



# **ANNELLISE REALTY**

**The Business Plan**

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Submitted on: 2/23/2020



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## EXECUTIVE SUMMARY

At the end of 2017, I came across the book series *Rich Dad Poor Dad* by Robert Kiyosaki. I fell in love with how he discussed real estate and the endless possibilities of profit that can be made through entrepreneurship. Before reading the series, I became a part of a Construction program that pertained to different construction trades; I also joined their Construction Management strand, which has taught me (and continues to teach me) construction, business, and management. From reading *Rich Dad Poor Dad* and studying in a Construction Program, a flame lit inside my heart for real estate and becoming financially literate and prosperous.

However, while researching and hearing real-life experiences in San Antonio, I realized that many people do not have enough credit to get a loan to purchase real estate. According to research done by WalletHub on credit score ratings, San Antonio was ranked 2,233 out of 2,572 cities. With San Antonio being ranked poorly for credit scores, an option for those who do not have the credit needed to purchase a home needed to be started. Thus the importance, creation, and uniqueness of Annellise Realty, which solves the lack of options for people who have no credit, who desire to have the chance to purchase a home in the future.

Additionally, as San Antonio is enjoying a population boom, the demand for housing will continue to grow and drive the price of a house through the roof. According to the US Census, Gen X, Millennials, and Gen Z make up 64% of the US population - most of which are either moving out of their parent's homes, moving to new cities for work or relocating to more affordable states and homes. Of these generations, 95% lack the skills to fix, remodel, or purchase their own homes. Giving people a Lease-Option (rent-to-own agreement) through Annellise Realty will allow San Antonio home buyers looking for properties to purchase with low credit.

A quick definition of a rent-to-own can be explained by NOLO PRESS, “Unlike a traditional lease, in which the landlord is typically responsible for making all repairs, rent-to-own tenants usually repair the rental property at their own expense. Many landlords and tenants consider this a fair bargain since, presumably, the tenant will eventually own the home.”

## **DESCRIPTION OF ANELLISE REALTY**

Annellise Realty homes will reside on the West-Side of San Antonio during the startup phase and later branch out to neighborhoods throughout the entire Bexar County (phases are discussed in the Operational Plan (page 10)). The company will be newly founded and its estimated start will be in 2023 and ownership will be held under a sole-proprietorship. The office of Annellise Realty will initially be home-based, while meetings with possible future tenants may be held at local coffee shops, libraries, or co-working spaces to discuss contracts and the opportunities Annellise Realty offers stated above. The core competencies of Annellise Realty includes providing an opportunity for those looking to purchase a home with low credit, commitment and care towards each tenant, quality and reliability, and strategic consumer marketing (discussed in the Marketing Plan (Page 6)).

Dealing with tenants who refuse to pay rent is Annellise Realty’s primary challenge. The max amount of months the renters can go without paying is three months, and eviction follows. During the 3 months, as the rent is not being paid, profit will be lost at the end of the year. To combat this problem, a down payment must be handed over at the signing of the rent-to-lease contract. The down payment is based on the home and will be used as emergency money, which will cover 3 months of rent, and one month of vacancy. Another challenge Annellise Realty is expected to face is vacancies. To deal with vacancies, the company will have a strong marketing strategy (discussed in Marketing Plan), to increase future occupancy within the company’s properties.

Each property Annellise Realty purchases and fixes will have the same interior theme (if remodeling is needed). Using the same theme within each home will help lower the cost of fixing up the properties and increase their values. Each dwelling will be fixed by myself and my

family, which has been in the remodeling business for two generations. Utilizing our skills and experiences will decrease the overall cost of remodeling properties. To further save the annual expenses and create additional cash flow, Annelise Realty will hire property management through MHN Property Management’s All Management Service (All Management Service is discussed in the Operational Plan (Page 13)).

