

Manor Ventures LLC Property Specific P & L		11/27/2015	TWO STORY RENOVATION		THREE STORY RENOVATION	
RENT TO OWN				Investment		Investment
ASSUMPTIONS		Acquisition Price	\$5,000	Amount	\$5,000	Amount
Anticipated Renovation Costs (2 STORY)		125,000				
Anticipated Renovation Costs (3 STORY)		155,000				
Length of Project (Months)		6				
MV Equity Requirement/Req'd Capital		10.00%				
Preferred Return to Investor/Req'd Cap		6.00%				
Opportunity Cost Rate on MV Equity		5.00%				
Term of RTO Lease (Months)		24				
Monthly Rent - 2 Story		\$1,200				
Monthly Rent - 3 Story		\$1,400				
Target Net Profit		\$40,000				
Renovated Resale Price		\$180,000		70.89%	\$225,000	68.91%
<b>BASE ACQUISITION PRICE</b>		\$5,000			\$5,000	
Closing Costs on the Buy:						
Lender Fees		0			0	
Lender Points		0			0	
Appraisal Fees		250			250	
Title Fees/Insurance		837			1,030	
Transfer and Doc Fees		150		100%	150	100%
MV Buyer Agent Commission Flat Fee		1,500			1,500	
Miscellaneous		500			500	
<b>TOTAL ACQUISITION PRICE</b>		8,237			8,430	
Cost of Renovation:						
Renovation Hard Costs		125,000			155,000	
Contingency (Included in Hard Cost)		0			0	
Project Labor (Salaried Construction Mgr)		4,000			4,000	
Inspection Costs		500			500	
Insurance		1,287			1,584	
Field Overhead		2,500			2,500	
R/T Taxes		250			250	
Interest Carry		0			0	
Investor Interest DURING CONSTRUCTION		3,828			4,651	
Investor Interest DURING RENT TO OWN		15,312			18,605	
Rent Revenue DURING RENT TO OWN		-28,800			-33,600	
Opportunity Cost -Return on MV Capital		364			442	
Other Costs						
<b>TOTAL RENOVATION COSTS</b>		124,240		100%	153,932	
<b>TOTAL ACQUISITION &amp; RENOVATION</b>		132,477			162,362	
Margin before Selling Expenses		47,523			62,638	
Selling Expenses:						
Closing CASH Incentive		0			0	
Transfer and Doc Fees		2,700			3,375	
Commissions/Bonus		9,000			11,250	
Deferred Sales & Mktg.		1,350			1,688	
Miscellaneous		450			563	
<b>TOTAL SELLING COSTS</b>		13,500			16,875	
<b>GROSS MARGIN</b>		\$34,023		100%	\$45,763	

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# Conscious Community Invest-To-Own Program

CONSCIOUS COMMUNITY



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## Conscious Community

The Conscious Community Initiative primary objective is to eliminate poverty by creating a shared economy consisting of real estate develop, conscious entrepreneurship, healthcare, mentorship, rites of passage, and environmental consciousness. The Conscious Community will based it's poverty elimination program by implementing La Maestra's Circle of Care model starting in Baltimore City.

La Maestra's Circle of Care is a holistic, solution-based approach to providing programs and services that was created because complete family wellness requires more than just medical services. La Maestra's team of over 400 staff, who are from the populations served, has embraced the Circle of Care philosophy, working together to identify the total needs of patients and attend to them through preventive care, education, treatment, and referrals to services that address the social determinants of health, ultimately guiding patients and their families to wellbeing and self-sufficiency. The Circle involves a network of integrated services provided at La Maestra Community Health Centers, La Maestra Foundation and partner organizations.

The Conscious Community Initiative will keep its conscious business members engaging, connecting and communicating using the online directory portal the Conscious Business Nexus (CBNexus).

To manage the information database of capacities and needs to serve as the foundation of a robust micro-economy, the local stakeholders will use an information management system to hold, store, and manage the seamless retrieval of the vital information developed and maintained by Change 4 Real Community Corporation.

Our goal for the Conscious Community is to raise a total of \$45 Million Dollars.

1. \$20 Million Dollars will be used to redevelop the Park Heights neighborhood.
2. \$25 Million Dollars will be raised in 12 months using the Social Capital Method

## Objective

Create a community of principle-centered, freethinking-entrepreneurs who are driven by the desire to make a difference in the world. A membership-based community of Conscious Capitalist, Benefit Corporations, conscious entrepreneurs, non-profits, lawmakers, and community leaders engaging in think tanks, mastermind session, strategic relationships, incubators, mentorship, and community empowerment by supporting local area non-profits, spurring job growth, and revitalizing the community.

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## **Mission**

Mission: To build a network of socially conscious business professionals who are committed to engaging in ethical and profitable business transactions with the purpose of creating a material positive-measurable impact in the community and the environment. By being thought leaders in the area of economic development and working with local government policy makers, trade associations, and community-based non-profit organizations.

## **Strategy**

The Conscious Community will use an online business directory portal called the Conscious Business Nexus (CBNexus) and will be comprised of entrepreneurs, small business owners, business coaches, business consultants, real estate professionals, financial advisors, attorneys, and non-profits organizations.

The CBNexus will be a member-ship based community with operating principles that each member will have to adhere to.

## **Operating Principles**

1. Provide Value to the CBNexus
2. Operate a Conscious Business Model
3. Adopt at least 1 Non-Profit Organization
4. Develop a Conscious Action Plan (CAP)
5. Seek to patronize or support businesses within the CBNexus first, before going outside the community.

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## Social Capital

The CBNexus will start with 150 members and each member will invite three new members to enroll into the community each month.

The Benefits Community will be action oriented, and focused on two primary missions:

1. Generating revenue for a higher purpose
2. Giving back 10% of all profits to support community-based non-profits.

## The Plan

The Conscious Community will focus on completing four objectives:

- 
1. Build the community to 109,950 members in 6-months.
  2. Raise \$25 Million Dollars for our community.
    - a. 50% or \$12.5 Million will go to 30 well deserving non-profits
    - b. 50% or \$12.5 Million will go to Conscious Community
  3. Maintain a monthly income of a minimum of \$5000 per month, per member.
  4. Hosts a Live Event in 12 months at the DC Convention Center.
    - a. We agree to the goal of selling 5000 tickets to 5000 people.
    - b. In a year we have a conference with 5000 people at the DC Convention Center.

