



# Atlantic Real Estate Advisors

Limited Liability Corporation

**Craven Randall Casper** ▶ Atlantic Real Estate Advisors ▶ 5/13/2010



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# Executive Summary

The goal of the business plan is to thoroughly research and plan for the successful launch of Atlantic Real Estate Advisors, a residential real estate property management company by the fall 2010 in time for a recovery in the Washington Metropolitan Area by early 2011. The company's long-term goal is to grow the business into a full-service real estate firm, which can focus on property management and sales for multi-family properties, single family homes and Homeowners Associations (HOAs), becoming the best-in-class and the benchmark by which all other real estate companies look to as the standard.

The current recessionary environment has provided a window of opportunity for an entrepreneur to gain market share due to the dislocation in the marketplace, and a small firm has a unique competitive advantage in the Washington Metropolitan Area by offering innovative products coupled with traditional property management services for B Class and C Class properties that are severely underperforming. The trademark product is the 5 Year PLUS Guarantee Program detailed in Chapter 2.

Lessons can be learned from the recent failure of both residential and commercial real estate firms around the country. It is important to consider expense

containment, long-term management, building a strong team of key players and proper strategic planning. Thus, successfully owning and managing a business requires specific management skills in addition to knowledge of key business practices. This business plan covers extremely important topics in order to operate a successful real estate firm including: profit centers, innovative products and traditional property management services, initial funding / financing options, legal considerations, forecasting for future growth, filing business taxes, marketing basics, building a website and researching and understanding competitors through thorough market analysis.

By delivering quality products and services, building trust among clients and delivering superior customer service, Atlantic Real Estate Advisors can build a sustainable model that can be expanded upon and that will grow into a meaningful business. With a solid academic foundation and direct work experience in the real estate market, it is now time for me to challenge myself in a new capacity, creating value-added opportunities and driving performance for clients while improving the lives of customers.

This business venture will provide the opportunity I need to expand beyond my existing horizon, to free myself from working for a large corporation and to eventually create meaningful jobs for other people. I am excited about the opportunity I have to pursue my lifelong entrepreneurial vision.



# Chapter 1

## 1.0 Company Organizational Profile, Structure and Function

Atlantic Real Estate Advisors, LLC is a residential real estate property management company located in Washington, D.C. and is aimed at meeting the needs of a variety of clients and customers in Washington, D.C., Virginia and Maryland while delivering superior risk-adjusted returns to investors.

### 1.1 Business Concept

When owning residential real estate as an investment, whether as single-family homes, multi-family properties or in communities operated by a Homeowners Association (HOA), it is important to consider hiring a trusted advisor. Can clients afford not to hire an experienced, trusted professional residential property manager? In order to answer that question effectively, our team would ask clients to continue reading in order to better understand what a property manager is, understand the reasons for property management, and understand the background and credibility of the successful property management team at Atlantic Real Estate Advisors.

## 1.2 Company Ownership

Atlantic Real Estate Advisors is a new start-up company that will begin in September 2010. Atlantic Real Estate Advisors will operate as a limited liability corporation under the sole ownership of Craven Randall Casper. The Dunn and Bradstreet Number is (D-U-N-S 12-453-3530). Atlantic Real Estate Advisors is a registered business in the States of Virginia and Maryland and the District of Columbia.

## 1.3 Company Mission Statement

*We pride ourselves on our reputation for integrity, objectivity and excellence;*

*Our goal is to work with clients as partners in meeting all of their real estate needs;*

*AND*

*Our approach is to provide independent, trusted and personalized advice, complementing in-house expertise with carefully selected external resources.*



## 1.4 Company Location

Initially, Atlantic Real Estate Advisors will be located at my home. For the first 10 months (September 2010 – June 2011), in an effort to practice expense containment, this will need to be my headquarters until I can grow my client base and build a book of business and assemble the appropriate team. The company’s addresses are:

*Atlantic Real Estate Advisors  
1654 35<sup>th</sup> Street, NW  
Washington, D.C. 20007*

*AND*

*Atlantic Real Estate Advisors  
Ben Franklin Station  
P.O. Box 697  
Washington, D.C. 20044*

## 1.5 What is a Property Management Firm?

A property management firm handles the day-to-day needs of real property, minimizing vacancies and finding creative means to maximize the client’s bottom line. Atlantic Real Estate Advisors will market client’s properties, make the property accessible through websites, and will thoroughly

screen potential tenants so the client has a quality tenant to fill their vacancy. Atlantic Real Estate Advisors also provides privacy/confidentiality for clients. Property managers have the knowledge to help the customer optimize their investment, the property management team will be familiar with state and local laws and Homeowners Association (HOAs) guidelines, and help can also be provided to evict a problem tenant.

## 1.6 Why the Need for a Residential Property Management Team?

When considering hiring a trusted management team, it is important for the client to consider the risk and liability of not having the proper team in place. Our team would ask that each client seriously consider the questions below. If the client answers “NO” to any of the questions below, it might be prudent to hire a professional management team with expertise. The cost of one bad decision could more than offset the cost of hiring a professional team to help clients avoid the pitfalls of property ownership. Below are questions that each client should ask themselves including:

- Do I have experience managing rental property myself?
- Am I familiar with fair housing and landlord/tenant laws in the jurisdiction(s) where the property is located?



- Do I have relationships with contractors that ensure you can get 24 hour service at reasonable prices?
- Do I have a reliable means to determine fair market rent and returns on the property?
- Do I know the legal process to deal with non-paying tenants? Do I have the proper prepared notices to inform and collect on non-paying tenants?
- Do I have a current, professionally crafted lease and related agreements/forms to minimize exposure to liability should a tenant sue?

### 1.7 Existing Problems with Residential Real Estate Property Management Structures

- **Problem for clients self-managing properties:** The client has trouble finding an honest, reliable maintenance person to make repairs.
- **Problem for clients self-managing properties:** The client lacks time or resources to hunt and track down any deals or the lowest possible price in town (i.e. reasonably priced or energy saving appliances).
- **Problem for clients self-managing properties:** The client has trouble settling disputes when a tenant vacates over normal wear and tear versus actual property damage. Difficulties and confrontation can arise over settling the security deposit.
- **Problem for clients self-managing properties:** Tenant(s) are chronic problems.

Tenants can constantly complain about the property, annoy their neighbors on a regular basis or not pay rent on time.

- **Problem for clients self-managing properties:** Most self-managed properties do not have a thorough knowledge of competitive properties. It is important to understand competitive features/amenities and rental rates. This increases downtime between tenants, negatively impacts cash flows.
- **Problem for clients self-managing properties:** Most self-managed properties have trouble marketing the property and incorporating technology such as coding to make listings appear in the top of Internet search results.
- **Problem for clients self-managing properties and third party property management firms:** There may be things that the client thought of, but has not yet acted upon that could save tenant's money on utility expenses and provide value-added opportunities for increased property revenue.
- **Problems for Homeowners Associations (HOAs):** There is a perceived lack of control of the property, by the HOA Board, if everything is handled by the property management firm.
- **Problems for Homeowners Associations (HOAs):** There is concern by HOA Board's regarding auditing or oversight of property management invoicing/receiving kickbacks from third party vendors.
- **Problems for financial lending institutions:** Typically, financial institutions have no desire to own or manage residential real estate. These institutions have a primary goal of lending money.



- **Problems for financial lending institutions:** Typically, financial institutions need to find creative means to increase the value of the property, particularly in a short sale and if immediate disposition of a Real Estate Owned (REO) asset is not a possibility.
- **Problems for small businesses and professionals that invest in real estate:** Typically, these individuals are experts in other fields. The client has trouble finding an honest, reliable maintenance person to make repairs.
- **Problem with competitors (i.e. existing property management firms):** When looking at Quality Customer Service (QCS), many times property management companies try to cut pricing and end up delivering poorer quality products and less customer service.
- **Problem with competitors (i.e. existing property management firms):** The firm oversells the owner on the rental possibilities of a property. The expectations do not meet market reality.
- **Problem with competitors (i.e. existing property management firms):** There are concerns over ethics and over the management company receiving kickbacks from third party vendors.

**Atlantic Real Estate  
Advisors management  
approach emphasizes  
strategic value creation as  
real estate intermediaries,  
maximizing value for our  
clients, while improving the  
quality of life for our valued  
customers, and delivering  
superior risk-adjusted  
returns for investors.**



## Chapter 2

### 2.0 Products and Service Profit Centers

Atlantic Real Estate Advisors will help create and add value for a variety of clients and capital sources at a minimum price by targeting multi-family and single family residential B Class and C Class property types that are traditionally underserved and lack opportunity to increase revenue through their current management companies, although opportunities to do so may be present.

Atlantic Real Estate Advisors' methods are designed to operate in tough real estate environments, to produce corrective measures and reveal opportunity, and then take advantage of unexploited potential profit-making scenarios.

Class B and Class C property types were selected because they resist bear markets, and the potential for increased benefit elevates during bull markets, which is perfect timing as Atlantic Real Estate Advisors seeks to capitalize on the recovery in the real estate and financial markets beginning in early 2011. These targeted properties may be experiencing financial difficulties such as debt service coverage that may be below 1.00, vacancies may exceed 15 percent, or deferred maintenance that exists in combination with low capital reserves for repairs and maintenance.

The profit centers will generate revenue through comprehensive property and project management services for the most pressing short-term and long-term operation issues facing underperforming Class B and Class C properties.

*B Class and C Class property types are traditionally underserved and lack opportunity to increase revenue through their current management companies, although opportunities to do so may be present.*

*These property types were selected because they resist bear markets, and the potential for increased benefit elevates during bull markets.*





## 2.1 Clients / Capital Sources

By networking with local and regional banks, title companies and other lending institutions, Atlantic Real Estate Advisors can conduct property management for local banks in Virginia and Washington, D.C. for Profit Center 1 (see page 10).

The target client base are those that invest in real estate for the income stream or those that have inherited real estate and do not know or have not been successful in maximizing the income potential. There is residential real estate being poorly managed by investors/owners who do not live in the Washington Metropolitan Area and do not know how to best manage their investment themselves or own properties that are being poorly managed by a third party firm for Profit Center 3 (see pages 25-29).

A third client to target is Homeowners Associations (HOA) where the board needs a management team to collect monthly dues and/or oversee the execution of a variety of services (i.e. landscaping, pool maintenance, etc.). Atlantic Real Estate Advisors will also target lender real estate owned (REO) assets for Profit Center 4 (see page 30).