## MARKET KNOWLEDGE

In order to start Annelise Realty, knowledge regarding the shifts within the housing market of San Antonio, TX is necessary. Knowing when the housing market shifts will greatly impact my future financing along with when I should and shouldn’t invest in a home. With the housing market being predictable and locating potential houses on the market, finding the best time to purchase will not be very difficult. The table below shows the order of which months are the best months to purchase a home and the worst times to purchase a home:

Month	% of Homes Selling Above List Price	Median Sales Price at Closing	Median Days on Market Before Closing
1. Jan	23%	\$254,914	104
2. Feb	24%	\$260,086	101
3. Oct	17%	\$262,943	84
4. Nov	15%	\$270,571	87
5. July	22%	\$259,000	70
6. Dec	16%	\$275,329	95
7. Mar	26%	\$261,386	86
8. Sept	19%	\$266,029	81
9. Aug	20%	\$264,143	75
10. May	25%	\$260,629	68
11. Apr	26%	\$262,457	73
12. June	24%	\$307,571	67

Source: James, Greta, and Robert Griesmeyer. “Winter Is The Absolute Best Time To Buy A House.” *Financial Samurai*, 6 Nov. 2018, <https://www.financialsamurai.com/winter-best-time-to-buy-a-house/>.

Based on the data above, you can see empirical evidence showing January has the lowest median sales price at closing and stays on the market the longest equals the best time to buy a home. February is also a great time to buy a house as well. Conversely, June is the worst month to buy a property due to its highest median sales price at closing and shortest days on market. This data will save money and help assist with planning strategies like when to buy houses in the future.

Additional knowledge that will be needed for Anellise Realty includes:

- ❖ Financing:
  - Cost analysis involving home purchases
  - Financial literacy (most important!)
- ❖ Construction Background and Project Management:
  - Not required, but necessary as a management resource
  - Project scheduling and management of the construction build
  - Communication skills for all trades involved during construction
  - Safety training, OSHA 10 Certification
- ❖ Urban Development
  - Review and analyze the (Five-Year Financial Forecast)  
FY2020-FY2024-Forecast of San Antonio, TX
  - Understand when specific neighborhoods are at their buying and selling highs/lows

## LICENSES, PERMITS, AND CERTIFICATIONS

Making Anellise Realty a certified entity provides coverage from personal liability for the debts of Anellise Realty. Furthermore, applying for a business license from the start-up date, and obtaining proper permits and certifications will keep Anellise Realty insured and up-to-date. All future and start-up licenses, permits, and certifications have been described below:

- ❖ Real Estate License
  - Cost of license discussed in the Financial Requirements and Analysis (Page 14)
  - Will take up to 4-6 months to obtain a Real Estate License

- Advantages:
  - On average, realtors collect 5.706% of homes selling profit
  - Becoming a licensed realtor will create a savings of \$5000+ annually

#### ❖ Business License and Permits

- The cost will be discussed in the Financial Requirements and Analysis (Page 14).
- Anellise Realty will apply to become a Limited Liability Company (LLC). The LLC will include the additional action items:
  - EIN company identifier
  - Company paperwork
  - Operating agreement

## MARKETING PLAN

Gen X, Millennials, and Gen Z are considered a part of Anellise Realty's target market in San Antonio, TX. According to a recent U.S. Census Bureau report, San Antonio is the 7th most populous city within the country, and the population is continuing to grow by 1000 people per day, due to in-migration and growing birth rates. With Anellise Realty giving the option of purchasing a home with little credit to a city of high population growth and low credit score holders, there is very little competition to Anellise Realty. Although the market is competitive, the Supply and Demand Law in real estate indicates an increase in people (as stated above) causes an increasing demand for housing. With this in mind, taking into account other competition will be important and dealing with competition will include strategic marketing and flexibility to future tenants.