We get the following people to attend as presenters:

      - i. Emanuel (Manny) Perlman
      - ii. Naila Chowdry
      - iii. Zara Marselian
      - iv. MD Senator Jamie Raskin – Author and Sponsor of the Maryland Benefits Corporation Legislation
      - v. Muhammad Yunus
      - vi. John Mackey
      - vii. Raj Sisodia
      - viii. Michael Strong
      - ix. John Kiehl
    - c. Key Note:
      - i. Colin Powell - Leadership
    - d. Special Guests Include:
      1. Representative Elizabeth Warren
      2. Representative Bobby Rush
    - ii. Enactus- A community of student, academic and business leaders committed to using the power of entrepreneurial action to transform lives and shape a better more sustainable world.

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## Marketing Strategy

To create value for the community by providing the business opportunities, education, support, and resources to enable all 150 members to make money by providing products and services to small businesses owners and non-profits. The following resources will be used:

1. The Social Credit Model will be implement to build social capital & social wealth
2. King Connections' Doing Great by Doing Good Strategy – Establish yourself as a problem solver by “giving first” of expertise and services to community-based non-profits developing a proven track record of success; thereby attracting small business clients.
3. Each member will be offered the opportunity to become a King Connections Independent Associate (IA). King Connections IA will provide Internet marketing sources to small business owners in need of a scalable marketing strategy.
4. The Doing Great by Doing Good Strategy is teaching the members to use Internet-based tools to develop and manage the web presence for non-profits. Understanding that non-profits have networks and board members and are a great source for connecting.
5. Conscious Success Academy's business development, wealth building, connecting, and professional development curriculum.

Each member of the CBNexus will have an established web presence and use social media and videos to share their giving back-stories. Thereby increasing their web presence and driving more organic traffic to their sites, and backlinks to the CBNexus site and its members individual sites.

We will hand pick quality people who bring value in our network. We start at 150 and we commit to adding 5 people of quality to our network. Our focus is quality not quantity. Three of the five will invest \$3997, the remaining two will be allowed to invest social capital of either volunteering 20 hours a week to a non-profit organization. By the end of 30 days we would grow our network by 450 quality people. By the end of 6 months we will have a network of 109,350 people that we built with intent. In only six months we have a 109,950 people with a growth potential of 328,050 people in 240 days.

- 450 in 30 Days
- 1350 in 60 Days
- 4050 in 90 Days
- 12,150 in 120 Days
- 36,450 in 150 Days
- 109,360 in 180 Days

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## **Conscious Community Social Mission Program**

The economic crisis cannot be resolved without the support of the community, and in order to get community support there must be community investment. The best use of community investment is supporting community based non-profit organizations whose mission is to improve the quality of life for residents. Investing money, resources, and time into community based non-profit organizations provides the best return on investment by supporting the community stakeholders that understand the needs of the community. Often community based non-profit organizations lack the resources to implement the programs and services that will have the most significant impact on the community.

CBNexus –Understands the challenges that community based non-profit organizations face and has developed the Community Investment Program.

CBNexus is committed to making a social impact by providing funds and resources to community based non-profit organizations whose mission is to provide education in the areas of financial literacy, entrepreneurship, business development, neighborhood connectedness, youth programs, elderly assistance, homeless services, job training, and employment services.

We will carry forth this mission by offering an annual grant of \$20,000 that non-profit organizations can apply to assist them with funding programs, startup costs, and capacity building.

We will also provide resources to non-profit organizations in the way of providing venues for meetings and classes, volunteering a minimum of 10 hours per month and purchasing items such as books, computers, and office supplies. We will also sponsor quarterly fundraising events to bring additional funds and resources to the non-profit organizations that we have identified.

We are also committed to reducing the carbon foot by supporting companies and organizations that use clean green energy, recyclable products,

Our Social Impact Assessment twill be used to identify which non-profit organizations we will support. The Social Impact Assessment will be comprised of the following:

1. Organization's mission
2. Target population the organization attends to serve
3. Organization's presence in the community
4. Organization's impact in the community
5. Organization's track record in the community
6. Organization's management

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### *Park Heights Community*

The Park Heights community consist Park Heights lies approximately 10 miles northwest of downtown Baltimore and within two miles of the Baltimore County line. A 1,500- acre community, Park Heights comprises many smaller neighborhoods that together contain approximately 30,000 residents. It is bounded on the south by Druid Park Drive, on the west by Wabash Avenue, on the east by Greenspring Avenue, and on the north by Northern Parkway. Interstate-83 is less than a half mile to the east. Two major roadways— Park Heights Avenue and Reisterstown Road—run north-south through Park Heights, serving as the neighborhood’s “Main Streets” as well as commuter corridors. Limited commercial uses—primarily retail—are scattered along these roads; there is also some industrial activity on the neighborhood’s western edge. Otherwise, Park Heights is characterized by residential uses, which run the spectrum from stable, well-tended streets to entire blocks of abandoned houses and lots. Major health care, educational, and social service institutions are located throughout the community, as well as one of Baltimore and the State of Maryland’s most well-known landmarks, Pimlico Racetrack.

The City is releasing a RFQ to redevelop 65,000 Acres on March 1st 2016 and the \$20 Million and the Conscious Community Initiative will be to reply to that RFQ.

Our plan is to develop Park Heights Neighborhood according to 4 phases using the Conscious Invest-To-Own Program.

1. Phase 1 - April 2016 – 2018 - \$5 Million

Our strategy for raising the initial \$5 million is as follows.

Step 1. We need to raise an initial \$150,000 to launch our Conscious Community Campaign (Need to state how the \$150,000 will be used.

Step 2. The \$150,000 will be used to raise \$300,000 from Private lender – David

Step 3. We use the \$300,000 to get a line of credit from a bank that allows us to put ¼ down Ex. \$300,000 down payment to have access to \$1.2 Million Dollars Credit.

Step 4. We purchase from the city 40 Properties at \$5000 per property = \$200,000.

Step 5. We resell the properties as owner financing to our Conscious Capitalism investor members for \$20,000.

Step 6. We package the properties with an investment of \$100,000 renovation costs for a total of \$120,000 the Conscious Capitalism Investor has in the property.

A. \$20,000 Acquisition price and \$100,000 Renovation Costs

B. The properties will feature 3 Bedrooms and 2 Bathrooms

Step 7. The Conscious Capitalism Investor will Rent the property to a Baltimore City Resident on the Section 8 Rent-To-Own Program for 3 years.

Step 8. The Section 8 renter will agree to purchase the properties for \$160,000 in 3 years.