Lastly, there are professionals such as attorneys, doctors, dentists and other small professional businesses that invest in real estate as a means to protect and grow wealth, but their current properties

are not operating efficiently. It was out of this need to find creative ways to add value to client’s assets so properties can be exclusively managed by Atlantic

### **Clients / Capital Source / Sponsors**

Financial Lending Institutions

Title Companies

Banks/Mortgage Companies

Investors / Owners in Real Estate

Homeowners Associations (HOAs)

Professionals/Businessmen

Small Professional Businesses

#### **Intermediary**

Atlantic Real Estate Advisors

#### **Value Customers**

College Students

Recent College Graduates

Young Professionals



Real Estate Advisors for Profit Center 3.

## 5 Year PLUS Guarantee Program

### 2.2 Profit Center 1:

*A unique product offering for qualified investments combining The Gracious Life of Effortless Convenience for valued customers with a 5 Year PLUS Guarantee Program for clients, while providing superior risk-adjusted returns for investors.*

Atlantic Real Estate Advisors serves as the intermediary between the clients and customers in residential real estate assets. To qualify, the property must be an underperforming B Class or C Class property in Virginia, Maryland or Washington, D.C. These properties will be targeted because Atlantic Real Estate Advisors has the opportunity to take advantage of unexploited potential profit-making scenarios, potentially leasing entire properties substantially below the current asking or market rental rents, providing opportunities for increased income in out years as rental rates rise and as our company adds amenities and effectively markets the properties, so the property reaches a level of stabilization.

The client should imagine a residential property where someone else does all the worrying. Clients

just sit back and receive a continuous, reliable income stream while customer's lives become more efficient and useful all because of a unique product for qualified investments with the 5 Year PLUS Guarantee Program. Atlantic Real Estate Advisors will act as the property management firm for each residential property, and most importantly, Atlantic Real Estate Advisors will also be the single tenant under a master lease (lessee). Clients will no longer have to worry about the monthly accounting nuances of multiple tenants, credit risk of tenants, downtime between tenant vacancies or marketing expenses. These costs average between 5 to 10 percent of monthly revenue in the Washington Area.

As the intermediary, Atlantic Real Estate Advisors' mission is to make life completely comfortable, and in fact, so comfortable, the customer, the tenant, should never want to leave a property managed by Atlantic Real Estate Advisors. By making each customer's life more efficient and useful, our company is helping each customer focus on everything else besides the worries and nuances of homeownership or renting needs. Atlantic Real Estate Advisors will deliver a customized platform for specific customers, primarily targeting college students, recent college graduates and young professionals. These individuals will have a direct lease agreement with Atlantic Real Estate Advisors and be a subtenant of the property owner, the client.

# HOW DOES THIS PROGRAM WORK?

## A Step-By-Step Guide for Clients and Customers

These individuals will also pay a premium for flexibility, bundled services and amenities.

### 5 Year PLUS Guarantee Program

#### Clients: Institutions and Individuals

**Step 1:** Atlantic Real Estate Advisors will find and target underperforming assets;

**Step 2:** Atlantic Real Estate Advisors will initiate dialogue with ownership entities;

**Step 3:** Atlantic Real Estate Advisors will negotiate lower rental rates for each property or unit. Lower rental rates should be more easily negotiated with lending institutions that have taken back assets that are now on their books as Real Estate Owned (REO);

**Step 4:** Atlantic Real Estate Advisors will master lease (single lessee) property for 5 years or more with fixed rental rates and sign a standard property management agreement;

**Step 5:** Atlantic Real Estate Advisors will be paid 15% management fee (includes industry standard 10% fee, plus 5% for assuming all accounting and credit risk);

**Step 6:** Atlantic Real Estate Advisors will create and implement amenities such as study areas; and

**Step 7:** Atlantic Real Estate Advisors will bundle services (cable, Internet and utilities).

### *The Gracious Life of Effortless Convenience*

#### Customers: Tenants

**Step 1:** Atlantic Real Estate Advisors will use social networking to build a database of existing and perspective tenants;

**Step 2:** Atlantic Real Estate Advisors will attract tenants with a connected life by marketing the inclusion of bundled services, added amenities and flexibility in lease structures;

**Step 3:** The tenant will sign a lease with Atlantic Real Estate Advisors, effectively subleasing the space with flexible terms (three or six month leases). The tenant will have the ability to move among different Atlantic Real Estate Advisor properties, and the tenant will pay a premium because of flexibility;

**Step 4:** Atlantic Real Estate Advisors will minimize turnover and downtime during vacancy; and

**Step 5:** Atlantic Real Estate Advisors will increase rental rates as occupancy and demand increase of rental rates.



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**Profit Potential:** There is an upside profit potential with arbitrage by bundling services (i.e. cable, Internet, utilities or furniture) and leverage.

### 2.3 How Does the 5 Year PLUS Guarantee Program Work?

Atlantic Real Estate Advisors' 5 Year PLUS Guarantee Program provides clients peace of mind knowing that they have fixed income for the next 5 years, no matter what. Clients can enjoy the opportunities created through Atlantic Real Estate Advisors' unique product offering where our finance structure gives clients the opportunity to build wealth through investment in quality properties and just as important, the peace of mind to enjoy it. The biggest stress, however, usually comes from not having a tenant or having a large period of vacancy. Many investors face constant fear of loss of income if the tenant vacates or does not pay the rent, and now through this revolutionary program, clients can save hundreds of dollars on legal and evictions costs. Vacancy and property taxes can collectively contribute up to 100% of the ownership costs applicable to the residential property – year-after-year. This can be a major ongoing concern that in many cases places investors in the position of considerable loss or even the prospect of having to sell the property. Our 5 Year PLUS Guarantee Program works regardless of interest rates, tax policy or property trends. Clients will never lose

sleep - or money - over tenants being behind in the rent - ever again!

Management of tenant relations, marketing and lease negotiations will be a complex task. It is the experience of a trusted advisor such as Atlantic Real Estate that provides management commitment that is required to retain and attract new quality tenants while minimizing rollover risk.

***Atlantic Real Estate Advisors pays the rent even if...***

*If the property is vacant, Atlantic Real Estate Advisors pays the monthly rent;*

*If the rent is late, Atlantic Real Estate Advisors pays the monthly rent,*

*If the tenant does not pay, Atlantic Real Estate Advisors pays the monthly rent.*

### 2.4 5 Year PLUS Guarantee Program Overview

The 5 Year PLUS Guarantee Program is not available to all perspective clients. The 5 Year PLUS Guarantee Program is an agreement that is signed when the perspective client signs the



management contract with Atlantic Real Estate Advisors.

The client will sign a standard property management agreement with Atlantic Real Estate Advisors at market rates allowing Atlantic Real Estate Advisors to manage the property on their behalf for a total of 15 percent fee per month, per property. This includes the industry standard management fee of 10 percent, plus a 5 percent fee because clients will no longer have to worry about the monthly accounting nuances of multiple tenants, credit risk of tenants, downtime between tenant vacancies or marketing expenses as previously state on page 10. Clients will no longer have to worry about the monthly accounting nuances of multiple tenants, credit risk of tenants, downtime between tenant vacancies or marketing expenses. These costs average between 5 to 10 percent of monthly revenue in the Washington Metropolitan Area.

Atlantic Real Estate Advisors will become the owner's tenant(s) and Atlantic Real Estate Advisors will sign a lease agreement with the owner that commences 30 days after the lease agreement.

Atlantic Real Estate Advisors will find suitable tenants by screening applications through our experienced property management division. The tenant will sign a lease with Atlantic Real Estate Advisors, which means in essence Atlantic Real

Estate Advisors sub-lets the property and takes over all financial rental commitments.

The rent is calculated monthly. Atlantic Real Estate Advisors then pays the owner on an agreed day of each month for the previous month's rent. Any rents increases made during the 5 Year PLUS Guarantee Program that are paid by customers are kept by Atlantic Real Estate Advisors as this program operates on a fixed income stream of payments to the client.

## 2.5 5 Year PLUS Guarantee Program Fee Structure

There are no hidden costs. The total fee is 15 percent monthly management fee per property and a \$500 contract cancellation fee per property.

## 2.6 5 Year PLUS Guarantee Program Risk and Risk Mitigation

Atlantic Real Estate Advisors' 5 Year PLUS Guarantee Program places our company head and shoulders above all others in the real estate industry and makes us a leader in the market. Atlantic Real Estate Advisors is confident in the researched growth areas in the Washington Metropolitan Area that our company is willing to guarantee certain property investments will have significant demand for rental for over the next 5 years or longer.



The factors to mitigate risk concerning any property investment, prior to entering into an agreement, include:

- Confirming the rents quoted are realistic in the initial agreement between the client and Atlantic Real Estate Advisors;
- Atlantic Real Estate Advisors must carefully select properties to avoid areas with high vacancies;
- Atlantic Real Estate Advisors employs a professional property manager to ensure that the client's portfolio is fully tenanted with high quality tenants; and
- Atlantic Real Estate Advisors must aggressively market and anticipate when tenants may vacate to avoid downtime, creating a database of tenant prospects and social networking.

**Chart 1:**

This fact alone proves Atlantic Real Estate Advisors dedicates a great deal of time to knowing the marketplace and what areas provide the best possible rental returns and capital growth prospects to our clients. After all, it is Atlantic Real Estate Advisors who will be taking risk if the property cannot be rented out. Below is a chart that shows a property fully leased over 5 years.