Our marketing strategy will include channeling our marketing initiatives through online social media, a personalized website, signage, open houses, business cards, and mail flyers. Using multiple strategies, Anellise Realty will engage those who do not want to fix their homes, have bad credit and may be looking into purchasing a home in the future. Each marketing strategy will be described below along with additional information:

## SOCIAL MEDIA

All social media platforms, including Facebook, Instagram, LinkedIn, Pinterest and Twitter, will be maintained by Hootsuite. Hootsuite manages multiple social networks, connects with customers, and will increase Anellise Realty's presence on social media. Utilizing Hootsuite's professional plan will ensure that our costs are low (cost discussed in Financial Requirements and Analysis (Page 14)) and keep possible future tenants informed about Anellise Realty and available properties with Lease-Options. Below are specifics into each generation social media habits:

### ❖ Gen X

- Age group: 53 - 38-Year-olds
- Social Media: 81% use social media, of those, below are the three main platforms with the average percentage of daily openings:
  - Facebook: 95%
  - LinkedIn: 35%
  - Twitter: 25%
- Active Hours: 5 am - Midnight

### ❖ Millennials (Gen Y)

- Age group: 37 - 22-Year-olds
- Social Media: 88% of Millennials use all social media platforms. Below are the three main platforms with the average percentage of daily openings:
  - Facebook: 87%
  - Instagram: 71%
  - SnapChat: 52%
- Active Hours: Afternoon - Midnight

### ❖ Gen Z

- Age group: 21- 7 Years old
- Social Media: 89% of Gen Z use all social media platforms. Below are the three main platforms with the average percentage of daily openings:
  - Instagram: 74%
  - SnapChat: 68%
  - Facebook: 67%

- Active Hours: 8 pm - Midnight

#### SOURCE:

<http://digitaltraininginstitute.ie/wp-content/uploads/2016/10/Screen-Shot-2016-10-31-at-11.43.59-1024x732.png>

#### ANNELLISE REALTY WEBSITE

A website will be created utilizing GoDaddy's web creator. It will post all homes that are available under Anellise Realty. Real-time updates to the website will be managed directly and will provide all up-to-date contact information, social media links, available homes, and easy to navigate content. The website will allow website visitors to get an easy understanding of what Anellise Realty provides and how to get access to general information about my company. Additionally, the website will house the Google AdSense Program which will provide additional revenue streams via advertisements on my site through targeted text ads that are generated by Google. Ads on the Anellise Website will remain on the top and bottom of the web pages. This ensures that people will be able to easily scroll through and find what they are looking for without any distractions. To grab visitor's attention, while people are searching the web for possible homes to rent or buy, utilizing Google Ads will make Anellise Realty's website pop up first when someone types in related words to Anellise Realty.

#### SIGNAGE

Signs will play a huge role when attracting possible tenants. Some people in our target market may not use social media; thus implementing signs about a possible home to rent and possibly buy in the future is very important. All signs will be within a 2-mile radius of the available home and will only be posted once a Listing Agreement on a Multiple Listing Service has been signed. Following sign regulations and rules of The City of San Antonio will be vital to avoiding violations which can create up to \$500 in fines according to Chapter 16 - LICENSES AND BUSINESS REGULATIONS in the Code of Ordinance of San Antonio. All signs will follow a simple but strategic sign design as shown below:

#### RENT-TO-OWN

BAD CREDIT OK  
2105551234  
NO BANK QUALIFICATION

## OPEN HOUSES

When others are buying a home, they will never know if it's right for them until they walk through it. Only when they visit will they see a home's full potential, which is why open houses are essential to Anellise Realty. Open houses will be handled primarily by the managing member, until any additional help is needed, and will be held on Tuesdays, Wednesdays, Thursdays, and Saturdays. However, even though open houses will be scheduled for weekdays, Anellise Realty will access Saturdays only for high demand properties. Having multiple families showing up to the open-house at the same time shows each family the high value and demand of the property overall. Additionally, with more families looking at a specific home, it tells each family that they need to be serious. The less serious people are going to walk away from the property, while the more serious people are going to rise to the top. Below are the steps Anellise Realty will follow at open houses:

### Be Friendly

- a.) Be the first to reach out to shake their hand
- b.) Be approachable and be gregarious!

