCATION

1) **Target Locations for FoxyHome Projects**

Our ideal target locations are carefully chosen to ensure maximum accessibility, convenience, and community integration. These areas boast exceptional walkability, transit accessibility, and bike-friendly infrastructure, with walk-scores, transit-scores, and bike-scores all exceeding 90 points. Proximity to public transit is a non-negotiable criterion for all our target locations.

Primary Boundaries

East: The Beaches area, extending west of Woodbine. While many lots in the east end are narrow, there are potential gems worth exploring in this neighborhood.

South: South of Bloor Street, All the way to Lake Ontario.

West: East of Dufferin Street, with select lots near High Park also considered based on their potential.

North: North of Lake Ontario

By focusing on these high-potential locations, we aim to create modern, sustainable housing solutions that fit seamlessly into vibrant, well-connected communities. Our goal is to find properties that align with our mission of enhancing neighborhoods while preserving their unique charm and character.

Brokers/Agents get 2,5% plus HST commission on both the land and turnkey construction agreement. Example: land value $2,000,000.00 and CCDC2 Contract $6,000,000.00, total $8,000,000.00, 2,5% equals $200,000.00 plus HST.

2) Target Locations priority by rent prices High to Low. Low being the least priority.
3) Standard lot requirements by zoning by-laws by Target locations.

Ideal Lot Size Requirements:

Zone	Width		Depth	
R	28'	8.5m	140'	42.5m
RM	28'	8.5m	140'	42.5m
RD	28'	8.5m	140'	42.5m
RS	28'	8.5m	140'	42.5m
RT	28'	8.5m	140'	42.5m

Further, each property needs to be checked for:

1. Emergency travel distance to a hydrant (max 45m to a hydrant)
2. Protected trees
3. Conservation, heritage, and easement/ROW encumbrances
4. ESA Phase 1 assessment (Environmetal)
5. Property has to be free and clear of any mortgages, liens on title and any easements

Link to the Municipal Website of Toronto showing various Zones throughout the City:
https://map.toronto.ca/maps/map.jsp?app=ZBL_CONSULT just input the address

4) Identify lots that qualify for a FoxyHome Complex.
5) Review lots identified on GeoWareHouse, look for properties that have owners for longer than 20 years.
6) From those identified on number 5) get a land registry title search to verify which have a registered mortgage and which do not.
7) Make a short list of the properties with no mortgages that qualify per above points 1) through to 6)
8) Target social media ads.
9) Hand deliver literature.
10) Place sticky note on the door with a call-to-action QR Code.
11) Two days later do a phone call and request a meeting with the homeowner.
12) Do presentation face-to-face.
13) Agree on a date to visit a model suite.
14) Agree on a next meeting to review key points and decide YES or NO.
15) If NO, place person on a potential list future clients of contacts to call on every three to six months.
16) If YES, move on to the contract phase.

CONTRACT PHASE ONE:

17) Book a phase one Environmental assessment report ESA. Client can keep it for future reference in case we decide to walk away. Also, get final confirmation from Architect on lot potential to be extremely similar to 21 Batavia Avenue, Toronto.
18) If ESA and Architect reports are positive, next do a rent assessment using Bonnie Hoy services as this will give us a target number for financing.
19) If rent assessment is positive.
20) In form Client that all has checked off and that a preliminary schedule will be forth coming. Issue funds to assist with move of client belongings to their storage. FoxyHome NOT to assist with any moving other than offer financial assistance.
21) Next phase, simultaneously, order appraisal (do not forget to attach rent assessments by Bonnie Hoy), 400AMP service from Toronto Hydro, order topographic survey and engage Architect.

22) Confirm timing to building permit application with Architect, complete a preliminary time schedule for pre-construction activities and construction, and inform the whole team. Pass preliminary schedule to everyone on the Team including purchasing office in Tbilisi, Georgia, Propery Manager, and Interior Designer in Canda.
23) As soon as appraisal is completed apply for CMCH MLI-Select financing.

CONTRACT PHASE TWO:

24) Once building permit application has been submitted, Nora to follow-up with the Toronto Municipality on a weekly basis on permit status, be as persistent as possible.
25) Once permit is issued, confirm purchases from overseas and potential delivery dates of materials to be shipped, agree with Client (homeowner) on moving date to our furnished unit, then update final construction schedule. Distribute construction schedule to everyone.
26) Start site preparation per FoxyHome procedures and checklists.
27) Commissions are paid at take-out mortgage funding.

All Inclusive Items covered by FoxyHome:

FoxyHome - What is Included in the CCDC2 Contract

A CCDC 2 contract is a standard construction contract that establishes a fixed price and schedule for a project between a property owner and a general contractor. It's the most commonly used contract in the Canadian construction industry.

	Estimated Retail Value	SQF	$/SQF
New Utility Connections (Sewer, Water, Hydro)	$125,000	8000	$16
Solar Power and batteries	$150,000	8000	$19
Landscaping	$125,000	8000	$16
Furniture and Accessories, Decorations	$425,000	8000	$53
Energy Star Appliances, TV's, small appliances	$125,000	8000	$16
Construction Loan Interest & Set-up Costs	$600,000	8000	$75
Project Management front-end	$150,000	8000	$19
Legal setup of new LP, appraisals, ESA	$75,000	8000	$9
Land Transfer Tax	$80,000	8000	$10
Temporary Accommodations of Homeowner	$72,000	8000	$9
Architectural Plans	$75,000	8000	$9
HVAC Plans	$15,000	8000	$2
Plumbing permits and consultants	$45,000	8000	$6
Electrical permits and consultants	$75,000	8000	$9
Surveyors	$15,000	8000	$2
Energy Consultants	$15,000	8000	$2
All Permits and Fees	$35,000	8000	$4
Legal cost to waiver HST	$75,000	8000	$9
Legal Cost to Waiver Development Charges	$25,000	8000	$3
Commissions (Land, Construction, Rents)	$250,000	8000	$31
CMHC Loan Setup Costs	$40,000	8000	$5
Soft Costs	$2,592,000	8000	$324
Hard Costs for Four Plex	$2,550,000	6400	$398
Hard Costs for Laneway	$635,000	1600	$397
Project Management Construction	$450,000	8000	$56
Builder Profit at 7.5%	$661,425	8000	$83
GP and Guarantor Fees at 5% + 2,5% = 7.5%	$661,425	8000	$83
Total Construction Cost (Hard Costs)	$4,957,850	8000	$620
Grand Total	$7,549,850	8000	$944
PCM >20% ADVANTAGE*	**-$1,549,850**	**8000**	**-$194**
TOTAL ALL INCLUSIVE FIXED DEVELOPMENT COSTS	**$6,000,000**	**8000**	**$750**

NOTE WELL: The above are for reference only and are not to be a part of any negotiation. Buyer needs to focus on ther total value brought to the table by FoxHome/PCMnow.com for a hassel free, turnkey, white glove scope of supply. Other option, do it yourself, by yourself.

*** Location Dependent, therefore on a Case-by-Case basis**

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