Month	Period	Atlantic Real Estate Monthly		
		Purposed Monthly Rental Rate	Management Fee (15%)	Guaranteed Amount to Owner
Month	1	\$1,500	\$225	\$1,
Month	2	\$1,500	\$225	\$1,
Month	3	\$1,500	\$225	\$1,
Month	4	\$1,500	\$225	\$1,
Month	5	\$1,500	\$225	\$1,
Month	6	\$1,500	\$225	\$1,
Month	7	\$1,500	\$225	\$1,
Month	8	\$1,500	\$225	\$1,
Month	9	\$1,500	\$225	\$1,
Month	10	\$1,500	\$225	\$1,
Month	11	\$1,500	\$225	\$1,
Month	12	\$1,500	\$225	\$1,
Month	13	\$1,500	\$225	\$1,
Month	14	\$1,500	\$225	\$1,
Month	15	\$1,500	\$225	\$1,
Month	16	\$1,500	\$225	\$1,
Month	17	\$1,500	\$225	\$1,
Month	18	\$1,500	\$225	\$1,
Month	19	\$1,500	\$225	\$1,
Month	20	\$1,500	\$225	\$1,
Month	21	\$1,500	\$225	\$1,
Month	22	\$1,500	\$225	\$1,
Month	23	\$1,500	\$225	\$1,
Month	24	\$1,500	\$225	\$1,
Month	25	\$1,500	\$225	\$1,
Month	26	\$1,500	\$225	\$1,
Month	27	\$1,500	\$225	\$1,
Month	28	\$1,500	\$225	\$1,
Month	29	\$1,500	\$225	\$1,
Month	30	\$1,500	\$225	\$1,
Month	31	\$1,500	\$225	\$1,
Month	32	\$1,500	\$225	\$1,
Month	33	\$1,500	\$225	\$1,
Month	34	\$1,500	\$225	\$1,
Month	35	\$1,500	\$225	\$1,
Month	36	\$1,500	\$225	\$1,
Month	37	\$1,500	\$225	\$1,
Month	38	\$1,500	\$225	\$1,
Month	39	\$1,500	\$225	\$1,
Month	40	\$1,500	\$225	\$1,
Month	41	\$1,500	\$225	\$1,
Month	42	\$1,500	\$225	\$1,
Month	43	\$1,500	\$225	\$1,
Month	44	\$1,500	\$225	\$1,
Month	45	\$1,500	\$225	\$1,
Month	46	\$1,500	\$225	\$1,
Month	47	\$1,500	\$225	\$1,
Month	48	\$1,500	\$225	\$1,
Month	49	\$1,500	\$225	\$1,
Month	50	\$1,500	\$225	\$1,
Month	51	\$1,500	\$225	\$1,
Month	52	\$1,500	\$225	\$1,
Month	53	\$1,500	\$225	\$1,
Month	54	\$1,500	\$225	\$1,
Month	55	\$1,500	\$225	\$1,
Month	56	\$1,500	\$225	\$1,
Month	57	\$1,500	\$225	\$1,
Month	58	\$1,500	\$225	\$1,
Month	59	\$1,500	\$225	\$1,
Month	60	\$1,500	\$225	\$1,
<b>Total</b>	<b>60</b>	<b>\$90,000</b>	<b>\$13,500</b>	<b>\$76,500</b>

According to Chart 1, over 5 years, the owner would receive a guaranteed amount of \$76,500 and Atlantic Real Estate Advisors would receive fees totaling \$13,500, which means that if the property were vacant 9 of 60 months, Atlantic Real Estate Advisors would neither make nor lose money, so the property must achieve an occupancy level of 85 percent or greater. Atlantic Real Estate Advisors believes risk will further be mitigated by spreading the risk over a portfolio of 5 different property times (i.e. two one bedroom condos, two studios, and a two-bedroom townhouse in prime locations).

According to Chart 2 on the right, as rental rates increase, Atlantic Real Estate Advisors becomes the beneficiary of the profits from the increase in rental rates. As a result of the scenario in Chart 2, Atlantic Real Estate Advisors only needs this property to be occupied 80 percent of the time to break even. Atlantic Real Estate Advisors believes risk will further be mitigated by spreading the risk over a portfolio of 5 different property times (i.e. two one bedroom condos, two studios, and a two-bedroom townhouse in prime locations).



Chart 2:

Month	Period	Purposed Monthly Rental Rate	Atlantic Real Estate Monthly Management Fee (15%)	Guaranteed Amount to Owner	Atlantic Estate P From Re Rate Incr
Month	1	\$1,500	\$225	\$1,275	
Month	2	\$1,500	\$225	\$1,275	
Month	3	\$1,500	\$225	\$1,275	
Month	4	\$1,500	\$225	\$1,275	
Month	5	\$1,500	\$225	\$1,275	
Month	6	\$1,500	\$225	\$1,275	
Month	7	\$1,500	\$225	\$1,275	
Month	8	\$1,500	\$225	\$1,275	
Month	9	\$1,500	\$225	\$1,275	
Month	10	\$1,500	\$225	\$1,275	
Month	11	\$1,500	\$225	\$1,275	
Month	12	\$1,500	\$225	\$1,275	
Month	13	\$1,500	\$225	\$1,275	
Month	14	\$1,500	\$225	\$1,275	
Month	15	\$1,500	\$225	\$1,275	
Month	16	\$1,500	\$225	\$1,275	
Month	17	\$1,500	\$225	\$1,275	
Month	18	\$1,500	\$225	\$1,275	
Month	19	\$1,500	\$225	\$1,275	
Month	20	\$1,500	\$225	\$1,275	
Month	21	\$1,500	\$225	\$1,275	
Month	22	\$1,500	\$225	\$1,275	
Month	23	\$1,500	\$225	\$1,275	
Month	24	\$1,500	\$225	\$1,275	
Month	25	\$1,550	\$233	\$1,275	
Month	26	\$1,550	\$233	\$1,275	
Month	27	\$1,550	\$233	\$1,275	
Month	28	\$1,550	\$233	\$1,275	
Month	29	\$1,550	\$233	\$1,275	
Month	30	\$1,550	\$233	\$1,275	
Month	31	\$1,550	\$233	\$1,275	
Month	32	\$1,550	\$233	\$1,275	
Month	33	\$1,550	\$233	\$1,275	
Month	34	\$1,550	\$233	\$1,275	
Month	35	\$1,550	\$233	\$1,275	
Month	36	\$1,550	\$233	\$1,275	
Month	37	\$1,625	\$244	\$1,275	
Month	38	\$1,625	\$244	\$1,275	
Month	39	\$1,625	\$244	\$1,275	
Month	40	\$1,625	\$244	\$1,275	
Month	41	\$1,625	\$244	\$1,275	
Month	42	\$1,625	\$244	\$1,275	
Month	43	\$1,625	\$244	\$1,275	
Month	44	\$1,625	\$244	\$1,275	
Month	45	\$1,625	\$244	\$1,275	
Month	46	\$1,625	\$244	\$1,275	
Month	47	\$1,625	\$244	\$1,275	
Month	48	\$1,625	\$244	\$1,275	
Month	49	\$1,625	\$244	\$1,275	
Month	50	\$1,625	\$244	\$1,275	
Month	51	\$1,675	\$251	\$1,275	
Month	52	\$1,675	\$251	\$1,275	
Month	53	\$1,675	\$251	\$1,275	
Month	54	\$1,675	\$251	\$1,275	
Month	55	\$1,675	\$251	\$1,275	
Month	56	\$1,675	\$251	\$1,275	
Month	57	\$1,675	\$251	\$1,275	
Month	58	\$1,675	\$251	\$1,275	
Month	59	\$1,675	\$251	\$1,275	
Month	60	\$1,675	\$251	\$1,275	
<b>Total</b>	<b>60</b>	<b>\$94,100</b>	<b>\$14,115</b>	<b>\$76,500</b>	<b>\$</b>

# The Gracious Life of Effortless Convenience

## 2.7 Effortless Convenience for a Connected Consumer

Finding a suitable apartment or home to lease is often a time consuming and cumbersome process, particularly for those that are in college or are recent college graduates and new to the Washington Metropolitan Area. Atlantic Real Estate Advisors will work with customers to fully understand their unique requirements. Once engaged, the customer can expect our advisors to work diligently to recommend one of Atlantic Real Estate Advisors’ properties under management. Furthermore, when a customer engages our company, Atlantic Real Estate Advisors has a fiduciary obligation to our clients and investors to fill vacant space with appropriate prospective tenants.

Atlantic Real Estate Advisor is providing a quality of life product, which is a platform where the customer(s) can work, play and interact – a culture that allows one to perform and produce. Atlantic Real Estate Advisors’ end game is to make the customer completely happy. As stated in the beginning of the chapter, Atlantic Real Estate Advisors will target underperforming B Class and C Class property types that have traditionally been under-serviced and lack opportunity to increase revenue through their current





management companies, although opportunities to do so may be present. At the end of the day, the client wants to provide decent and good places for people to live; however, the client may not know how to achieve that goal or lack the ability to create these living environments.

## 2.8 Amenities

The customer will pay a premium for flexibility and amenities. Atlantic Real Estate Advisors will also bundle services including cable, Internet, water and utilities. Atlantic Real Estate Advisors has the potential for arbitrage by bundling services that customers will pay a premium for, particularly improving information technology (IT) infrastructure. Each building offers all of these services and amenities. All of the amenities below are available to all residents 24 hours per day at no additional cost to the tenant.

**Community amenities include:**

*On-site recycling / waste collection*

*Roommate matching service available*

*Wireless Internet for the building*

*Gas grill in patio area*

**Fitness amenities include:**

*Full-range of cardio and free-weight equipment.*

**Work area amenities include:**

*Printing center with color printer, scanner and copier*

*Private study room*

*Computer lab with six computer stations, each with free high-speed Internet access.*

## 2.9 Arbitrage

Typically in a multi-family product, there are separate meters for each unit of the property. One way to create cost savings and potential arbitrage is by converting the property to one meter. There are endless possibilities for arbitrage such as bundling services including cable and wireless Internet. Furniture and televisions could also be offered as an amenity and an opportunity to create arbitrage. Individuals will tend to pay a premium for amenities that make their lives more useful and convenient, thus the concept of leading a gracious life of effortless convenience.



## for the 5 Year PLUS Guarantee Program

### 2.10 Fund Launch: Initial Target Property

Alternatively, 1516 Marion Street, NW could be envisioned as an Art Deco “dinosaur,” outdated in style and amenities, which would require significant capital improvements in order to remain competitive against newer, full-service high rises. This property is an example of an asset that Atlantic Real Estate Advisors would invest in. The property is a 5 minute walk to Convention Center metro, near bus line on P Street with ample parking in rear and it is located on a quiet one-way street in the heart of Washington, D.C. The property is also only 10 minutes to Howard University, which is attractive to students and young professionals.

Atlantic Real Estate Advisors will go to financial lending institution including: banks, title companies, and mortgage brokers and create a value proposition to lease certain foreclosed or short sale single family or multi-family properties. These institutions have no desire to manage properties, but rather end up with these assets as collateral damage. When lenders agree to do a short sale in real estate, it means the lender is accepting less than the total amount due. Not all

## The Capital Source



lenders will accept short sales or discounted payoffs, especially if it would make more financial sense to foreclose; moreover, not all sellers nor all properties qualify for short sales. Atlantic Real Estate Advisors can provide disposition services for asset managers and financial lending institutions as a means to build and lever relationships.

## 2.11 Investment Structure

The investment structure will be a private, direct investment. Each property will be a special purpose entity (SPE) that will stand alone as its own limited liability corporation (LLC), and there will be differing investors in each property. The deal structure under which Atlantic Real Estate Advisors would operate would be “merchandised,” dividing the participants into classes of investors with varying investment requirements, tax preferences and risk profiles.

## 2.12 Investment: Phase 1

In order to fund this unique product offering, Atlantic Real Estate Advisors is currently raising capital from high-net-worth individuals and institutional investors in Phase 1 of the investments. Sophisticated investors are attracted to this investment thesis because of the guaranteed 8.0% return for 5 years and the possibility of the upside potential of arbitrage and leverage and the expertise of local, seasoned real estate professionals in the

area. Atlantic Real Estate Advisors can also tailor the returns to match the needs of the various participants – individual investors, a large corporation, a public utility and the management team – the sum of the parts will be definitely greater than the whole.