### Tell them to go Check Out The House

- c.) Goal: Want the families to imagine themselves in the room and see themselves doing what they would do as a family on the property
- d.) Explain the layout of the property
- e.) **\*\*If with multiple families, follow and inform the most interested family\*\***

### Discuss the numbers and options

- f.) Provide families with options for payments on the home
  - i.) Rental-lease option (Discussed on Page 12)
  - ii.) Rent-to-Own lease option (Discussed on Page 12)
  - iii.) Describe what will happen if they decide to purchase the home in the future

(1) Provide the amount of equity that will be credited to the family if looking at the possibility of purchasing in the future

iv.) Show flexibility and be open-minded

After Open-Houses:

1.) Sign the contract with the new tenant

2.) Hand over the property keys

g.) Say goodbye to the Tenant

h.) Keep in contact monthly

## BUSINESS CARDS AND FLYERS

Both provide basic information about Anellise Realty and contact information.

Business cards will be dispersed over a 5-mile radius of each property of Anellise Realty, at staged Open-Houses, at restaurants, malls, food courts, hotels, motels, insurance offices, public bulletin boards, and waiting rooms. Business cards will be created by a close family member who is a professional media designer at no cost. Once the cards have been created, they will be produced by OfficeDEPOT and purchased with the help of Store Purchasing Card awarded by NAWBO.

Flyers will be distributed across neighborhoods throughout San Antonio to ensure all target markets are notified about Anellise Realty's properties and opportunities. Flyers will be distributed in person when feasible to potential clients in close proximity to Anellise Realty properties. Flyers will have some basic information and will communicate the flexibility and open-mindedness of Anellise Realty, along with some of the businesses' elements.

## OPERATIONAL PLAN

Anellise Realty will employ a real estate lawyer in order to review and negotiate contracts. In addition to hiring a lawyer, hiring MHM Property Management will eliminate time spent evicting tenants, creating monthly reports on accounting, conducting mandatory home inspections, etc.

Furthermore, Anellise Realty will consist of two phases: Phase-One and Phase-Two.

**PHASE ONE: *Minding My Own 'Business'***

Phase-One is the true start of Anellise Realty's ability to provide affordable homes and will be applied to the very first property of the company. Partnering with friends and family will be occurring in order to reduce my initial startup costs during Phase One (costs will be discussed in the Financial Requirements and Analysis (Page 14)). At this point in Anellise Realty, the company will be a sole proprietorship, thus the name *Minding My Own 'Business'*. Below are the processes:

- 1.) Become a real estate agent
  - a.) Discussed in Licenses and Permits (Page 5)
- 2.) Conduct physical inspections of neighborhoods
  - a.) Look at 5-6 comparables
  - b.) The home must be within certain qualifications:
    - i.) Price range of \$80,000 - \$150,000
    - ii.) Stable Foundation
    - iii.) Up to date Mechanical
    - iv.) Pass mold inspection
    - v.) Includes 2 beds and 1 bath minimum
    - vi.) Proper location and surrounding market
  - c.) Compare homes and choose the best and most profitable property
- 3.) Create estimates on the property and costs
  - a.) Estimate for expected rent for tenants
  - b.) Estimate for overall cost and permits
  - c.) Estimate for a targeted stabilized cash return
  - d.) Cost discussed in Financial Requirements and Analysis (Pages 14-18)
  - e.) Discuss funding and partnership with family and/or friends
    - i.) Partners will receive their initial capital back plus an annual 5% preferred return
- 4.) Have a Real Estate Lawyer create two contracts for the Lease-Option