A. The Conscious Capitalism Investor and Section 8 Renter set the price at \$160,000 6-months after the property has been renovated.

B. The Conscious Capitalism Investor will receive monthly rent from the Section 8 program ranging from \$1200 - \$1400 per month for 36 months

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C. The Conscious Community strategic partners consisting of HUD Counseling agencies, lenders, and real estate professionals will work with the Section 8 renters to help them to become mortgage qualified in 36 months to purchase properties.

D. The Section 8 Renters will have to undergo monthly credit and financial literacy counseling, 36 hours of Homeownership Education, and will receive closing costs and down payment assistance once completed.

E. Will in the program they will establish savings accounts and an Emergency Fund of 6 months reserves.

F. Thereby allowing them to only have to put \$2500 down to purchase the property.

Phases 2 – 4 will leverage the revenue and profits generated from Phase 1.

2. Phase 2 – April 2018 – 2020 - \$5 Million

3. Phase 3 – April 2020 – 2022 - \$5 Million

4. Phase 4 – April 2022 – 2024 - \$5 Million

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## The “Conscious Real Estate Invest-To-Own Program”

The plan is to revitalize and economically empower a distress community. The proposed method of carrying out this challenging and enormous task is to first establish a presence or foothold in the chosen community by acquiring a commercial building to use as a community/training center. The Conscious Real Estate Development Group (CREDG) mission is to purchase, renovate, and lease with option to purchase to homebuyers. The CREDG would also create a training curriculum based on education, empowerment, and business development for the community. The solution is to create an environment, in which education is mandatory to purchase a home, full disclosure is required and homebuyers are provided with support for up to 24 months after purchasing the home. Before we start the recovery process, we must first eliminate the thousands of vacant properties dominating Baltimore City neighborhoods riving down the values of homes prices.

The CREDG will work with it’s stakeholders of lawmakers, government agencies, faith-based and community nonprofits, and community leaders to ascertain the greatest needs and concerns in local municipalities. The CREDG will implement effective strategies designed to increase the value of the neighborhood and improve the quality of life for the residents of the community. The CREDG will provide oversight and monitoring of all proposed solutions and strategies executed by its members with quarterly reports and impact assessments.

The Conscious Real Estate Invest-To-Own Program is proposed solution to the Baltimore City’s housing crisis.

### Value

- Convert foreclosed and abandoned houses into homes, thus restoring neighborhoods
- Provide jobs for the real estate community and supportive professionals, i.e. contractors, home improvement, electronic, plumbing, and carpentry.
- Provide taxes for the state and Baltimore City.
- Increase homeownership sustainability by providing comprehensive credit, financial, and homeownership education.
- Provide ongoing support via a Conscious Capitalism business network of real estate professionals, lawmakers, government organizations and community based non-profits.

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## Problem

In 1955 (or 1957), the Maryland state legislature passed legislation prohibiting Baltimore from merging with or incorporating with its surrounding counties. So it has an infrastructure older than its surrounding counties. So merger or incorporation might have been a solution to dilute or address some of its economic and tax problems, as population and economic development expanded away from the urban core. But that route had been cut off by state legislation.

With the declining economic industrial base, many of Baltimore's residents were beginning to find themselves out of jobs. Huge industries stop expanding and actually began to decrease, for instance, the textile industry, followed shortly thereafter by a severe decline and the near elimination of steel production, electrical components production, and automobile production.

What we ended up with was a City with a rapidly eroding tax base coupled with an increasing demand for services. Many of the families that acquired the financial means, by working in the higher paying industrial jobs, actually began to leave the city. Along with their exit, went much of the tax base that provided needed revenue for the City to operate. Not only was the City unable to make qualitative improvements in the living situation of citizens, Baltimore also lacked the resources to make considerable repairs to its infrastructure.

The state constitution has a mandate to do two things: 1) balance the budget and 2) provide a system of public education. The way it provides education involves shared responsibilities with the twenty-three (23) counties and Baltimore City. Baltimore City receives over 70 percent of the funding for school from State and Federal sources. A whopping 53 percent of the City's total revenue comes from State and Federal funding, approximately \$1.2 billion of a \$2 billion budget. The counties that have rich tax bases, like Montgomery and Howard counties, are in a better situation to contribute to their own educational systems. But if Baltimore City is not in a situation for providing for new buildings or new teachers, it usually has to go without them because of the lack of additional state funds to augment its declining tax base.

Annually, Baltimore City has a couple billion dollars to work with – to provide services for a city of over 650,000 people. The per resident cost of running government in Baltimore City is higher than the other four large political jurisdictions, \$3,472 compared to \$2,171 in Anne Arundel, \$2172 in Baltimore County, \$3117 in Montgomery, and \$2567 in Prince George's.

Nor is it clear whether the Inner Harbor has enlarged the City's tax base. As a case in point, one could look at the \$36.6 million given to the Marriott Corporation by way of tax incentives to build a hotel downtown. The project created about 650 jobs. Relative to the subsidy, that's over \$56,000 per job, yet the jobs pay on average only \$20,000 per employee. At that income level, a family of four would still qualify for food stamps, State provided health insurance for their children and the federal earned income tax credit.

The \$20,000 average, by the way, includes hourly and salaried employees, and statistics that most housekeepers and janitors are not earning \$20,000 a year. So an interesting question to look at, again, is whether the city schools or housing or per capita income has improved with the development of the Inner Harbor.

Looking at some national statistics, which I believe are applicable to Baltimore City – in 1998, the median wealth for blacks was \$10,000 compared to \$81,700 for whites; median household income for blacks was \$25,351 compared to \$40,912 for whites.

And for good measure let me just cite population density numbers that, I believe, also play a part. Overall, the State has about 506 people per square mile. Baltimore City has 7078 people per square mile, compared with the next highest Montgomery County with a density of 1726. That's a lot of people -- 23% of them live in poverty, living on top of one another.

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## Crime

The Drug Enforcement Administration claims that Baltimore leads the nation in heroin use and having one of the most severe crack cocaine problems in the United States. DEA also estimates (perhaps dubiously) that 10% of Baltimore's 600,000 residents are addicted to drugs. Baltimore's problems have recently been publicized nationally through the books and mini-series "The Corner" and "Homicide: Life on the Streets," along with the current HBO series "Wired."

## Health

In 1996 and 1997, Baltimore, Maryland, had the highest rate for primary and secondary syphilis among U.S. cities (1,2). From 1993 to 1996, the rate for congenital syphilis (CS) in Baltimore increased from 62 to 282 per 100,000 live-born infants.