*Atlantic Real Estate Advisors develops and implements strategies on behalf of investors that yield a diversified portfolio of high quality residential real estate assets that generate consistent cash flow plus equity growth;*

*AND*

*Atlantic Real Estate Advisors acquires and manages institutional quality properties on behalf of investors utilizing our infrastructure and proprietary market research.*

Phase 1 investment will raise \$1 million from 10 qualified investors and will target 5 properties similar to 1516 Marion Street, NW. Please see the Excel cash flow assumptions on the following page.

## 2.13 Investment Phase 2



In order to provide assistance to a lending institution in loss mitigation, provide a disposition option for their Real Estate Owned (REO) property, Atlantic Real Estate Advisors will leverage its relationship that it has built with each lending institution. Investment property may require a stricter minimum settlement of the loss paid by the borrower up front or by promissory note. The primary goal is to raise additional capital in a separate fund to purchase the asset, once stabilized, from the lender at a discounted price.

An investor could easily earn you up to five times as much as a traditional savings plan over the next 5 years. Financial stress, more often than not, can lead to other complications in life from marriage break downs to depression and without the comfort and peace of mind that Atlantic Real Estate Advisors' 5 Year PLUS Guarantee Program provides. Particularly if the client depends on the real estate property as income, it is important to utilize Atlantic Real Estate Advisors' 5 Year PLUS Guarantee Program.

## 2:14 Profit Center 2: Traditional Property Management Products

Atlantic Real Estate Advisors has the knowledge to help its customers optimize their investments. The 5 Year PLUS Guarantee Program also provides a platform through which Atlantic Real Estate Advisors believes it can also serve additional clients with quality, traditional property management products and services and the company has developed a number of product offerings at competitive prices. These product offerings represent opportunities that Atlantic Real Estate Advisors has seen as unexploited profit-making scenarios, and our company intends to capitalize and actively market these products including: Quality Management Assessments, Portfolio Audits, Credit Analysis Services, and Quarterly Online Subscription Publications generating advertising revenue, Energy Audits, Consulting Services and Financial Analysis Services.

### Quality Management Assessment (QMA)

Atlantic Real Estate Advisors can provide an audit of the existing management company and/or service providers and provides a summary of commendable practices and suggested improvement practices and tenant survey results. This quality product provides clients with critical information that could impact their investment including assessments of:



- Risk Management
- Strategic Planning
- Energy Management
- Parking Administration
- Marketing and Leasing
- Public and Tenant Relations
- Accounting and Control Review
- Property-Level Tax Analysis
- Preventative Maintenance
- Project Positioning and Repositioning
- Security and Safety Code Enforcement Analysis
- Real Estate and Market Assessment

Fee Structure: \$499.00 (per individual single-family property).

Fee Structure: \$2,500.00 (per multi-family property of 50 units or less).

Fee Structure: \$5,000.00 (per multi-family property of 50 units or more).

### Portfolio Audit of Existing Assets

Atlantic Real Estate Advisors can provide an audit of a client or potential client’s portfolio of assets. This audit provides a summary of commendable practices and suggested improvement, value-added opportunities at the portfolio level. This detailed report focuses on regional analysis, neighborhood analysis, property analysis, market analysis, analysis

of alternatives and proposed property analysis. Atlantic Real Estate Advisors will provide ideas that can be efficiently and quickly implemented on a portfolio-wide basis.

Fee Structure: \$599.00 (fee for fewer than 5 properties; price subject to portfolio size).

### Credit Analysis Services

Atlantic Real Estate Advisors also can help clients make sound business decisions by providing accurate assessments of financial viability, market dynamics, competitive environments, and investment opportunities. Clients include:

- Investors/Buyers
- Financial advisors
- Lenders
- Asset managers
- Corporations

Our due-diligence efforts can uncover potential problems before a client completes an acquisition, loan, investment or residential or commercial lease. Atlantic Real Estate Advisors will tell you where a company is going - not simply where it has been!

Fee Structure: \$115.00 per hour.



## Quarterly Online Subscription Publication and Advertising Revenue

Atlantic Real Estate Advisors can provide a quarterly online publication that has a subscription and provides clients and investors with a detailed report focusing on the following issues:

- Market overview section;
- Industry professionals contribution article;
- Local professional highlight;
- Column on green initiatives or energy saving devices; and
- Design or technology column focusing on different aspects related to real estate.

Fee Structure: \$9.99 annual fee (subscription fee will be able to be paid online via a credit card).

Advertising Fees: Advertising fees generated from real estate attorneys, contractors, home inspectors, pest control professionals, realtors, etc. Newsletter fees are expected to generate between \$200 - \$1,200.

## Energy Audit: Green Modeling Consulting

Atlantic Real Estate Advisors has the ability to conduct an energy audit to review a client's energy needs because there may be things they have thought of, but have not yet acted on. As a result, Atlantic Real Estate Advisors' Green Modelling

Consulting provides residential clients with a comprehensive range of sustainable consulting, construction/renovation and technology services for both new and existing properties focusing on providing information on tax incentives available grants and analysis on renovation costs.

Capital improvements could save tenants money on utility expenses; tenants will be happier paying less in utility bills and in turn can pay higher rental rates, with simple ideas such as LED replacements for incandescent lights. Ideas such as this provide value-added opportunities for increased property revenue. Atlantic Real Estate Advisors will request a free home energy audit from the local utility company, a basic survey that helps homeowners find ways to reduce their energy consumption and lower their carbon footprint. For example, in Washington, D.C., the utility company, PEPCO, will do an initial audit. Atlantic Real Estate Advisors will take that data and provide advice on energy efficient products and appliances and provide tips with how to act on the recommendations from the utility company. Not only are they able to project their costs, but clients are able to compare different options as *ceteris paribus* (all things being equal) scenarios.

- Fee Structure: \$200.00 (fee for fewer than 5 properties; price subject to portfolio size)



## Consulting Services

Atlantic Real Estate Advisors specializes in market due-diligence. Our company offers clients detailed evaluations by virtue of our exacting research methods and our access to regional and nationwide networks of analytical and information-gathering resources. Atlantic Real Estate Advisors also provide several other services including: relocation consulting for those moving to the Washington Metropolitan Area, which includes neighborhood analysis, property analysis, and market analysis. In addition, Atlantic Real Estate Advisors provides consulting services for people finding parking space rentals or purchases.

Fee Structure: \$115.00 per hour

## Financial Analysis Services

One of the signature features of Atlantic Real Estate Advisors representation is that clients can be provided with customized financial analysis of their real estate related investments and costs (i.e. capital improvements, taxes, insurance, HOA dues, etc.). Atlantic Real Estate Advisors' clients will find that this provides them with multitude of benefits. Not only are they able to project their occupancy costs, but clients are able to compare different options as ceteris paribus (all things being equal) scenarios. To the clients that may be considering acquiring additional investment properties or disposing of current real estate assets and may wish to review the impact of

certain occupancy cost or expenses in different ways, and these customized documents will create great value. Whether the Atlantic Real Estate Advisors team is assisting a client in a renewal or relocation of their leased facilities, or just advising them to wait until they are able to maximize their leverage, the team will constantly strive to find ways to create value for our clients. In a world of pre-programmed or canned analysis, the Atlantic Real Estate Advisors team stands alone in providing its clients with the highest level of proprietary analytical service.

Fee Structure: The Financial Analysis Services Fee shall be calculated on an hourly basis at \$115.00 per hour. The Financial Analysis Services Fee, if any, shall be paid by Owner to Manager as work progresses, but not more frequently than monthly, in the same proportion as the work completed bears to the total of the work comprising the project. Manager shall submit to Owner a calculation of the Financial Analysis Services Fee payable as the work progresses which calculation shall be approved in writing by Owner prior to its payment by Owner. Notwithstanding the foregoing, in the event of the termination of this Agreement, the Financial Analysis Services Fee for any then ongoing work shall be calculated and paid through the date of termination.



## 2.15 Overview of Profit Center 2: Product Offering Fee Structure

Atlantic Real Estate Advisors has to hold to its price points and will strive to increase margins with the low-cost or no-cost extras. Atlantic Real Estate Advisors is working to create value propositions all the way up and down your product and service lines. Atlantic Real Estate Advisors will use profits to build a more enduring business model. Atlantic Real Estate Advisors charges a monthly fee to watch and maintain client's investment property. Based upon the services we provide, our product offerings and fee structures are below.



**Profit Center 2: Overview of Product Offering Fee Structure**

Products & Services	Fee	Invoicing Cycle
Quality Management Assessment		
Fee Structure: Per Individual Single-Family Property	\$499.00	Per Individual Single-Family Property
Fee Structure: Per Multi-Family Property of 50 Units or Less	\$2,500.00	Per Multi-Family Property of 50 Units or Less
Fee Structure: Per Multi-Family Property of 50 Units or More	\$5,000.00	Per Multi-Family Property of 50 Units or More
Portfolio Audit	\$599.00	Each Occurrence
Disposition Analysis Services	\$115.00	Per hour
Credit Analysis Services	\$115.00	Per hour
Energy Audit	\$200.00	Each Occurrence
Quarterly Online Newsletter Subscription	\$9.99	Annually Per Subscriber
Advertising Fees: (attorneys, contractors, etc.)	\$200 - \$1,200	Based on Ad Size
Consulting Fee:	\$115.00	Per hour
Consulting Fee for Finding Housing:	\$115.00	Per hour
Financial Analysis Fee:	\$115.00	Per hour



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## 2.16 Profit Center 3: Traditional Property Management Service Offerings

In an effort for properties to be exclusively managed by Atlantic Real Estate Advisors, our company felt the need to find creative ways to add value to client's assets. The fundamental goal includes meeting customer's expectations for housing quality, service, value and profit. These profit center targets clients that invest in real estate for the income stream or those that have inherited real estate and do not know or have not been successful in maximizing the income potential. A second client to target is Homeowners Associations (HOA) where the board needs a management team to collect monthly dues and/or oversee the execution of a variety of services (i.e. landscaping, pool maintenance, etc.).

Atlantic Real Estate Advisors can offer costs savings by bundling property management services in its full suite product offering. Products offerings are broken out into Accounting Services, Accounting Services plus insurance coordination, Accounting Services plus tax appeal coordination, Accounting Services plus repair coordination or a full suite of products.

### Accounting Services

Details: Atlantic Real Estate Advisors collects rent on a monthly basis and holds the security deposits in an escrow account. Atlantic Real Estate Advisors helps prepare annual property operating budgets and keeps accurate, detailed records.

Fee Structure: 6.00% of monthly gross effective revenue and a \$500.00 contract cancellation fee for each property.

