

Affordable Living

Business Plan

March 2008



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Table of Contents

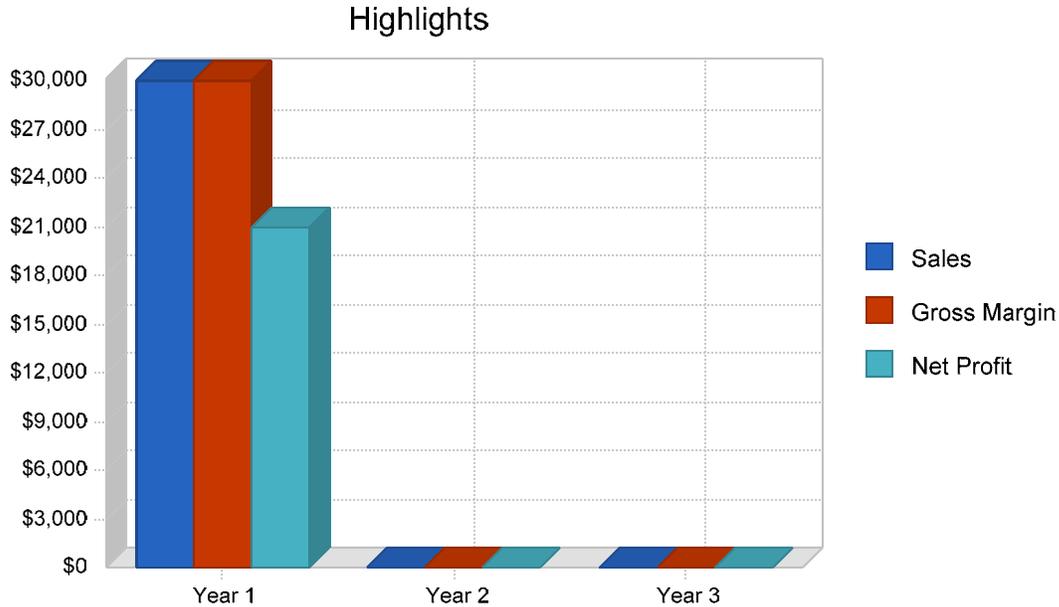
Please click below and press F9 to automatically generate the Table of Contents.

1.0 Executive Summary	1
1.1 Objectives	1
1.2 Mission.....	1
1.3 Keys to Success.....	1
2.0 Company Summary	2
2.1 Company Ownership	2
2.2 Start-up Summary	2
3.0 Products.....	2
4.0 Market Analysis Summary	2
4.1 Market Segmentation.....	2
4.2 Industry Analysis	2
4.2.1 Competition and Buying Patterns	3
5.0 Strategy and Implementation Summary.....	3
5.1 Competitive Edge.....	3
5.2 Marketing Strategy.....	3
5.3 Sales Strategy.....	4
6.0 Management Summary	4
7.0 Financial Plan.....	4
7.1 Start-up Funding	4
Table: Start-up Funding	4

1.0 Executive Summary

Affordable Living, in Waynesville, North Carolina, is a new business providing inexpensive living situations for families who could not otherwise afford decent housing.

The purpose of this business plan is to help Affordable Living acquire approximately \$200,000 in grant funding, in order to move forward with this business endeavor.



1.1 Objectives

Affordable Living seeks to provide affordable living to a primary population of single or divorced moms with children, and minorities who otherwise cannot afford to rent a place to live.

1.2 Mission

To provide affordable housing to those that are not able to find a decent place to live.

1.3 Keys to Success

In pursuit of this goal, Affordable Living will help others to be treated with respect, dignity, and fairness. This community does not provide much affordable housing for such people in the target population. With the opening of a new industrial park in the community there will be approximately 300 new jobs and with that comes an additional need for affordable housing.

2.0 Company Summary

Affordable Living is a new business that seeks to provide affordable living quarters for families who can not otherwise afford to house their family.

2.1 Company Ownership

Affordable Living is owned entirely by Derek Thomas and will be based in Waynesville, North Carolina. The business will run from a residential location, although as it expands there may become a need for office space to house additional employees.

2.2 Start-up Summary

Start-up expenses for Affordable Living total \$200,000, and include expenses such as the acquisition of 4 - 5 houses, housing repairs, advertising and salary. These start-up costs will be funded through grant money.

3.0 Products

Affordable Living will provide less fortunate families with the opportunity to provide decent housing for themselves and their family.

4.0 Market Analysis Summary

Housing has seen a steady uprising in foreclosures and repossessions. That leaves many people with no affordable places to live.