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## Education

Maryland is one of only eight states that have 70 percent or more of their poor concentrated in one city Baltimore.

## The Solution

1. The Conscious Community Initiative will need to raise \$10 Million Dollars from private sources, Conscious Capitalism Chapters, and strategic partners.
2. The CREDG purchase 40 properties within the Park Heights neighborhood from Baltimore City's Vacant to Values \$5000 to \$10,000 per property.
3. Enroll each of the properties into the Invest-To-Own Program
4. Maintenance and/or rehab work to the properties will be conducted by Maryland licensed contractors who must hire Baltimore City residents trained by the ABC's Jump Start Program.
5. Enroll the homebuyers in the Invest-To-Own Program 36-month education program that covers credit, finances, and the homeownership process.
6. Also, train the homebuyers enrolled in program to become various home improvement trades, administrative assistants, property managers, social media marketers, computer technicians, and audio and video production specialists.
7. Homebuyers who receive job training will be offered employment opportunities from Conscious Capitalism DC Chapter members and/or strategic partners.
8. When the homebuyer exercises the option to purchase the home:
  - They will receive a 36-month warranty
  - Every homeowner will be assigned a personal real estate representative to assist them with all aspects of their new home such as
    - Maintenance
      - Refer homeowners to professional reputable licensed contractors.

- 
- Mortgage
    - Provide ongoing budget counseling.
    - Provide financial counseling to assist with paying off bad debt and starting a savings and investment program.

9. Eligibility requirements are:

- Homebuyers must complete over 50 hours of related education.
  - Homebuyers must commit to 10 hours of volunteering each month.
  - Homebuyers must enroll in an Individual Development Account (IDA) matching savings program.
  - Homebuyers must meet with the counselors on a monthly basis to review budget and credit.
  - Homebuyers must agree to submit all income information to the counselor.
  - Homebuyers must agree to follow the action plan suggested by the counselor.
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## **Invest-To-Own Program**

To be eligible for rental housing homebuyers will be required to enroll in the Invest-To-Own (ITO) Program. The central theme of the ITO program is the homebuyers' ability to qualify for housing assistance based on their financial competency not their credit score. The homebuyer's complete financial income and expenses will be evaluated and entered in a database so they can be matched with a home that comfortably falls within their income and budget. The homebuyer will rent the house with the option to purchase for a period of no less than one year, during which time the homebuyer will undergo financial and credit counseling from a CREDG member lender. The CREDG member lender will define the qualifying criteria that the homebuyer will need in order to purchase the property at the completion of the program. Absolute compliance with the ITO Program is mandatory in order for the homebuyer to remain in the rental property. The ITO program requires the homebuyer to commit to a minimum of 10 hours of volunteering a month. In addition to volunteering the homebuyer must also perform the following:

- Pay a minimum of \$5000 as an option fee;
- Submit complete financial information to Conscious Community;
- Sign an enrollment agreement with Conscious Community;
- Must take the initial eight hours homebuyers education course with a HUD approved non-profit counseling agency;
- Enroll in Conscious Community Homeownership University;
- Enroll in the Conscious Community Credit Management and Financial Management Program.
- Adhere to all program guidelines and regulations.

Homebuyers who are financially eligible will be allowed to sign lease option contracts for the temporary housing that is owned by investors. The lease option term will be 36 months minimum with portions of their monthly rent, option payments, and/or extensions being credited to the purchase price.

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## **The Housing and Job Recovery Program (HJRP)**

The HJRP will work with community NGOs through outreach activities to identify the needs of the community. This process provides the HJRP with the qualitative information used to develop the “Cloud of Support”. Homebuyers and homeowners are enrolled in a program that begins with a free three-hour credit management and homebuyers’ workshop. While in the program, clients will undergo credit management and financial management education. Clients will have to stay in the program a minimum of six months to a maximum of three years, depending on the level of financial issues identified.

The HJRP analysis session analyses the attendees’ credit, finances, and goals to determine the length of time required to assist them with becoming mortgage ready. Attendees who are interested in enrolling in the HJRP program are then scheduled for a series of one-on-one counseling sessions, workshops, and on-line classes. The classes are conducted in collaboration with The CREDEG will provide the clients with over 15 hours of education and a certificate of completion. This makes the clients eligible to receive first-time homebuyers’ down payment and closing costs assistance programs in the State of MD. Clients who have credit and financial issues will be enrolled in the CREDEG’s Invest-To-Own program.

Conscious Real Estate Development Group (CREDEG) will manage the property by addressing tenant needs, collecting rents, and resolving maintenance issues throughout the entire lease period. To assist the clients who may be unemployed or whose current housing expenses exceed more than 40% of their net take home pay, clients will be enrolled in financial, real estate, and business education classes. The curriculum is designed to provide the student with the knowledge and skills required to work in the real estate industry and/or start a business. Students will not only receive their real estate license, they will also receive training on marketing, organizational, management, communication, property management, and planning. Graduates will be matched with available jobs. In addition to receiving a home, education, and employment, the program requires that clients perform a minimum of 10 hours of community service per month. The volunteer component is the investment required to enroll into the program. This process keeps the client fully engaged in the wealth building process and brings resources and support to nonprofits (i.e., Live Baltimore, Druid Heights Community Development Group, Gwen Falls Non-Profit). As per the CREDEG’s community empowerment mission, we will provide 10% of its annual revenue as sponsorship monies to its partners NGO’s outreach activities.

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## Strategic Partners

CONSCIOUSRT has formed strategic alliances with the following:

- Non-Profit Associations
  - **Park Heights Renaissance** (PHR) is a non-profit 501 c-3 corporation representing residents, businesses, religious institutions, schools, agencies, and other stakeholders committed to shaping a better future for Park Heights.
    - <http://boldnewheights.org/>
  - **La Maestra Community Health Centers** (LMCHC) is a nonprofit, 501(c)(3) and a Federally Qualified Health Center (FQHC). For the past 24 years, LMCHC has provided culturally and linguistically competent primary care, specialty services including behavioral and mental health, chronic disease management and essential support services to men, women and children in San Diego's most culturally diverse and lowest income communities. Services are provided at four medical clinics, seven dental sites, three school-based health centers, and a mobile medical unit.
    - <http://www.lamaestra.org/index.html>
  - **Women4 Empowerment** is a 501 (c) ( 3) Non-Profit Organization based in the US and our mission is to create awareness to stop violence against women & girls globally.
    - <http://women4empowerment.org/>
  - **The *EmeraldPlanet International Foundation (the EmeraldPlanet)*** is a not-for-profit 501(c)(3) organization with its headquarters and television production studios in Washington, D.C. USA. Created in 1973, the *EmeraldPlanet's* activities include the identification of 1,000 best practices as they pertain to the environment and the promotion of alternative energy sources. The *EmeraldPlanet's* leadership and associated experts work with research institutions, businesses, governments, universities, healthcare providers, clean water advocates, and non-governmental and community-based organizations with the common goal of arresting, and possibly reversing the ravages of climate change.
    - <http://www.emerald-planet.org/>
  - **The American Sustainable Business Council** operates under IRS code 501(c)(4). Its advocates for policy change at the federal and state level that supports a more sustainable economy. The Council spans a growing network of business associations across the United States, which in turn represents over 200,000 businesses and 325,000 business executives, owners, investors, and others.
    - <http://asbcouncil.org/>
  - **Central Baltimore Partnership** Formed in 2006, the [Central Baltimore Partnership](#)'s mission is to galvanize the renaissance of Central Baltimore. It pursues its mission by partnering with neighborhood organizations, non-profits, educational institutions, businesses and city government agencies.
    - <http://www.centralbaltimore.org/>

- **Second Chance** is a 501(c)(3) nonprofit that provides people, materials and the environment with a second chance. We deconstruct buildings and homes, salvage usable materials and make those available to the public for reuse through our 200,000 square feet of retail space. With the revenue generated, we provide job training and workforce development for those with employment obstacles in the Baltimore region.
  - <http://www.secondchanceinc.org/>
- **GO Northwest** is a community based nonprofit organization that provides homeownership and financial education, counseling and technical services for individuals and families to help them address their housing needs and achieve their financial and homeownership goals affordably—from buying their first home to maintaining and keeping their home from foreclosure. Our mission, ensuring healthy neighborhoods by equipping individuals to obtain, maintain, and retain their homes successfully, drives our goal of growing and maintaining homeownership, thus improving and sustaining the diversity, desirability and livability of our city and state.
  - <http://go-northwesthrc.org/>
- **Project JumpStart** is an 87-hour pre-apprenticeship training program that provides intensive classroom and hands-on training to Baltimore City residents every year. Our mission is to train low-income city residents to enter the building trades on a construction career track that will help them advance beyond the entry-level.
  - <http://www.abcbaltimore.org/jumpstart/>
- Center for Responsible Lending
- 
- **Conscious Business Organizations**
  - **Harrison Parkinson Diversified**, a family-founded company, holds and manages companies created with the purpose of positively impacting people, communities, and our planet. Harrison Parkinson Diversified is guided by the mission: To enrich people's lives, families, and communities and to create value for all stakeholders through companies that are innovative, socially responsible, sustainable, and consciously led.
  - **Juxtopia** - Our mission is to improve human learning performance by adapting to individual learning needs, enhancing cognitive performance, and augmenting human learning capabilities anytime, anywhere, at any-pace, and for anyone, through science and technology.
    - <http://www.juxtopia.org/>
  - **Change4Real Community Corporation** Change4Real is a container for identifying, connecting, and communicating with community stakeholders. Change4Real can be a functioning community where each of its members participates actively in its decision-making. It becomes a vehicle for collective ownership and shared return from ownership through community economic effort.

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- Academic Universities
    - John Hopkins Business School
    - Sojourner Douglas College
  - Prominent Business Organizations
    - Conscious Capitalism National Organization
    - Conscious Capitalism New England Chapter
    - Conscious Capitalism New York Chapter
    - Conscious Capitalism NOVA Chapter
    - Conscious Capitalism Brazil Chapter
    - Conscious Capitalism San Diego Chapter
    - Conscious Capitalism Central MD Chapter
    - Conscious Capitalism Australia Chapter
  - Local Government Officials
    - Baltimore City
  - Local Government Offices
    - Department of Housing and Urban Development
    - Zoning and Code Enforcement
- 

### **Outcomes:**

Through participation in CREDEG, homebuyers benefit from having the ability to:

1. Rent a home with the option to purchase
2. Receive education on financial literacy and credit management
3. Establish a financial plan to build wealth and eliminate bad debt
  - a. Develop a monthly budget
  - b. Develop a savings plan
  - c. Establish a 6-month emergency fund
4. Accumulate money towards a down payment and closing costs
5. Learn real estate related services and gain employment with a coalition partner

### **Measurable Outcomes**

1. All participants in the program achieve the American Dream of Homeownership
2. All participants in the program establish an emergency fund of 6-months savings
3. All participants in the program receive training and employment

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## **Conscious Community Invest-To-Own and Job Placement Program**

### **Step 1: Mortgage Assessment Meeting**

The Conscious Community consultant inputs the client's demographic information creating the client's personal profile into the online client management and database (Win-Win Database) system. The Conscious Community consultant utilizing the Win-Win Database system refers the client to its lender partners - either First Home Mortgage or Industrial Bank to run the client's credit. The lender inputs the client credit information into the credit scenario software and submits it for underwriter review to determine the approximate length of time before the client is mortgage ready. The lender updates the client's profile with the credit information into the Win-Win Database. The Conscious Community consultant collects the clients complete financials consisting of the two most recent paystubs, two months bank statements, most recent tax return, and has the client complete a monthly budget. The Conscious Community consultant updates the client's profile with the client's financials and runs the mortgage payment calculations to determine exactly how much mortgage payment the client can comfortably afford based on a criterion of a \$400 month surplus after all monthly expenses are paid. The Conscious Community consultant refers the client to its non-profit partners for education and counseling by sending an email via the Win-Win Database system.

### **Step 2: Skill Assessment Meeting and Real Estate & Employment Readiness Training**

The Conscious Community counselor conducts the Skill Assessment Meeting with the client to ascertain the client's education, skills, and goals. The counselor recommends what courses the client should enroll in based on the results of the assessments and the client's goals. The Conscious Community counselor updates the client's profile with the results from the skill assessment and schedules the client for weekly classes and monthly workshops. The Conscious Community Real Estate and Employment Readiness Training is a comprehensive 18-month program that requires the client to attend weekly classes and monthly workshops to prepare them for the various real estate related jobs. The Conscious Community counselor refers the client over to Conscious Community to enroll in their Homebuyers Club via email from the Win-Win Database.

### **Step 3: Homebuyers Education and Counseling**

The Conscious Community counselor enrolls the client in the 16 week Homebuyers Club. The Conscious Community counselor updates the clients profile with the classes that the clients is scheduled for and updates each time the client completes each class. The Conscious Community counselor refers the client over to the Buyer Assistance Team.