### Accounting Services, Plus Property Insurance Coordination

Atlantic Real Estate Advisors collects rent on a monthly basis and holds the security deposits in an escrow account. Atlantic Real Estate Advisors helps prepare annual property operating budgets and keeps accurate, detailed records. Atlantic Real Estate Advisors reviews in-place insurance structures and provides advice to limit liability for the property, considering options to provide a shield for a client's portfolio. Atlantic Real Estate Advisors pays pre-approved invoices on behalf of owner out of monthly rent collected.

Fee Structure: 8.00% of monthly gross effective revenue and a \$500.00 contract cancellation fee for each property.



### Accounting Services, Plus Property Tax Assessment Payment and Appeals Coordination

Atlantic Real Estate Advisors collects rent on a monthly basis and holds the security deposits in an escrow account. Atlantic Real Estate Advisors helps prepare annual property operating budgets and keeps accurate, detailed records. Atlantic Real Estate Advisors reviews tax assessment and comparable property taxes and provides advice to limit liability for the property. If necessary, engages an attorney to file an appeal and pays annual property taxes out of monthly rent collected.

Fee Structure: 8.00% of monthly gross effective revenue and a \$500.00 contract cancellation fee for each property.

### Accounting Services, Plus Repair Coordination

Atlantic Real Estate Advisors collects rent on a monthly basis and handles the security deposits in an escrow account. Atlantic Real Estate Advisors helps prepare annual property operating budgets and keeps accurate, detailed records. Atlantic Real Estate Advisors conducts a move-in property inspection and move-out property inspection. Atlantic Real Estate Advisors coordinates all maintenance services and

provides advice on capital improvement projects and seeks competitive pricing from vendors.

- Fee Structure: 8.00% of monthly gross effective revenue and a \$500.00 contract cancellation fee for each property.
- Maintenance Escrow: \$500.00

Paying for Repairs: Atlantic Real Estate Advisors will allow its property managers to do what they need to as long as it is for something under \$200.00 per the stipulation in the management agreement between owner and Atlantic Real Estate Advisors. An Atlantic Real Estate Advisors' property manager must confirm any expenses over that threshold. Atlantic Real Estate Advisors keeps accurate records, and the client can at any time request a copy of invoices/receipts for expenses. Clients pay contractor(s) or vendor(s) directly. If there are multiple invoices, the client may opt to pay one check to Atlantic Real Estate Advisors, which will then be paid to each vendor.

Repair Coordination Fee: 5.00% of any costs over \$5,000.00

Fee Structure:

Atlantic Real Estate Advisors' Repair Coordination Management Fee shall be calculated with respect to each project, and shall be equal to five percent (5%) of any capital improvement project over five



thousand dollars (\$5,000.00) expended in connection with any project. Furthermore, if a tenant engages its own construction manager in connection with a project at the Property, Atlantic Real Estate Advisors will be entitled to receipt of a Repair Coordination Management Fee equal to two and one-half percent (2.5%) of all amounts expended in connection with the project. The Repair Coordination Management Fee, if any, shall be paid by client to Manager as the construction progresses, but not more frequently than monthly, in the same proportion as the work completed bears to the total of the work comprising the project. Manager shall submit to client a calculation of the Repair Coordination Management Fee payable as the work progresses which calculation shall be approved in writing by the client prior to its payment by the client. Notwithstanding the foregoing, in the event of the termination of this Agreement, the Repair Coordination Management Fee for any then ongoing work shall be calculated and paid through the date of termination based solely upon the hard costs incurred prior to the effective date of such termination. No Repair Coordination Management Fee shall be due or owing to the Manager for supervision of ordinary maintenance and repair work on the Property, except as expressly provided herein.

### Traditional Property Management: A Full Suite of Services

Atlantic Real Estate Advisors' property managers devote a tremendous amount of time and energy to staying current on rental laws and court practices by participating in their respective property management councils and other professional organizations to stay current on fair housing laws, lead based paint disclosure and testing requirements, mold remediation and case law, asbestos, Section 8 housing subsidies and a myriad of other issues affecting landlords. In addition, Atlantic Real Estate Advisors provide a barrier of privacy so tenants do not have direct contact with the ownership entity or knowledge of the ownership entity. At Atlantic Real Estate Advisors, our full suite of services includes:

- Advertising / Marketing Residential Property Rentals
- Process and Approve Residential Rental Applications
- Qualify Prospective Tenants
- Negotiate Leases on Behalf of Clients
- Quarterly Inspection of the Property
- Keeping Accurate Inventory on File
- Collecting Rent and Security Deposits
- Coordinate all Maintenance Services
- Providing Owner with Monthly Statement
- Arranging Payments of Mortgage, Property Taxes, City Services and any Other Costs



- Prepare Annual Property Operating Budgets
- Advertise / Market Parking Space Rentals
- Consider, review and manage the tax appeal process
- Investment structure advice to limit liability for the property, considering options to provide a shield for an investment owner’s portfolio.

Paying for Repairs: Atlantic Real Estate Advisors will allow its property managers to do what they need to as long as it is for something under \$200.00 per the stipulation with the management agreement between owner and Atlantic Real Estate Advisors. An Atlantic Real Estate Advisors property manager must confirm any expenses over that threshold. Atlantic Real Estate Advisors keeps accurate records, and the landlord and owner can at any time request a copy of invoices/receipts for expenses. Owners/Investor pays contractor(s) or vendor(s) directly. If there are multiple invoices, the owner or investor may opt to pay one check to Atlantic Real Estate Advisors, which will then be paid out to each vendor.

Repair Coordination Fee:

Repair Coordination Management Fee shall be calculated with respect to each project, and shall be equal to five percent (5%) of any capital improvement project over five thousand dollars (\$5,000.00) expended in connection with any project. Furthermore, if a tenant engages its own construction

manager in connection with a project at the Property, Atlantic Real Estate Advisors will be entitled to receipt of a Repair Coordination Management Fee equal to two and one-half percent (2.5%) of all amounts expended in connection with the project. The Repair Coordination Management Fee, if any, shall be paid by client to Atlantic Real Estate Advisors as the construction progresses, but not more frequently than monthly, in the same proportion as the work completed bears to the total of the work comprising the project. Atlantic Real Estate Advisors shall submit to client a calculation of the Repair Coordination Management Fee payable as the work progresses which calculation shall be approved in writing by the client prior to its payment by the client. Notwithstanding the foregoing, in the event of the termination of this Agreement, the Repair Coordination Management Fee for any then ongoing work shall be calculated and paid through the date of termination based solely upon the hard costs incurred prior to the effective date of such termination. No Repair Coordination Management Fee shall be due or owing to the Atlantic Real Estate Advisors for supervision of ordinary maintenance and repair work on the Property, except as expressly provided herein.

Property Management Fee Structure:

Ten percent (10.00%) of monthly gross effective revenue and a \$500.00 contract cancellation fee for each property. There is a \$99.00 per month marketing



fee during vacancies for each property. There is an initial leasing fee of \$595.00 per property that covers the cost of the property manager's time to advertise the property, show the property to perspective tenants and qualify tenants. There is a \$200.00 fee for each lease renewal per property. There is a \$45.00 non-refundable application fee paid, per applicant made payable to Atlantic Real Estate Advisors. There is also a late fee of 10.00% of the monthly rent per incident and a \$65.00 returned check fee, both made payable to Atlantic Real Estate Advisors.

Maintenance Escrow: \$500.00 per property.

### 2.17 Overview of Profit Center 3: Product Offering Fee Structure

Atlantic Real Estate Advisors has to hold to its price points and will strive to increase margins with the low-cost or no-cost extras. Atlantic Real Estate Advisors is working to create value propositions all the way up and down your product and service lines. Atlantic Real Estate Advisors will use profits to build a more enduring business model. Atlantic Real Estate Advisors charges a monthly fee to watch and maintain client's investment property. Based upon the services we provide, our product offerings and fee structures are below.

**Profit Center 3: Overview of Product Offering Fee Structure**

<b>Management Tiered Fee Structure:</b>	<b>Fee</b>	<b>Invoicing Cycle</b>
Accounting Services	6.00%	Percentage of Monthly Property Revenue
Accounting Services, Plus Property Insurance Coordination	8.00%	Percentage of Monthly Property Revenue
Accounting Services, Plus Property Tax Assessment Payment and Appeals Coordination	8.00%	Percentage of Monthly Property Revenue
Accounting Services, Plus Repair Coordination	8.00%	Percentage of Monthly Property Revenue
Full Suite of Services	10.00%	Percentage of Monthly Property Revenue
Repair Coordination Fee	5.00%	(Repairs over \$5,000)
Maintenance Escrow	\$500.00	
Pet Fee	\$200.00	Per Person, Pending Property Acceptance of Pets
Extraordinary Expenses	\$85.00	Per hour
Monthly Marketing Fee During Vacancy	\$99.00	Monthly (During Vacancy)
Leasing Fee Per Property	\$595.00	Each Occurrence; Not Applicable on Renewals
Lease Renewal Fee Per Property	\$200.00	Each Occurrence; Not Applicable on Renewals
Contract Cancellation Fee	\$500.00	Each Occurrence; Not Applicable on Renewals
Non - Refundable Application Fee:	\$45.00	Per Applicant
Late Fee:	10.00%	10% of Monthly Rent Per Incident
Returned Checks:	\$65.00	Each Occurrence







## 2.17 Profit Center 4: Homeowners Association Management (HOA)

Atlantic Real Estate Advisors, our company felt the need to find creative ways to add value to client’s assets. The fundamental goal includes meeting customer’s expectations for housing quality, service, value and profit. This profit center targets Homeowners Associations (HOA) where the board needs a management team to collect monthly dues and/or oversee the execution of a variety of services (i.e. landscaping, pool maintenance, etc.).

### Property Management

Atlantic Real Estate Advisor’s property management of landscaping, amenities and common areas include:

- Solicit bids for special programs and contract services and implementing and supervising the completion of such programs; reporting the progress of same to the Board as required.
- Prescribe long-range maintenance programs and provide input to the Board as to alternative programs for solution to specific problems.
- Make arrangements for maintenance activities as shall be deemed necessary by the Board of Directors.

- Deed Restriction Enforcement includes:
  - Visiting the property as necessary and may be required to meet with homeowners or vendors and to make determinations about the physical state of the property.
  - Receive, advise and process work order requests by Homeowners per guidelines laid out by the Board of Directors.
- Assist in development and enforcement of property rules and regulations.
- Respond to homeowner and external inquiries during normal business hours via telephone, mail and/or email in a timely manner.
- Respond to emergency requests 24 x 7 by telephone or via email.

### Administrative Services

Atlantic Real Estate Advisor’s property management administrative services include:

- Perform administrative record keeping.
- Maintain communication and correspondence with property owners electronic and hard copy.
- Maintain current files pertinent to the Association and the owners. Store archived



files and records as directed by the Board of Directors.