- a.) Real Estate Lawyer cost will be discussed in Financial Requirements and Analysis (Page 14)
  - b.) One contract holds a standard Lease agreement:
    - i.) The lease will be a 2-year agreement
    - ii.) The option to renew a lease will be offered 90 days before the lease expires
  - c.) The second holds a Lease-Option agreement and include these factors:
    - i.) A down payment must be paid at the time of signing the contract
    - ii.) The home's purchase price will be determined by an appraisal at the time of purchase
    - iii.) The home's price will have a minimum price it can't go below
      - (1) This creates safety so profit won't be lost
    - iv.) Will take into account the buyers consideration of equity they have been building
    - v.) Rent must be paid on the 25th of each month
      - (1) This allows the bank to be paid on the 1st of each month
- 5.) Search for tenants
- a.) Follow the Fair Housing Act
  - b.) List the rental property on real estate and rental marketplaces
  - c.) Broadcasting the rental was discussed in Marketing Plan (Pages 6-10)
- 6.) Pre-Qualify for a Housing Loan from my friendly hometown banker
- a.) Once pre-qualified, accept the loan to purchase the property
  - b.) Coordinate the paperwork
  - c.) Close the sale and get the keys to the property
  - d.) Cost discussed in Financial Requirements and Analysis (Pages 14-18)
- 7.) Get Homeowners Insurance through my friendly hometown insurance company
- a.) Cost discussed in Financial Requirements and Analysis (Pages 14-18)
  - b.) Full coverage on the entire property
- 8.) Get building permits for remodeling and renovations (IF NEEDED)
- a.) Permits will be planned and applied when needed
    - i.) Permit applications will go through San Antonio's Development Services Department
  - b.) All permits will not exceed the 180-day expiration
  - c.) A schedule will be created for the projects overview and finishing date

- d.) Start construction on the property
- 9.) Start Lease-Option with the tenant
  - a.) Income will be discussed in Financial Requirements
  - b.) Create a contract with Tenant
  - c.) Keep contact with Tenants to create a close-bond
- 10.) Review the property thought MHN Property Management, LLC
  - a.) Keep up to date documents of the property's income and expenses
  - b.) Review the rentals progression physically and financially every three months

PHASE TWO: ***Spreading my 'Business'***

Phase-Two is the phase where Anellise Realty will expand and purchase properties across Bexar County. Through this phase Anellise Realty will continue as a sole-proprietorship while partnering with family, friends and real estate investors, thus the name *Spreading my 'Business'*. Listed below is the process:

- 1.) Find Real Estate Investor Partners
  - a.) Build a relationship with possible Investor
  - b.) Interact with Investment Clubs
  - c.) Create a contract with Investor for future business
- 2.) Conduct Physical Inspections of Neighborhoods
  - a.) Look at comparables with Investor
  - b.) I and Investor must agree on a property and its location
  - c.) The home must be within certain qualifications:
    - i.) (Same as Phase-One qualifications)
- 3.) Follow Through with Steps 3 - 9 in Phase One
- 4.) Preferred Investors Return: Investors will receive their initial capital back plus an annual 5% preferred return

When a tenant decides to purchase a home, I will follow through with a 1031 Exchange. The Real Wealth Network defines a 1031 Exchange as followed, “[The 1031 Exchange] allows an

investor to “defer” paying capital gains taxes on an investment property when it is sold, as long another “like-kind property” is purchased with the profit gained by the sale of the first property”.

**FINANCIAL REQUIREMENTS AND ANALYSIS**

To begin Anellise Realty, assuming my first property is \$100000, I will take out a loan of \$80000 with a 15-year term and an interest rate of 4.7%. A down-payment of 20% will be made from my savings for the loan. A sample property will be located on the West side of San Antonio, surrounded by homes with a comparable average sale price of \$125000. With this being said, contracts will be adjusted specifically to the property, while the selling price will be determined by the market’s pre-determined sell price.

Table Keynote - Startup costs will be paid through my personal savings and help from family.

Table 1.1

START-UP COSTS			
Item	Quantity	Price	Final Price
Real Estate License	1	\$404.00	\$404.00
Real Estate Lawyer	1	\$600.00	\$600.00
Signs (3-pack)	4	\$19.99	\$79.96
Website/Maintenance	1	\$700.00	\$500.00
LLC Application/Paperwork	1	\$399.00	\$399.00
Business Cards (500 Pack)	2	\$25.98	\$51.94
<b>TOTAL:</b>			<b>\$4761.00</b>

Table Keynote: Open House Cost is based on one month of open houses. To welcome people, refreshments will be included to make families feel comfortable and at home. Refreshments, like ice water, will be placed in a 2.5-gallon glass water dispenser that is already in inventory and does not need to be bought. \*\*This amount can vary whether or not the property takes 1 or more months to find a tenant\*\*