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#### **Step 4: Buyers Assistance Team**

The Buyers Assistance Team uses the information specified in the client's profile and instructs the client to complete the Invest-To-Own Property Profile. The Buyer Assistance Team updates the clients profile in the Win-Win Database with the information obtained from the Invest-To-Own Property Profile and provides the client with a username and password to access the available properties in the Win-Win Database System. The Buyer Assistance Team assists the client with searching for properties that fit within their budget and needs criteria. The Win-Win Database allows the clients to search for properties based on monthly rent, purchase price, location, and property description. The Buyer Assistance Team responsibilities are to fully disclose to the client the terms and condition of the Invest-To-Own Program and work with the client to negotiate the terms of the Invest-To-Own agreement.

#### **Step 5: Property Acquisition Team**

The Property Acquisition Team locates REO and owner occupant properties and uploads them to the Win-Win Database System. The Property Acquisition Team responsibilities are to fully disclose to the seller the Invest-To-Own Program and to negotiate with the seller the terms of the Invest-To-Own agreement.

#### **Step 6: Property Management Team**

The Property Management Team responsibilities are to manage the properties in the Invest-To-Own Program by handling all client maintenance requests and collecting rent payments for the entire term of the agreement.

#### **Step 7: Job Placement**

Clients who have completed a minimum of four months of Conscious Community's Real Estate and Employment Readiness Training will begin to work as interns at the each of the Partners for Housing Recovery offices. The jobs will consists of administration, management, web design, and social networking manager, marketing specialists, property manager, and licensed real estate agents. After completing four months as an intern the client will be hired as permanent employees and starting at a base annual salary of \$35,000.

#### **Step 8: From Renter to Homebuyer**

The client is considered mortgage ready after completing 24 months of Conscious Community's Real Estate and Employment Readiness Training, Conscious Community Homebuyers Club and undergone extensive credit and financial management services from Conscious Community.

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The lenders will approve a mortgage loan for the client to purchase their first home. The clients will now have a minimum credit score of 660, 3.5% down payment saved and three months of their total expenses saved as an emergency fund.

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**Figure 3 Invest-To-Own and Job Readiness Program**

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Section 8 housing in Maryland offers many benefits to tenants. The program, one of the most popular and successful Federal housing programs for decades, offers generous subsidies to low-income families and individuals, giving them the chance to escape dangerous neighborhoods and climb the economic ladder. Section 8 renters' benefit from housing vouchers backed by the full faith and credit of the United States government. In these tough economic times, it's never been more important to move into stable, affordable housing. Section 8 gives tenants the opportunity to build wealth and escape from poverty and financial stress. A great program that benefits both renters and landlords, Section 8 has a track record of success over many decades. Maryland, in particular, offers many advantages for Section 8 housing tenants.

Section 8 renters in the state of Maryland enjoy a wide array of benefits. All Section 8 housing units are thoroughly inspected before occupation, ensuring that living conditions are suitable and healthy. In addition, Section 8 offers generous subsidies for renters, allowing them move into more desirable neighborhoods and take advantage of their amenities such as better schools and safer streets. Overall, Section 8 is a great option for those looking for upward economic mobility and a chance to build a better life. Maryland's Section 8 application process is quick and fairly easy. Information and applications can be found on the Internet and at local government offices.

### Property Acquisition Plan

To launch the "Conscious Invest-To-Own Program" we would like to sponsor a pilot program consisting of the following:

- 40 Properties
- 40 Families educated, job training and credit management services
- The families will be in the program for 72 months
- Subsidize the monthly rent payments by \$500 per month that will go towards the down payment and closing costs at the time of purchase.
- Pay 5% commission
- Hire Baltimore City residents as interns trained by ABC's Jumpstart Program to be managed by licensed contractors to rehab the properties
- Match the homebuyers saving with \$.50 for every \$1.00 the homebuyer saves up to \$5000 to assist them starting an emergency fund.

Program Details based upon 40 families:

- 40 Families education, job training and credit management services

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- \$5000 per family. = \$200,000
  - \$500 subsidize monthly rent per family for 72 months = \$1,440,000
  - \$2500 per family IDA saving match = \$100,000
  - Total = \$1,744,000
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## Conscious Homeownership Model

The Conscious Homeownership Model is a unique community-focused approach to real estate that provides sustainable solutions to homebuyers and homeowners by focusing on giving, educating, and supporting. We believe that homeownership isn't for everyone, but it is for everyone who is prepared. Prepared homebuyers purchase with the goal of building wealth for themselves and their families. The Conscious Homeownership model consists of five programs designed to assist homebuyers and homeowners with building wealth through homeownership. Each program in the Conscious Homeownership Model is designed to work with the homebuyer or homeowner exactly at their level of need, thereby ensuring sustainable homeownership.

- Program A: Mortgage Qualified - 90 days or less from homeownership
- Program B: Buyer Assistance - 180 days or less from homeownership
- Program C: Invest-To-Own - 24 months or less from homeownership - Learn how you can start living in your new home in as little as 70 days.
- Program D: Road-To-Homeownership - 36 months or less from homeownership. Learn how you can start living in your new home in as little as 70 days.
- Program E: Homeownership Sustainability - Learn what to do to stay in your home or relocate you to a more affordable home. Learn how you can start living in your new home in as little as 70 days.

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## Property Acquisition and Cost Model example

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Invest to Own Model sample numbers