- Meetings and Proxies
  - Attend all scheduled meetings of the Board of Directors or Homeowners per contract.
  - If desired, conduct the Annual Meeting of the Association for additional fee: \$150 per hour.
  - Prepare, send, and inventory proxies and votes as directed by the Board of Directors.
  - Upon request, furnish Board members with the latest in community association operational information.
- Review and assisting with the placement of insurance. At the direction of the Board, obtain premium quotations for such insurance as shall be deemed necessary.
- Research property improvement programs for discussion with property owners and/or Board of Directors.
- Legal Filings:
  - Provide input to the Board as to changes in State and Federal HOA Laws or rules.
  - Prepare and file on behalf of the Association all legal reports

required under Federal and State Law.

- Secure, on behalf of the Association, all necessary permits for operation of association facilities.
- Consultations:
  - Assist the Board of Directors in dealing with the Homeowners affairs and provide input as to prudent courses of action.
  - Advise Board of Directors regarding Board Meetings and Member Meetings including notice preparation and mailing, agenda development, and meeting guidance.
- Act as agent for the Board of Directors in carrying out each program it deems necessary regarding the common activity of the Association.
- On behalf of the Association, and at their direction, attempt to secure compliance with the Association's Rules and Regulations by all owners, guests and lessee.

### Financial Management Services

Atlantic Real Estate Advisor's property management financial management services include:

- Monthly Reporting includes:
  - Balance Sheet



- Income Statement
- Income Statement Budget Variance
- Detailed Check Register
- Delinquent Accounts Receivable (AR)
  
- Assist in opening and maintaining bank accounts as directed by the Board of Directors.
- Perform ongoing budget analysis and continually monitor cost trends in the area to avail the Association of the most economical operational practices.
- Maintain an electronic corporate ledger, which includes all receipt and disbursement information.
- Review billing for accuracy in costs and goods received, making out checks for approved invoices.
- Maintain a check register and payable journal while performing regular bank reconciliations.
- Prepare and submit to the Board, a proposed annual budget and assist in the preparation and dissemination of the final budget.
  
- Dues and Assessments services include:
  - Maintain account ledgers and history for each homeowner.
  - If required by the Board, secure the printing and mailing of billing coupons /

statements to all unit owners on an annual basis.

- Upon request, provide individual Homeowners with the status of their own account and coordinate the solution, of any discrepancies that may occur between the official record and a Homeowners record.
- Generate and mail out the correspondence necessary to bring delinquent accounts up to date and if unsuccessful in collecting, recommend the appropriate legal course of action.

## Taxes and Audit Services

Atlantic Real Estate Advisor's property management taxes and audit services include:

- Review and maintain copies of annual financial statements.
- Assist and cooperate with any outside auditing firm that may be retained by the Association.
- Prepare and file annual income taxes, or, at the Association's request, provide such information necessary for a third party to process.
- Coordinate with CPA the process and distribution of IRS Form 1096



## 2.18 Overview of Profit Center 4: Product Offering Fee Structure

Fees Structure:

- \$30 per door, per month
- Travel reimbursement for board meetings
- Hourly rate during board meetings  
\$150 per hour

Furthermore, there is a \$2,500.00 contract cancellation fee for each property.

Atlantic Real Estate Advisors' Repair Coordination Management Fee shall be calculated with respect to each project, and shall be equal to five percent (5%) of any capital improvement project over five thousand dollars (\$5,000.00) expended in connection with any project. Furthermore, if a tenant engages its own construction manager in connection with a project at the Property, Atlantic Real Estate Advisors will be entitled to receipt of a Repair Coordination Management Fee equal to two and one-half percent (2.5%) of all amounts expended in connection with the project. The Repair Coordination Management Fee, if any, shall be paid by client to Manager as the construction progresses, but not more frequently than monthly, in the same proportion as the work completed bears to the total of the work comprising the project. Manager shall submit to client a calculation of the

Repair Coordination Management Fee payable as the work progresses which calculation shall be approved in writing by the client prior to its payment by the client. Notwithstanding the foregoing, in the event of the termination of this Agreement, the Repair Coordination Management Fee for any then ongoing work shall be calculated and paid through the date of termination based solely upon the hard costs incurred prior to the effective date of such termination. No Repair Coordination Management Fee shall be due or owing to the Manager for supervision of ordinary maintenance and repair work on the Property, except as expressly provided herein.



**Profit Center 4: Overview of Product Offering Fee Structure**

<b>Management Tiered Fee Structure:</b>	<b>Fee</b>	<b>Invoicing Cycle</b>
Homeowners Association Management Contracts	\$35.00	Per Door or Unit
Board Meeting Attendance Fee	\$150.00	per hour
Repair Coordination Fee	8.00%	(Repairs over \$5,000 and under \$50,000)
Repair Coordination Fee	6.00%	(Repairs over \$50,000)
Pet Fee	\$200.00	Per Person, Pending Property Acceptance of Pets
Extraordinary Expenses	\$85.00	Per hour
Contract Cancellation Fee	\$2,500.00	Each Contract
Non - Refundable Application Fee:	\$45.00	Per Applicant
Late Fee:	10.00%	10% of Monthly Rent Per Incident
Returned Checks:	\$65.00	Each Occurrence



## Chapter 3

### 3.0 Business Development: Who is the Property Management Team?

At Atlantic Real Estate Advisors, education and experience count when building a team that is on the ground, in the trenches. Our team is very familiar with the area, demographics and understands the real estate rental market and submarkets. We have built a team that has the experience and the resources to deal with situations quickly, efficiently, legally and with minimal exposure to liability for the landlords/owners. While we are not presently involved in real estate sales, all of our property managers are licensed REALTORS and members of their respective Boards of Real Estate as well as other professional associations such as the National Association of Residential Property Managers (NARPM).

### 3.1 Family History

My unique combination of academic studies, work and personal experiences will allow me to successfully launch my own real estate endeavor. For over 100 years, my family has had extensive involvement in real estate. In the early 1920s, my great-grandfather, Jet Pleasant (J.P.) Daughtridge started J.P Daughtridge and Son Builders, a residential home builder in Rocky Mount, North Carolina. Mr. Daughtridge passed away in July 1957, but his son

James Melvin “Bud” Daughtridge took over and grew the family business until his death in 1996, building homes in both Rocky Mount and Tarboro, North Carolina. His son James Melvin “Mel” Daughtridge, Jr., and son-in-law, Berkley C. Skinner, III were involved in J.P Daughtridge and Son Builders, which briefly changed its name to Daughtridge Builders. Today, Mel remains active in real estate inspection services and sales in Zebulon, North Carolina. In 1983, Berkley C. Skinner, III started Skinner & Associates. Today, Skinner & Associates is a new single-family general contracting firm in Rocky Mount, North Carolina. From 1967 – 2007 my parents were licensed as North Carolina Real Estate Appraisers and Brokers and were actively involved in residential real estate in Eastern North Carolina. In the late 1990s our family business expanded to include the development of several residential neighborhoods. I worked many summers in the family office completing administrative tasks, participating in physical site inspections of properties and assessing market conditions. It was through my upbringing in this entrepreneurial environment of a small family owned and operated business that I gained a sense of the responsibilities, advantages and disadvantages of being self-employed.

### 3.2 Personal Real Estate Experience

While in college at the University of North Carolina at Chapel Hill, I interned for University Housing Group,



Inc., a multi-family developer targeting college communities. I served as a leasing agent and conducted competitor analysis for a 243-unit residential property. I was the top leaser for 2003, generating \$1 million in revenue for University Housing Group, Inc. I also received extensive training in Fair Housing laws. Upon graduation, I spent two years working for a multi-strategy fund of hedge funds, and now for more than three years, I have worked for ING Real Estate / ING Clarion Partners, where my daily interactions with the principals of the firm have allowed me to expand my knowledge of real estate investments. My firsthand experience in the development and acquisition of real estate properties has made me even more prepared and driven to pursue my own entrepreneurial endeavors. Through my relations with institutional clients, including my work for the State of Tennessee's Consolidated Retirement System (TCRS) and the ING Office Fund, (traded on the Australian Exchange IGFUF.PK), I have learned how to successfully manage client relationships on the portfolio management side. Furthermore, I have spent these three years building credibility and a vast network of real estate professionals including: brokers, attorneys, architects, general contractors, project managers, property managers and interior designers. Outside of day-to-day responsibilities at ING, I have taken the initiative to regularly attend broker events including: Cassidy/Turley annual capital markets event, broker luncheons, NAIOP

development Conference and RealShare Green Buildings. I have also attended NAIOP Northern Virginia Bus Tour, ULI Washington Real Estate Boat Tour, National Harbor Boat Tour, ING Alexandria Bus Tour and the 2008 and 2009 RealTOUR which have made me more familiar with Washington, D.C., Northern Virginia and Maryland markets.

Despite the current economic environment, I am now an Associate in the Asset Management group providing support for 10 commercial office properties (approximately 5 million square feet) in the Washington Metropolitan Area including: physical site inspection of properties and regular analysis of market conditions, oversight of third party property managers/brokers, proforma analysis, creation/coordination of property level operating budgets, capital plans and cost containment tactics, tenant credit analysis, lease negotiations, lease and loan abstracting and marketing. My responsibilities have also included: evaluating the economics of real estate assets to determine feasibility and valuation by using Unleveraged and Leveraged (DCF) IRR analysis, Going-In and Terminal Cap Rate Sensitivity, Rental Rate Sensitivity, LTV and Ground Lease analysis as well as Joint Venture and Preferred Equity Waterfall models.



### 3.3 Corporate Organizational Chart



As of: 05/13/10





### 3.4 Team Biography:

#### **Craven Randall Casper** President

Founder and President. Previously, Randall was with ING Clarion Partners / ING Real Estate where he worked in both Portfolio Management and Asset Management. Randall has been involved in the re-development of the following: Park Tower (fka 2980 Fairview Park, Falls Church, VA and the McPherson Building (901 15<sup>th</sup> Street, NW). Each presented unique site development challenges and required innovative collaborations of real estate professionals. These projects have helped Randall develop a deep understanding of the development process in general and in the District of Columbia, specifically.

Randall's community activities include serving working on rehabilitating homes for low-income homeowners through Rebuilding Together, a national nonprofit. He has also served as a volunteer with the Boys and Girls Club of Greater Washington.

Randall graduated with Honors from the University of North Carolina at Chapel Hill, and he received a Masters of Science in Real Estate from the Johns Hopkins University Carey School of Business. Randall is licensed as a Property Manager in Washington, D.C. Randall is licensed as a real estate salesperson in North Carolina, Maryland, Virginia and Washington, D.C.