Table 1.2

OPEN HOUSE COSTS			
Item	Quantity	Price	Final Price
Gourmet Cookie Platter	4	\$9.98	\$39.92
20 Pack of Soda	2	\$6.99	\$13.98
Gallon Alkaline Water	8	\$1.31	\$9.61
<b>TOTAL:</b>			<b>\$63.51</b>

Table Keynote: Contract mix options hold four options tenants can choose from when looking into making a deal with Anellise Realty. All options will be placed into the Lease-Option agreement for the possible tenants to understand. For all four options, the tenants will be receiving equity. Their equity depends on each option and is the amount of money they have put into the home for when they purchase. Down payment from the tenant must be paid. This down payment will be used for times when any tenants do not pay their rent. The max amount of months tenants can go without paying rent is three (3) months, which the downpayment covers.

Table 1.3

CONTRACT MIX OPTIONS				
Options	Down Payment	Monthly Rent	Monthly Equity	Total Equity
A	\$4,000	\$1200	\$25	\$3,600
B	\$6,000	\$1,100	\$50	\$6,200
C	\$8,000	\$1,000	\$100	\$9,400
D	\$11,000	\$900	\$150	\$11,360

Use the following definition is for each Profit to Loss table:

- ❖ **Profit** is the total amount of money Anellise Realty makes. Profit is estimated by taking the Cash Inflow and subtracting the Cash Outflow.

Table 1.4

CONTRACT MIX PROFIT TO LOSS (FIRST MONTH)								
Options	Annellise Realty Loan	Prop. Mgt.	Insurance	Down Payment Income	Rental Income	Cash Outflow	Cash Inflow	Profit
A	\$620.20	\$100	\$116	\$4,000	\$1,200	\$836	\$5,200	\$4,363.80
B	\$620.20	\$100	\$116	\$5,000	\$1,100	\$836	\$6,100	\$5,263.80
C	\$620.20	\$100	\$116	\$7,000	\$1,000	\$836	\$8,000	\$7,163.80
D	\$620.20	\$100	\$116	\$9,000	\$900	\$836	\$9,900	\$9,063.80

Table 1.5

CONTRACT MIX PROFIT TO LOSS (MONTHLY)								
Options	Annellise Realty Loan	Prop. Mgt.	Insurance	Down Payment Income	Rental Income	Cash Outflow	Cash Inflow	Profit
A	\$620.20	\$100	\$116	\$4,000	\$1,200	\$836	\$1,200	\$363.80
B	\$620.20	\$100	\$116	\$5,000	\$1,100	\$836	\$1,100	\$263.80
C	\$620.20	\$100	\$116	\$7,000	\$1,000	\$836	\$1,000	\$163.80
D	\$620.20	\$100	\$116	\$9,000	\$900	\$836	\$900	\$63.80

Table 1.6

CONTRACT MIX PROFIT TO LOSS (FIRST YEAR)								
Option	Annellise Realty Loan	Prop. Mgt.	Insurance	Down Payment Income	Rental Income	Cash Outflow	Cash Inflow	Profit
A	\$7,442.40	\$1,200	\$1,392	\$4,000	\$14,400	\$10,034	\$18,400	\$8,365.60
B	\$7,442.40	\$1,200	\$1,392	\$5,000	\$13,200	\$10,034	\$18,200	\$8,165.60
C	\$7,442.40	\$1,200	\$1,392	\$7,000	\$12,000	\$10,034	\$19,000	\$8,965.60
D	\$7,442.40	\$1,200	\$1,392	\$9,000	\$10,800	\$10,034	\$19,800	\$9,765.60

Table 1.7

CONTRACT MIX PROFIT TO LOSS (SECOND YEAR)								
Option	Annellise Realty Loan	Prop. Mgt.	Insurance	Down Payment Income	Rental Income	Cash Outflow	Cash Inflow	Profit
A	\$10,918.92	\$1,200	\$1,392	\$0	\$14,400	\$10,034	\$14,400	\$4,365.60
B	\$10,918.92	\$1,200	\$1,392	\$0	\$13,200	\$10,034	\$13,200	\$3,165.60
C	\$10,918.92	\$1,200	\$1,392	\$0	\$12,000	\$10,034	\$12,000	\$1,965.60
D	\$10,918.92	\$1,200	\$1,392	\$0	\$10,800	\$10,034	\$10,800	\$765.60

