INVESTMENT REAL ESTATE BUSINESS PLAN

STRATEGIC POSITION

Gary Hippensteel is the president and founder of the Real Estate investment firm Solid Foundation Investment Properties, Inc. (SFIP). SFIP has several active projects that are in various stages of completion. The business environment surrounding real estate investment properties has been in a state of flux over the past several years. SFIP has developed a system for profitable real estate investment.

In the past, the basic model for real estate investment has been a three-step process. First, a property is purchased at a favorable price. In real estate investing, profit potential is determined at the time of purchase rather than at the time of sale. Step two involves making cost effective modifications and improvements to the property. Step three involves re-selling the property to a new owner and cashing out of the deal.

Until recently, an investor could move through the three steps quickly and have a limited time when their investment is exposed to risk. However, recent changes in the real estate and mortgage markets have limited the liquidity of these investments. This has resulted in some investors becoming “stuck” in properties that are difficult to sell.

SFIP believes that real estate investment is a profitable enterprise. SFIP has developed a proprietary business model that successfully deals with the current realities of this market. The first step of SFIP’s enhanced process is the use of a Decision Support Tool (DST) that significantly improves the property selection process. The real estate investment market is currently a buyer’s market. The DST enables the examination of a greater number of potential property acquisitions and facilitates the comparison of each property’s profit potential as measured against a set of common standards.

The second step in the SFIP model involves communicating the profit potential of the investment property to a limited group of private lenders. These private lenders have already shared with SFIP the parameters under which they each would find a particular investment property attractive. SFIP has already familiarized each private lender with the nature of the proprietary DST selection process. Thus, a property that has been selected by the DST system can be screened by each of the private lenders, and then acquired.

The third step in the SFIP process involves using SFIP’s experienced team of construction experts to quickly and economically make needed improvements to the investment property.

The final step in the SFIP system uses a proprietary database of investors who have a “buy and hold” strategy for real estate investing. Thus, the investment property is sold to a new owner whose business interests involved owning single-family dwellings that can be put into use as rental properties.

Because the SFIP system is a total “front to back” approach, the return on the private lender’s capital is realized quickly. The SFIP System is poised to open a substantial number of real estate investment opportunities over the next several years.
TACTICAL PLAN

Decision Support Tool (DST)

SFIP’s proprietary Decision Support Tool is a unique system that substantially improves the selection process for new investment properties. The tool considers the following inputs to its decision algorithm:

- The type of house located on the property
- Property location
- Neighboring properties
- Terms of current financing on the property
- Condition of the property
- Cost of property improvements
- Property holding costs such as utilities
- Property holdings costs in the area of property financing
- Economic trends in the neighborhood surrounding the properties
- Neighborhood resources such as schools etc.
- Neighborhood crime statistics
- Neighborhood demographics
- Analysis of recent sales of similar properties in the neighborhood

The DST analyzes and updates all of these factors for a number of properties. Periodically, the system detects conditions that make a particular property attractive according the analysis parameters SFIP controls. The DST outputs the following information for properties that come to the top of the list that has been the input for DST analysis:

- A summary of the due diligence that has been accumulated
- A suggested acquisition price for the property (MAO - Maximum Allowable Offer)
- A schedule for the injection of capital into the remodeling of the property
- A suggested exit strategy for the property and return of the private lender’s capital

Private Lenders

SFIP is actively expanding the list of private lenders who have been briefed on the DST system. SFIP is building a relationship with these private lenders, which could lead to repetitive opportunities for the lenders to take a small amount of capital, invest it in the SFIP system and realize a return of the invested capital. The original capital can then be re-invested again in another property. This type of investment opportunity benefits from the concept known as the “velocity” of money. The return on investment is limited only by the velocity with which the properties are turned.
Skilled Construction Experts

SFIP Works with a team of skilled construction specialists. These individuals have a proven track record of being able to implement changes in a property that can be done quickly in a cost effective manner.

Proprietary Buyer Database

SFIP has accumulated a proprietary database of individuals who are interested in acquiring rental property under favorable terms. The demand for single-family dwelling rental properties is growing daily. The individuals contained in this database include some of the following types of people:

- Contractors
- Small business owners
- Certified Public Accountants
- Doctors
- Corporate executives
- Commissioned sales people
- People with self-directed IRAs
- Property management firms
- Individuals looking for a second income

SFIP maintains information regarding the types of properties that these individuals are seeking. This is an important part of the overall process SFIP has designed to ensure their rapid optimization of the private lender’s return on capital that has been placed with SFIP.