Residential Real Estate designations: Certified Residential Specialist (CRS), Certified Property Manager (CPM), Accredited Residential Manager (ARM) certification, the Accredited Commercial Manager (ACoM) certification and the Accredited Management Organization (AMO) accreditation and C.I.P.S, and Certified by the U.S. Green Building Council (LEED Certification)

Randall is also a member of the International Council of Shopping Centers (ICSC) and the Urban Land Institute (ULI).

International: Randall is a CIPS candidate. A Certified International Property Specialist (CIPS) is an individual who has proven their expertise in international real estate practice by completing CIPS program requirements. CIPS designees are from Argentina, Australia, Austria, Bahamas, Bahrain, Bermuda, Brazil, Bulgaria, Canada, China, Colombia, Czech Republic, Denmark, Germany, Ireland, Italy, Jamaica, Korea, Mexico, the Netherlands, New Zealand, Philippines, Poland, Romania, Russia, Singapore and the United States. Several hundred more are currently working toward the designation.

#### **Freddy Gosalvez** Maintenance Supervisor

Freddy is the head of remodeling and maintenance. Mr. Gosalvez is the owner of Freddy's Tile and Remodeling Company, which specializes in marble,



granite, tile, terrazzo, hardwood, Pergo, CVT, vinyl, and kitchen and bathroom modeling.

### **Barbara Lynch** Intern Analyst

Ms. Lynch is a junior at Georgetown University majoring in Business. Ms. Lynch is responsible for marketing and business development

#### **Marketing**

- Assisting in devising a new marketing campaign to increase brand awareness
- Sending information to various media outlets
- Coordinating public relations efforts
- Building a Facebook page and building membership
- Researching and populating data on professional networking websites

#### **Business Development**

- Build a proprietary database of property owners in Washington, D.C. by examining tax records.
  - Includes contact information of each property owner.
  - Biography information on each property owner.
  - Information on the current rent of each property.

- Information on the current management company.

#### **Build Homeowners Association Database**

- Build a proprietary database of every HOA community in Northern Virginia and Washington, D.C.
  - Includes contact information of the Board of each HOA
  - Includes contact information of each President of each HOA
  - Includes information on their existing property management firm
  - Includes information on their HOA dues.

#### **Bank and Lender Database**

- Track down banks and lenders who are taking back properties
- Use survey monkey to collect feedback
- Client Database
  - In an effort to better understand clients
  - Family names, birthdays, anniversaries, favorite sports teams, alma maters, etc)
- **Industry Market research**
- **Real Estate trends & statistics analysis**



**John Clark** LEED Intern

The intern analyst is a junior at Georgetown University majoring in Business. Mr. Clark is certified by the U.S. Green Building Council (LEED Certification) and is responsible for business development and building the energy audit platform.

Energy Audit Platform

- Industry Market research
- Real Estate trends & statistics analysis

### 3.4 Business Team’s External Advisors:

**Coleman G. Rector** Rector Companies

Coleman has a broad experience in all facets of commercial and industrial real estate with over 21 years of experience as a Developer and General Contractor. He is an expert in the development process from beginning to end with a deep understanding of finance, construction costs, the entitlement process, sales/leasing and property management. He has developed and constructed millions of square feet of commercial and industrial properties in the Northern Virginia and Mid-Atlantic regions.

Having grown up and spent his career in Prince William County and Northern Virginia, Coleman knows the real estate market and its players well. Local and outside investors alike often turn to Coleman for advice and knowledge on the local real estate market.

Coleman is an active Practitioner Faculty Member at the Johns Hopkins University, Master of Science Real Estate Program. He teaches Real Estate Investments and has done so since 2001. Coleman has lectured at Harvard University in their Executive Education Program, ULI and has taught Real Estate Development at Virginia Tech. Coleman is a frequent Lecturer with NAIOP in their Development 101 series.

### 3.5 Atlantic Real Estate Advisors Value for the Service/Solution

Atlantic Real Estate Advisors will help create and add value for the owners/investors through the products and services offered at competitive rates, but there are many challenges for small businesses. These challenges are highlighted in the chart below.



Property managers have the knowledge to help the customer optimize their investment, and Atlantic Real Estate Advisors is familiar with state and local laws and Homeowners Association guidelines, and help can also be provided to evict a problem tenant. Atlantic Real Estate Advisors is incorporating technology to improve the efficiency and effectiveness of the operation. One example is using the new iPad from Apple to conduct property inspections. The iPad will allow me to take notes, use a checklist, have the tenant's sign the checklist and upload photographs for a report while at the property. Another example of the value that Atlantic Real Estate Advisors can deliver is excellent customer service by incorporating Customer Relationship Management (CRM) software in order to manage clients, tenants, perspective tenants and interested parties.

### 3.6 Personal Values:

Personal values are convictions regarding what we believe are important and desirable. Attention to our values helps us (a) become more self-aware, (b) make ethical decisions, (c) prioritize our tasks, and (d) develop credibility as a leader. Owning and operating a small business can be a daunting task, but having a clear set of personal values helps us build the credibility and trust that facilitate leadership. I fully realize the monetary and non-monetary tradeoffs of self-employment. I will not have paid vacations, funded or partially-funded medical and dental insurance, and 9am-5pm hours of operation (40 hour workweeks), or matching 401K plans. Despite the luxury of stability and a guaranteed bi-weekly paycheck, there are positive tradeoffs. I believe I can achieve higher goals and greater success both personally and monetarily and build credibility as a leader. How does achieving these higher ends play into my life in general? Arguable, I will have to work harder than I do now because I will have my credibility and personal finances on the line. I intend to show fairness and respect to all clients, investors and future employees.



### 3.7 Time Management:

The adage that “time is money” is particularly applicable to someone that is self-employed. The long-term goal is to generate enough income to employ people and create meaningful jobs, but in the interim, Atlantic Real Estate Advisors may have to consider outsourcing or the use of interns.

- Managing Existing Clients (40%)
- Administrative Duties (20% )
  - Bookkeeping, recordkeeping and accounting
  - Updating Contact Management Relationship (CMR) software
  - Repair coordination
  - Bill paying
  - Advertising
- Building client relationships (40%)
  - Cold calling
  - Pitching new business
  - Researching avenues to attract new business

### 3.8 Strategy for Building the Business and Expanding Atlantic Real Estate Advisors:

By starting in residential property management, Atlantic Real Estate Advisors can build trust from its clients. In the short term, it is important to pull tax records and understand who owns the property in the Washington Metropolitan Area. Atlantic Real Estate Advisors will begin to target new clients in hopes of building stronger relationships with initial letters, information packet, phone calls and emails when applicable. By achieving excellence by providing the best service for clients, Atlantic Real Estate Advisors will gain referrals and expand into a future roll of representing owners in the acquisition or disposition of additional investment or personal residences or recreational vacation properties.

Once the property management division of the company takes off, I would like to see the company grow into sales. I would like to initially add one or two top producing salesperson/brokers to the team at Atlantic Real Estate Advisors. The most advantageous way to get started is on a monthly draw schedule. A draw against commission is an amount of money advanced against amounts that are expected to be earned in future commissions. This arrangement can be very beneficial as it helps smooth the cash flow of a person paid on commission. When commissions are earned, the total amount the salesperson/broker



draw is deducted and is then paid the balance of the commission. I will have to provide the brokers with an annual draw plus commissions that they are accustomed to at their existing firms. Typically, brokers either receive \$50,000 (junior brokers) or \$100,000 (senior brokers) draws paid on a monthly basis. I will need to take out a \$250,000 loan to cover draws and operating expenses. Once a lease is executed and the commissions are paid by the landlord, the split is typically 35% to the firm and 65% to the broker, with the 65% first paying off the draw and any proceeds left over going to the broker as additional compensation. The standard 35% to the firm goes to cover overhead expenses (i.e., office rent, utilities, marketing expenses, advertising, etc.). In an effort to entice top producing brokers to join the team, Atlantic Real Estate Advisors will have to offer better splits such as 20% to the firm and 80% to the broker/salesperson.

### 3.9 Business Risks

Business risks are factors that are specific to the underlying company. These risks cover a broad set of issues such as:

- the business and investment experience of key personnel;
- the stability and culture of the organization;
- the quality of the managed real estate portfolio and risk management systems;

- the proper alignment of interest between the manager and owner/investors; and,
- An appropriate structure and discipline in property management back office operations.

### 3.10 Managing Change

As part of creating this business plan, I have spoken with small business owners, some not currently in real estate, to get an understanding of how they got started, how they have been successful, business risks they have overcome and lessons learned in their respective businesses. Additionally, I will have the opportunity to gain valuable insight and direction through my relationship with my Johns Hopkins University Carey Business School advisor, Coleman Rector, who owns his own commercial real estate firm in Manassas, Virginia. Furthermore, I have already purchased a number of books on this topic including: *The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It*; *Harvard Business School: How to Write a Great Business Plan*; and *Angel Financing for Entrepreneurs: Early-Stage Funding for Long-Term Success*. The research has provided me with valuable information that has helped shape this plan.

I have never been, and I do not intend to be complacent. Atlantic Real Estate Advisors must be able to anticipate change by staying lean and agile as a company. I will strive to not be reactionary, but



rather, I will have my finger on the pulse, understanding the economy, the markets and submarket trends. I will need to watch for changes in our clients, their needs and their expectations. I will also have to embrace and adapt technology and finds creative ways to always stay innovative.

### 3.11 Managing Growth

Managing growth and expectations can be hard and needs to be carefully thought out. As the company grows and prospers, I will also have to become a manager of people. One of the hardest aspects is assembling the right team that is onboard with me and my decisions, and it is essential that Atlantic Real Estate Advisors have a very clear mission statement that dictates the way you manage. This company is based on integrity and excellence with the mission of:

Priding ourselves on our reputation for integrity, objectivity and excellence

Working with clients as partners in meeting all of their real estate needs.

Providing independent, trusted and personalized advice, complementing in-house expertise with carefully selected external resources

If I make a hiring mistake or an employee misrepresents a client or a client’s interest then the company, the company’s integrity and my integrity are at stake. I need to ensure that the team

understands and is guided by the same values and principles that guided me in this endeavor.

### 3.12 Exit Strategy

#### How Fast Can the Company Grow?

The first goal is to expand into real estate sales and diversify the company by bringing other real estate brokers on board by enticing them with higher splits than they currently receive with their existing firms.

The second goal is to expand existing business lines and create new business line in areas such as consulting, disposition analysis for small lending institutions

The third goal is to create build a brand. Atlantic Real Estate Advisors will do this by making services more reliable for customers and help generate more annual income for the affiliated third party contracts. The contractors may use the license of Atlantic Real Estate Advisors and in return, Atlantic Real Estate Advisors gets a fee. The contracts will remain free agents, which allow Atlantic Real Estate Advisors to avoid liability, but can maintain control and ensure receipt of fees by doing their accounting and manage pricing and providing work in downtimes to help grow their annual income.