Table 1.8

CONTRACT MIX PROFIT TO LOSS (END OF 2-YEAR LEASE)								
Option	Annellise Realty Loan	Prop. Mgt.	Insurance	Down Payment Income	Rental Income	Cash Outflow	Cash Inflow	Profit
A	\$14,884.80	\$2,400	\$2,784	\$4,000	\$28,800	\$20,069	\$32,800	\$12,731.20
B	\$14,884.80	\$2,400	\$2,784	\$6,000	\$26,400	\$20,069	\$32,400	\$12,331.20
C	\$14,884.80	\$2,400	\$2,784	\$8,000	\$24,000	\$20,069	\$32,000	\$11,931.20
D	\$14,884.80	\$2,400	\$2,784	\$11,000	\$21,600	\$20,069	\$32,600	\$12,531.20

The estimate below is based on a 10-year span. We will assume Annellise Realty has purchased 5 homes within 10 years. Each property will be under the Option A Contract. In Table 1.9, we start with one property and at the end of each 2-year lease, we assume the tenant decides to purchase the home. Once a property has been sold, another property of similar value will be purchased using the proceeds from the sold home.

Table 1.9

CONTRACT MIX PROFIT TO LOSS (10-YEAR SPAN)							
Year	Annellise Realty Loan	My Down Payment on Property	Insurance / Prop. Mgt.	Property Sales Income	Rental Down Payment	Rental Income	Profit
1	\$7,442.40	\$0	\$3,892	\$0	\$4,000	\$14,400	\$7,065.60
2	\$7,442.40	\$20,000	\$3,892	\$90,115.20		\$14,400	\$73,180.80
3	\$7,442.40	\$0	\$3,892	\$0	\$4,000	\$14,400	\$7,065.60
4	\$7,442.40	\$20,000	\$3,892	\$90,115.20		\$14,400	\$73,180.80
5	\$7,442.40	\$0	\$3,892	\$0	\$4,000	\$14,400	\$7,065.60
6	\$7,442.40	\$20,000	\$3,892	\$90,115.20		\$14,400	\$73,180.80
7	\$7,442.40	\$0	\$3,892	\$0	\$4,000	\$14,400	\$7,065.60
8	\$7,442.40	\$20,000	\$3,892	\$90,115.20		\$14,400	\$73,180.80
9	\$7,442.40	\$0	\$3,892	\$0	\$4,000	\$14,400	\$7,065.60
10	\$7,442.40	\$0	\$3,892	\$90,115.20		\$14,400	\$73,180.80
<b>PROFIT-TOTAL:</b>							<b>\$401,232.00</b>

50% of the profits earned over 10 years (\$401,232.00) will be compensated to the owner. If I am partnering with anyone, they will get their proceeds and a 5% preferred annual return. 40% of the Profit will be placed into Annellise Realty and new properties, while the remaining 10% will be used for vacancies within properties. If the properties do not have any vacancies, the percentage will go into other new properties.

### SUCCESS TRACKER (PERFORMANCE)

Annellise Realty’s success will be measured by goal accomplishments and various key performance indicators (KPIs). Keeping both long term and short term goals are important in keeping Annellise Realty organized, up-to-date, and focused. Additionally, goals will provide a blueprint for my business in the future and help keep me motivated to grow. KPIs will help focus on specific marketing strategies, tenant satisfaction, and monthly recurring revenue. Each of the goals and KPIs will be described below.

- ❖ Long Term Goal: Have 5 different properties at the same time, making a profit from each one of them. This goal pushes me to start with my money and if this goal is

achieved, Anellise Realty is on a successful path. In addition, the business's finances will be well controlled.