Manor Ventures LLC															
Property Specific P & L		11/27/2015													
RENT TO OWN				TWO STORY RENOVATION				THREE STORY RENOVATION							
ASSUMPTIONS		Acquisition Price		\$5,000		Investment Amount		\$5,000		Investment Amount					
Anticipated Renovation Costs (2 STORY)		125,000													
Anticipated Renovation Costs (3 STORY)		155,000													
Length of Project (months)		6													
MV Equity Requirement/Req'd Capital		10.00%				\$14,177						\$17,226			
Preferred Return to Investor/Req'd Cap		6.00%				\$127,596						\$155,038			
Opportunity Cost Rate on MV Equity		5.00%													
Term of RTO Lease (Months)		24													
Monthly Rent - 2 Story		\$1,200													
Monthly Rent - 3 Story		\$1,400													
Target Net Profit		\$40,000													
							LTV						LTV		
Renovated Resale Price				\$180,000		70.89%		\$225,000		68.91%					
<b>BASE ACQUISITION PRICE</b>				\$5,000				\$5,000							
Closing Costs on the Buy:															
Lender Fees				0				0				0			
Lender Points				0				0				0			
Appraisal Fees				250				250				250			
Title Fees/Insurance				837				1,030				1,030			
Transfer and Doc Fees				150		100%		150		100%		150		100%	
MV Buyer Agent Commission Flat Fee				1,500				1,500				1,500			
Miscellaneous				500				500				500			
<b>TOTAL ACQUISITION PRICE</b>				<b>8,237</b>				<b>8,430</b>				<b>8,430</b>			
<b>Cost of Renovation:</b>															
Renovation Hard Costs				125,000				155,000				155,000			
Contingency (Included in Hard Cost)				0				0				0			
Project Labor (Salaried Construction Mgr)				4,000				4,000				4,000			
Inspection Costs				500				500				500			
Insurance				1,287				1,584				1,584			
Field Overhead				2,500				2,500				2,500			
RE Taxes				250			500 Ann	250			500 Ann	250		500 Ann	
Interest Carry:															
Investor Interest DURING CONSTRUCTION				3,828				4,651				4,651			
Investor Interest DURING RENT TO OWN				15,312				18,605				18,605			
Rent Revenue DURING RENT TO OWN				-28,800				-33,600				-33,600			
Opportunity Cost -Return on MV Capital				364				442				442			
Other Costs															
<b>TOTAL RENOVATION COSTS</b>				<b>124,240</b>				<b>153,932</b>				<b>153,932</b>			
<b>TOTAL ACQUISITION &amp; RENOVATION</b>				<b>132,477</b>				<b>162,362</b>				<b>162,362</b>			
<b>Margin before Selling Expenses</b>				<b>47,523</b>				<b>62,638</b>				<b>62,638</b>			
<b>Selling Expenses:</b>															
Closing CASH Incentive		2.50%		0				0				0			
Transfer and Doc Fees	1/2 Share			2,700				3,375				3,375			
Commissions/Bonus		5.00%		9,000				11,250				11,250			
Deferred Sales & Mktg.		0.75%		1,350				1,688				1,688			
Miscellaneous		0.25%		450				563				563			
<b>TOTAL SELLING COSTS</b>				<b>13,500</b>				<b>16,875</b>				<b>16,875</b>			
<b>GROSS MARGIN</b>				<b>\$34,023</b>				<b>\$45,763</b>				<b>\$45,763</b>			
Notes:															
Length of Project includes 6 for construction plus the term of lease															
Project Labor - Assume 18 homes per year x 4000 = \$72,000															
Investor Preferred return is based on all acquisition and renovations cost paid in one draw at time of first close as opposed to draws during 6 month construction															

numbers

Manor Ventures LLC Property Specific P & L		11/ 27/ 15	TWO STORY RENOVATION		THREE STORY RENOVATION	
RENT TO OWN				Investment		Investment
ASSUMPTIONS	Acquisition Price	\$5,000	Amount	\$5,000	Amount	
Anticipated Renovation Costs (2 STORY)	125,000					
Anticipated Renovation Costs (3 STORY)	155,000					
Length of Project (months)	6					
MV Equity Requirement/ Req'd Capital	10.00%		\$14,177		\$17,226	
Preferred Return to Investor/ Req'd Cap	6.00%		\$127,596		\$155,038	
Opportunity Cost Rate on MV Equity	5.00%					
Term of RTO Lease (Months)	24					
Monthly Rent - 2 Story	\$1,200					
Monthly Rent - 3 Story	\$1,400					
Target Net Profit	\$40,000					
			LTV		LTV	
Renovated Resale Price		\$180,000	70.89%	\$225,000	68.91%	
<b>BASE ACQUISITION PRICE</b>		\$5,000		\$5,000		
Closing Costs on the Buy:						
Lender Fees		0		0		
Lender Points		0		0		
Appraisal Fees		250		250		
Title Fees/Insurance		837		1,030		
Transfer and Doc Fees		150	100%	150	100%	
MV Buyer Agent Commission Flat Fee		1,500		1,500		
Miscellaneous		500		500		
<b>TOTAL ACQUISITION PRICE</b>		8,237		8,430		
Cost of Renovation:						
Renovation Hard Costs		125,000		155,000		
Contingency (Included in Hard Cost)		0		0		
Project Labor (Salaried Construction Mgr)		4,000		4,000		
Inspection Costs		500		500		
Insurance		1,287		1,584		
Field Overhead		2,500		2,500		
RE Taxes		250	500 Ann	250	500 Ann	
Interest Carry:						
Investor Interest DURING CONSTRUCTION		3,828		4,651		
Investor Interest DURING RENT TO OWN		15,312		18,605		
Rent Revenue DURING RENT TO OWN		-28,800		-33,600		
Opportunity Cost -Return on MV Capital		364		442		
Other Costs						
<b>TOTAL RENOVATION COSTS</b>		124,240		153,932		
<b>TOTAL ACQUISITION &amp; RENOVATION</b>		132,477		162,362		
<b>Margin before Selling Expenses</b>		47,523		62,638		
Selling Expenses:						
Closing CASH Incentive		2.50%	0	0		
Transfer and Doc Fees	1/2 Share		2,700	3,375		
Commissions/Bonus		5.00%	9,000	11,250		
Deferred Sales & Mktg.		0.75%	1,350	1,688		
Miscellaneous		0.25%	450	562		
<b>TOTAL SELLING COSTS</b>			13,500	16,875		
<b>GROSS MARGIN</b>			\$34,023	\$45,763		



## Invest-To-Own Model

		<b>Phase 1</b>	<b>Phase 2</b>
<b>Terms</b>	Formulas	Purchased Properties from City	Purchase Properties from Private Investors
<b>After Repair Property Value</b>		\$160,000	\$160,000
<b>Acquisition Costs</b>		\$5,000	\$10,000
<b>Down Payment</b>	20%	N/A	\$28,000
<b>Repair Costs</b>		\$100,000	\$100,000
<b>Rent</b>		\$1200 - \$1500 monthly	\$1500
<b>Management Fee</b>	8%	\$120	\$120
<b>Monthly Debt Service</b>	6%	N/A	\$847.47 \$532.53 + Profit
<b>Selling Price</b>		\$140,000	\$140,000
<b>Closing Costs</b>	6%	TBD	TBD
<b>Selling Costs</b>	6%	TBD	TBD
<b>Total Rent</b>	24 Months x \$1500 – A 24 Months x \$532.53 - B	\$33,120	\$12,780
<b>Total Profit Sales</b>	No Rent	TBD	TBD
<b>Total Profit</b>	With Rent	TBD	TBD
<b>ROI</b>	Profit/Costs	TBD	TBD

### Rent to own program example

Homebuyers to qualify must possess the following:

1. \$5000 Down Payment
  - a. \$400 Monthly Surplus after paying total expenses
  - b. \$250 Monthly Option Payment – Towards Down Payment and Closing Costs
2. You must be enrolled in the tenant-based program.
3. You must have successfully paid rent in the tenant-based program for a year and not be behind in payments.
4. You must be a first-time homebuyer. Applicants who have purchased a home before are not allowed to use the voucher for another house.
5. Unless you are elderly or disabled, you must be currently employed, and have over a year of continuous full-time employment. This means you must have worked at least 30 hours a week on average before applying for the homeownership help.