A brand platform supports building value-added customer relationships by –

- Aligning senior management on key strategies to deliver differentiated value to customers.
- Creating a clear, compelling marketing message that results in more efficient brand communications.

Providing a focus on connecting every employee's behaviors to consistently deliver differentiated value to customers.

### Will Atlantic Real Estate Advisors Sell or Merge?

A goal is to franchise the business and have several offices along the east coast of the United States. The long-term goal is merge with several small firms and eventually be purchased. There are key questions the firm must consider including:

- What key milestone is Atlantic Real Estate Advisors trying to hit that will justify a significant increase in valuation of the firm?
- Are there ways to form alliances with competitors?

### How Does Atlantic Real Estate Advisors Evolve?

Rather than sell or merge, perhaps a goal is to franchise the business and have several offices along the east coast of the United States.





## Chapter 4

### 4.0 Marketing & Publicity for Atlantic Real Estate Advisors

Atlantic Real Estate Advisors believes that marketing is crucial for business success in order to make people aware of the company and to generate a buzz in the community. Marketing, however, can be expensive. Atlantic Real Estate Advisors will send each client an annual holiday card. Atlantic Real Estate Advisors will try to understand what each client's philanthropic interest/favorite charities are and make an annual donation to that individual(s) in their honor as a token of our appreciation for their business and loyalty. In addition, to better understand clients and build a positive repore, I will build a database to remember key items (i.e. birthdays, anniversaries, alma maters, favorite sports teams, etc.) Given that marketing will primarily be driven towards generating new business: including entertainment (lunch/dinner, signage, et cetera), Atlantic Real Estate Advisors has developed some key ways to try to become more well-known in the marketplace and do it for free. Ideas include:

- Meet the Press: Prepare press releases for coverage on all kinds of print publications, television and radio.

- Leverage UNC-Chapel Hill and Johns Hopkins University connections.
- Get listed on [propertymanagerfinder.com](http://propertymanagerfinder.com).
- Having an article published in *Entrepreneur Magazine*.
- Having an article featured in the *Washington Post Business* section.
- Having an article featured in the *Washington Business Journal*.
- Leveraging my relationship with *Biznow* to be featured in both their real estate social newsletter by contacting: Makeda Saggau-Sackey at [saggausackeym@gmail.com](mailto:saggausackeym@gmail.com).
- Apply for National Federation of Independent Business (NFIB) Young Entrepreneur Award.
- Having an article featured in the *Business Week*.
- Having an article featured in the *Forbes*.
- Checkbook.org is an independent, non-profit consumer authority in Washington, D.C. Get on the list and have positive feedback reported about Atlantic Real Estate Advisors.



- Promotional PowerPoint or video on youtube.com.
- Apply for the ICSC Foundation Mary Lou Fiala Fellowship by submitting this business plan.
- Register with the Better Business Bureau (BBB)
- Link to SurveyMonkey to collect data on people searching my site.
- “Join Our Mailing List” link
- Website: Create links to the following fair housing issues
- Department of Housing and Urban Development (HUD) Fair Housing Law Site

A sample press release kit for Atlantic Real Estate Advisors is located in Appendix A.

#### 4.0 Website Details and Layout

- Front Page: Corporate Overview
- Client Page / Secure Client Access with real-time on-line client updates and lease tracking
- Case Studies Page – list successful client transactions
- Goal: Track website visitors
- Website capable of receiving and responding to emails
- Complete repair maintenance request forms online which notifies Atlantic Real Estate Advisors via email.
- Virginia Residential Landlord & Tenant Act (VRLTA)
- Washington, D.C. Landlord/Tenant Law
- Maryland Fair Housing Law



# Chapter 5

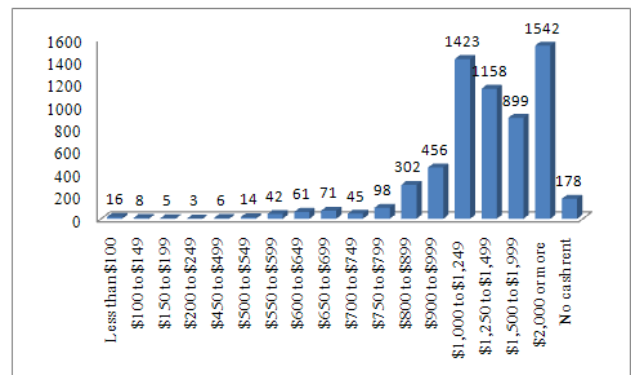
## 5.0 Market Feasibility Study

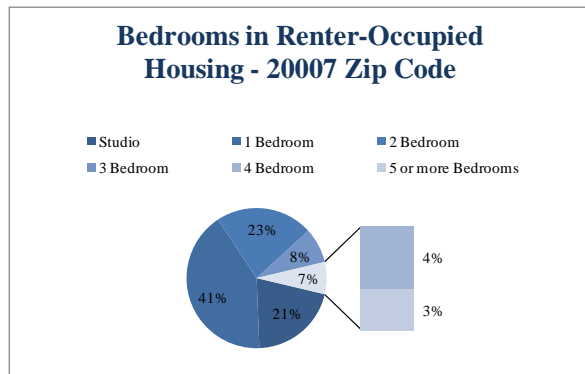
The market study section is four pronged approach. Atlantic Real Estate Advisors has prepared extensive research on the competitive real estate companies in the area. To better understand what they do, Atlantic Real Estate Advisors has reached out to the top 100 competing brokers. Atlantic Real Estate Advisors has compiled a list of perspective tenants to target.

The first neighborhood that is going to be targeted is the 20007 zip code area of Georgetown, which includes: Cathedral Heights (Glover Park) neighborhood, Embassy Row (Woodley Park) neighborhood, Georgetown (Hillandale) neighborhood, Naval Observatory neighborhood, Northwest neighborhood, and Spring Valley (Foxhall Village) neighborhood. Houses and condos in 20007 zip code total 13,264. Renter-occupied apartments in 20007 zip code total 6,574. This area is a prime place to target rent levels that make the 5 Year Guarantee Plus Program and traditional property management successful coupled with the fact that 52 percent of residents in this area are renters not homeowners.

Rent paid by renters in 2009 in zip code 20007:

- Less than \$100: 16
- \$100 to \$149: 8
- \$150 to \$199: 5
- \$200 to \$249: 3
- \$450 to \$499: 6
- \$500 to \$549: 14
- \$550 to \$599: 42
- \$600 to \$649: 61
- \$650 to \$699: 71
- \$700 to \$749: 45
- \$750 to \$799: 98
- \$800 to \$899: 302
- \$900 to \$999: 456
- **\$1,000 to \$1,249: 1,423**
- **\$1,250 to \$1,499: 1,158**
- **\$1,500 to \$1,999: 899**
- **\$2,000 or more: 1,542**
- No cash rent: 178





6. How will Atlantic Real Estate Advisors respond to competitor's responses, especially if the competitor's response is not positive?
7. Are there ways to form alliances with competitors?

## 5.1 Competitor Feasibility Study

When examining competition, there are a number of pertinent questions that one should ask including:

1. Who are the new venture's current competitors?
2. What are the demographic trends and other forces shaping the venture's fate?
3. What resources do they control? What are their strengths and weaknesses?
4. Who else may be able to obscure or capture the same opportunities/market share?
5. How will competitors respond to my decision to enter the business?



# Chapter 6

## 6.0 Financial Plan

The key to successful cash management is monitoring the flow of cash with the intention of slowing cash flow going out and speeding up the cash coming in. Slowing the flow of cash flow out can be done by developing terms with vendors and suppliers. This allows a temporarily delay of payment while actively bringing in cash flow from management fees and commissions. I have also done market research in an effort to make realistic assumptions about how Atlantic Real Estate Advisors can compete in the Washington Metropolitan Area.

This business plan includes a month, 12 month, 24 month, and a three year summary of key financial forecasts, especially sales and profit/loss. Atlantic Real Estate Advisors will need to raise an amount of funding that will enable accomplishment, with some cushion. The attached monthly cash flow schedule details operating expenses and shows that approximately \$200,000 is needed to launch this business venture. Atlantic Real Estate Advisors will need seed money from Angel Investors, Community Foundations, Microlenders or business-incubator centers or a loan from the Small Business Administration (SBA). In order to attract seed money, I will also have to commit personal assets and my own

hard-earned money to this endeavor to demonstrate my willingness to “put my money where my mouth is” and provide belief in my own vision by having “skin in the game”.

For loans of \$150,000 or less, the SBA 7(A) Loan Guaranty Program will guarantee up to 85% of the loan or \$127,500. I would have to personally guarantee \$22,500.

As I previously mentioned in the Company Information Section (Chapter 3), for the first 10 to 18 months, my home will need to be my headquarters until I can grow my client base and build a book of business. A main question for consideration is how long it will take to acquire a client, begin managing the property and find appropriate tenants. The risks of the residential real estate business are certainly offset by financial rewards, flexibility and opportunities to go out and meet his clients.

I will use profits to build a more enduring business model, but if broker commissions are slow to be earned and take 18 to 24 months to generate revenue and business takes longer to get off the ground than what is initially assumed, I have thought about other ways to survive economically. Other sources of income could include:



- Teaching courses at JHU, Georgetown or George Mason in their Masters of Science in Real Estate programs. On average, most private universities pay \$7,000 per course, per semester. I was able to teach one course per week, I could earn \$14,000 per year.
- Generate advertisement income from Website.
- Write a real estate textbook and gain royalties such as Pearson's custom-publishing division generating 15% of royalties of sales.
- Christmas decorating contracts for commercial office buildings (average of \$5,000 per building).



# Appendix

- A. Professional References
- B. Craven Randall Casper Resume
- C. Sample Client Pitch Letter
- D. PowerPoint Presentation – May 13, 2010



# Appendix A

## IV. Professional References

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# Appendix B



# Appendix C



# Appendix D

Luxury Real Estate Advisors. The preeminent provider of sales, leasing, property management and investor services to the luxury segment. Search Now. - Tony Bonnici, Vice President and General Manager, Lotus Broadcasting Corporation. "Anthony is one of our top producers and it's truly a pleasure to work with." - Nicole Nejezch, Broker & Director of Sales at CityCenter Residential (Mandarin, Veer, and Vdara). "Thank you Luxury Real Estate Advisors for your efforts on selling my Las Vegas condo." - Christopher Nordling, Executive Vice President, MGM Resorts International. "Thank you for your assistance in managing and selling our Mandarin portfolio; your team simplified a very complex, multi-party, multi-residence