- ❖ Short Term Goal: Close a contract with a tenant in less than two weeks of an open house. Accomplishing this short term goal will validate how well Anellise Realty presents its properties, provides customer service, and effectively markets to its targeted audience. This also shows me where the market for homes is. Closing a contract in less than a month of the home being on the market indicates that the surrounding area may be appreciated in the next couple of years. This will be a strong indicator that purchasing future surrounding homes will be a smart move financially.
  
- ❖ (KPI #1): Net Promoter Score
  - This metric will measure the willingness of tenants, families, or partners to recommend Anellise Realty to others. Utilizing the opinion of others will help advance and monitor my businesses loyalty, and most importantly my business's success. Obtaining feedback from people at each of the open houses will be important for assessing suggestions and requests for future open houses. It will also confirm whether or not Anellise Realty is going in the right direction when it comes to caring for its people.
  
- ❖ (KPI #2) Media Interaction
  - Growing the Anellise Realty website traffic by 20% at the end of the first start-up year, increasing the business's followers on its social media platforms and increasing the positive views of Anellise Realty through Yelp will show the marketing success of my business. Having a growing community of Anellise Realty will increase the probability of a property to be leased and/or purchased, which saves time and money. Additionally, discussing and receiving advice online will ensure that Anellise Realty is performing at a high standard as a premier market leader. If there is no feedback provided,

this can also be a sign that Anellise Realty is doing well, but further investigation would be needed.

❖ (KPI #3) Profit to Loss Charts

- These charts will show money leaving the company and money collected. This metric is the most important of the other metrics because if there is no profit at the financial period, Anellise Realty will not be able to sustain operations. Keeping monthly and yearly records of what the business makes and loses will be mandatory. Profit to loss charts will have an estimated chart of money Anellise Realty should be making in 6 months to 2 years. This will provide an estimated amount that can be invested in other properties in the future. One of the financial goals is to have earned over +\$50,000 cash flow after the second year of the start-up. If sales continue to grow steadily for the following years, this will be an indicator of the financial success of Anellise Realty.

The way I will know that I am being personally successful is through my emotions and how I feel during the entire process of Anellise Realty. Keeping my mentality and spirit up will show that I am genuinely happy with what I am doing with my life. Furthermore, being able to pay myself back for my hard work is important as I want a healthy life balance. I want to be well-rested each night, knowing that I will be able to pay everything I need on time and have extra time to spend with my family and friends. When I can feel emotionally free, spiritually free and financially free about my business, I will know that I am successful.

## **COMMITMENT**

I am willing to spend the time required searching for future tenants for homes and to forego vacation for my business. My passion will motivate me to sacrifice for the sake of my business. I have always wanted to be different and do something other than what anyone in my family has done. Instead of working the 9 to 5 job, putting up with a stressful boss, and following someone else's rules, I can be my own boss and learn to become financially free. My

commitment will not allow me to get lost in the weeds. I will not let myself get devoured up my business to a point where I am unhealthy mentally or physically.

Not only will I not allow myself to get stuck in the weeds of my business, but I also will not let any of my clients get confused or feel left out of Anellise Realty. All of my tenants will be catered to and treated with the utmost care and loyalty. Sincere tenants looking to lease or purchase a home will be given my full attention and flexibility as they are one of the most important aspects of my business. They are a part of the reason Anellise Realty will grow across Bexar county. The same goes for all of those partnering with Anellise Realty. They will see my commitment through loyalty, on-time payments, and family-like treatment. Without those working by my side through property management, or clients in general, Anellise Realty would struggle greatly within its first year of operations.

I plan to hold a percentage of cash flow each year to pay for any bad times in the market. Additionally, with a tenant handing over a downpayment at the beginning of a deal, it acts as a life raft in case anything goes downhill. If a tenant becomes non-compliant, my hired Property Management company will take care of further actions. If a house is damaged due to perils, my insurance will cover it. If the housing market crashes, I will use it to my benefit and purchase newly made homes with my past cash flow (houses during this time will be very low), and when the market goes back to normal, I will sell the home for double what I had paid. For any event Anellise Realty goes through, there is a backup plan and reserves.

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