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6. You must meet the Minimum Income Requirement. Your annual family income must at least equal the Federal minimum wage amount times 2,000 hours.
  7. Disabled families must have an annual income of at least the Supplemental Security Income rate multiplied by 12.
  8. You must not have violated any of the terms of the lease contract within the last 3 years.

Homebuyers must also:

1. Attend homeownership counseling;
2. Receive a homeownership certificate;
3. Ratify a sales contract within 120 days and settle within 180 days;
4. Obtain a mortgage from a lender;
5. Pass both a Housing Quality Standards and Private Home Inspection; and
6. Contribute 3% toward the purchase (1% must be from personal funds).
7. See [http://www.baltimorehousing.org/homeownership\\_hcvp](http://www.baltimorehousing.org/homeownership_hcvp) (link is external) for more details.

	<b>Mortgage Ready</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Time Frame</b>	Immediate	6 Months	12 Months	18 Months	24 Months
<b>Credit Score</b>	640	600	500	400	350
<b>Down Payment</b>	3.5%	5000	2000	1000	500
<b>Reserves</b>	3 months	3 months	2 months	1 month	No reserves
<b>Surplus</b>	\$400	\$400	\$200	\$100	50 or less

Figure Homebuyer Assessment Model

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## **Best Practices**

### **Self-Help: Using Lease-Purchase to Help Home Buyers and Stabilize Communities**

Self-Help's new lease-purchase initiative brings Fannie Mae's lease-purchase product, developed in the 1990s, together with Self-Help's secondary mortgage market operations. The lease-purchase product helps nonprofit organizations that acquire and rehabilitate foreclosed properties to stabilize communities. The program allows potential home buyers who are unable to qualify for conventional mortgages to live in homes while they build up the financial resources and credit profiles necessary to buy them. Self-Help is piloting the product in targeted geographies. The diagram illustrates the structure of the lease-purchase initiative and the roles played by the different participants.

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The lease-purchase product helps stabilize communities in several ways:

Those who have lost homes to foreclosure have the chance to become homeowners again. The product's five-year lease term is equivalent to the five-year waiting period Fannie Mae requires borrowers to go through after foreclosure and before obtaining new, conventional mortgages.

Low- and moderate-income aspiring homeowners unable to qualify for traditional mortgages may obtain REO properties at lower costs than other housing stock. During the five-year lead period, lease participants save for down payments, improve their credit scores, and prepare to buy homes with conventional mortgages.

Neighborhoods are revitalized and REO properties are transformed into affordable homeownership opportunities.

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### **Washington Housing Authority Rent-To-Own Program**

Beginning in the spring of 2010, the Housing Authority will be making an initial purchase of twelve single family “starter” homes in the \$150,000 to \$170,000 price range. Repairs will be completed to bring the homes into like-new condition. (The cost of the home including repairs, will not exceed \$200,000.) Qualified participants, the would-be home owners, rent the homes from the Authority at market rent for a period of up to five years. Participants commit to an ongoing counseling program to prepare for homeownership.

Household income needed to qualify must be between 80 and 120% of local median income. For a family of four, this would be an income greater than \$55,350 but less than \$83,050. Participants must have good landlord references, a credit score of 600 or above is preferred, at least 3 years of consistent employment, an average length of time in current residence of 5 years over the last 15 years, currently working in Washington County and your family size must be „suitable“ for the home we have available.

The sale price will be the Authority’s investment plus one-half of any appreciation (not to exceed an increase of more than 1% per year). Our investment is what we paid for the house, including major improvements we added, We will use your lender’s appraisal to determine the current market value. For example, if we purchase a home for \$150,000 and do \$20,000 in repairs, our investment is \$170,000. If the home appraises for \$180,000 in 4-5 years, we will sell it for \$175,000. In this example, you get \$5,000 of instant equity which will help you qualify for mortgage financing. We will not sell a home for less than our initial investment.

### **The Cleveland Housing Network Lease-To-Own Program**

The Cleveland Housing Network, notably, has developed 2,400 lease-purchase homes for families unable to achieve ownership through conventional means. CHN is a nonprofit development corporation that provides support to 22 independent CDCs engaged in lease-purchase. CHN utilizes equity from the Low Income Housing Tax Credit to subsidize rental costs and the eventual purchase price of the home. This enables the program to reach very-low-income families: since the LIHTC was established in 1986, 90 percent of lease-purchase households have earned under 30 percent of the area median income (Krumholz 1997, 56). When the tax credits are exhausted after 15 years, CHN sells the property to the existing tenants, provided they are in good standing and whether or not they are the original tenants of the home. Since a large portion of the cost of the unit is covered by LIHTC equity and public-sector grants, CHN is able to adjust the purchase price to reflect the financial situation of the buyer. Sound management and deep subsidies have translated into a 90 percent success rate of CHN program participants taking title to their homes (Mallach 2006, 24). The program is widely

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recognized as an innovative usage of tax-credit equity and as a means of combating housing vacancy and helping first-time home-buyers.

The success of the Cleveland Housing Network points to several lessons for CDCs considering lease-purchase programs within their own neighborhoods. First, CHN has developed an extensive technical and administrative support system for the 22 CDCs within its network. This enables each independent organization to reduce overhead costs and utilize an established financial model. CDCs in other localities are unlikely to benefit from the support of such an existing consortium. Prior to initiating a lease-purchase program, CDCs should account for the labor-intensive nature of program administration by ensuring that monthly lease payments cover overhead costs as well as mortgage payments.

Second, while the LIHTC enables CHN to subsidize costs for low-income participants, it also mandates a 15-year holding period before the property can be sold to the buyer.