More jobs are expected to come with the opening of numerous franchise businesses, such as a Super Wal-Mart, Lowe's, Home Depot, and several other establishments, in a few short months. With the increase of jobs will come an increased need for housing.

Rental rates in this area run between \$400.00 - \$850.00 for any decent place to live. Affordable Living properties would go for an average of \$500 per month.

4.1 Market Segmentation

Affordable Living will target single moms with children, minorities, and low income workers and families. Although inexpensive housing is attractive to many, we feel that these groups will benefit most from our services.

4.2 Industry Analysis

Currently, the housing industry has changed much in the past year. People have lost their homes due to foreclosure or have had their houses repossessed because of job loss. As some may not be able to purchase a home, there will be an increased need for rental

properties. Also, there is an increase in divorce rates and fuel costs, and household income does not always adequately provide for decent housing.

It appears that the housing industry in our area will increase due to an increase in job availability (300 additional jobs). However, there are not enough affordable living situations, especially to our target population, which is where our business has the opportunity to succeed.

Since this is a relatively new concept, some organizations or grant givers may be reluctant to put money into the project out of hesitation that it will fail to live up to expectations or fall into deterioration. However, with proper management, the concept can be both successful and beneficial to the community and the economy. The investment is a one time occurrence and therefore cannot become a black hole for money. We will overcome risks by tightly overseeing every aspect of the property including upkeep, resident behavior, and proper management.

4.2.1 Competition and Buying Patterns

There is a lack of competition in this area. The only other option in our area for low income families is government housing.

5.0 Strategy and Implementation Summary

Affordable Living's strategy is based on meeting the up-coming needs of an untapped market. The lack of competition and the need for inexpensive housing both weigh highly in favor of our success. Not only will Affordable Living provide housing at a reasonable cost, we will also take care of our properties and tenants.

Since we seek grant funding, all income from rental properties will be able to go straight back into our business.

5.1 Competitive Edge

We can provide affordable living and service our community at a better rate than what currently exists at this point. Affordable living is scarce for the target population, as well as young people looking to move into adulthood and can not yet afford a home of their dreams. Affordable Living would be the only business of its kind in this market. In addition to this, we will oversee the properties and keep them in proper working order. We aim to be renter friendly.

5.2 Marketing Strategy

Our basic marketing strategy is to advertise via newspapers, local rental properties magazines, etc. However, we also plan to work with other organizations such as DSS and

Mountain Projects, which helps to identify our specific target population. We also count on gathering momentum as word of mouth spreads about Affordable Living.

5.3 Sales Strategy

There will soon be a need for housing in our area and Affordable Living seeks to meet that need. It is essentially an untapped market. Our price and lack of competition will assist in the success of this business.

6.0 Management Summary

Affordable Living will be owned and operated by its founder, Derek Thomas. Currently, he is the sole individual involved with this business, but as growth occurs additional employees will be added as needed.

Professional support would include Michael McPartlin, CPA, to take care of tax and financial areas, and enlisting an attorney to secure any legal concerns.

7.0 Financial Plan

Affordable Living will secure a grant between \$175,000 and \$200,000. I believe that I can attain 4 - 5 houses/apartments within a year. As soon as these properties are repaired and up to code, advertised, and then occupied, they would show an immediate profit (since a grant would not have to be repaid). From that point, the business would withdraw equity from the properties and then secure additional places to rent. Thus, it has the potential to show an immediate profit if the due diligence is taken care of in proper order.

7.1 Start-up Funding

A \$200,000 grant will be obtained in order to start the business. This amount will allow for the purchase of approximately 4-5 properties (foreclosures, bank / HUD repossessions, multi-unit apartments, etc.), general repairs on the properties, advertising and salary. Once the original properties are occupied the equity will be used to acquire additional properties and hence increase the rental income.

Based on an average of \$500 per month, per property, the first year's intake should be approximately \$30,000.

Table: Start-up Funding

<i>Start-up Funding</i>	
Start-up Expenses to Fund	\$0
Start-up Assets to Fund	\$200,000
Total Funding Required	\$200,000
Assets	
Non-cash Assets from Start-up	\$0

Affordable Living - Business Plan

Cash Requirements from Start-up	\$200,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$200,000
Total Assets	\$200,000
Liabilities and Capital	
Liabilities	
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$0
Capital	
Planned Investment	
Owner	\$0
Investor	\$0
Additional Investment Requirement	\$200,000
Total Planned Investment	\$200,000
Loss at Start-up (Start-up Expenses)	\$0
Total Capital	\$200,000
Total Capital and Liabilities	\$200,000
Total Funding	\$200,000