

# Michigan Housing and Investment, LLC.

## Business Plan Summary



### Who we are:

#### Who is Michigan Housing & Investment, LLC:

Michigan Housing & Investment is a very reputed and highly professional customer focused company. We have been in housing development business for the last 10 years. The company is dedicated to revitalizing the community in which we live and do business. We are currently working on multiple projects including single family homes and multi-unit dwellings.

Michigan Housing & Investment is proud provider of comfort rental housing at a very affordable price to low income families through Section 8 program. We treat renters with utmost respect and take good care of their maintenance issues. We have 24 hours hot line to report emergency issues and property managers monitors those call around the clock.

Michigan Housing & Investment have redeveloped many buildings in the city of Detroit and are a proud development partners in Detroit redevelopment initiatives. We have a team of highly motivated and skilled professionals to manage those projects.

Michigan Housing & Investment have a rent to own program. Rent to own program provides opportunity to many individuals to own their dream homes.

#### Business model:

We buy distressed properties, remodel those homes to the MSHDA (Michigan State Housing Development Authority) housing standards and rent them to Section 8 HCV (Housing Choice Voucher) program attracting long-term, loyal tenants, causing neighborhoods no longer to decline, but rather to thrive

#### Business model credibility:

We have been successfully using this business model for over 10 years. Currently we have over 40 single family homes and one 52 unit building in our portfolio.

#### Why do we need capital "NOW":

Real estate market has been very soft in USA and there is an abundance of housing inventory to chose from at a very attractive price. Several of the homes are available at about 90% below the market value. We have a lot of experience that helps us to decide which, where, what home to buy. We have our own crew who remodel these homes and they have been working with us since we started our business. We monitor and control our overhead and remodeling cost very closely. We have very good track record with our section 8 customers and some of them have been renting from us from the last 10 years. We have developed several tools and processes to monitor our business operation.

We are planning to scale up our business to the next level by buying 150 more homes. We have strong indications from Section 8 program to fill those homes quickly eg DHC (Detroit Housing Commission) need 1500 homes in the next six months and several others locations have similar projections.

#### Exit Strategy:

Pay off the loan in two to three years and keep the rental properties free and clear for rental income.

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## ILLUSTRATIVE EXAMPLE OF THE CASH FLOW OF TWO RECENT PURCHASED PROPERTIES:

### Property - I

**Address:** 13321 Wilshire, Detroit MI 48213, *1610 square feet 3 bedrooms brick house with basement*

**Purchase date:** July 31, 2008

**Current market value:** \$40000.00

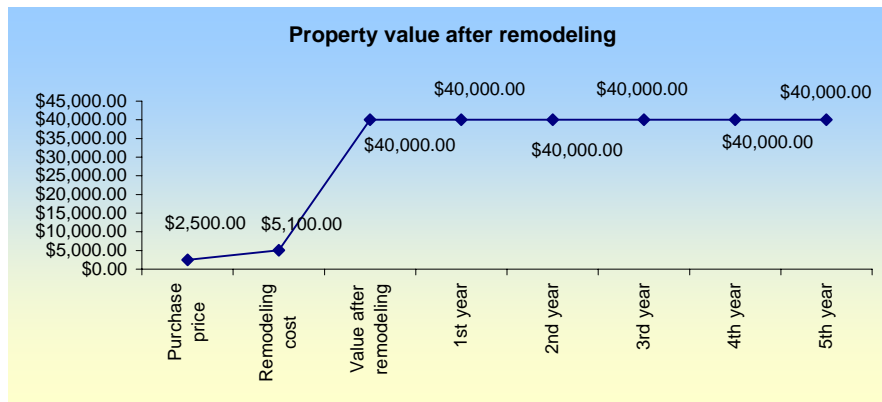
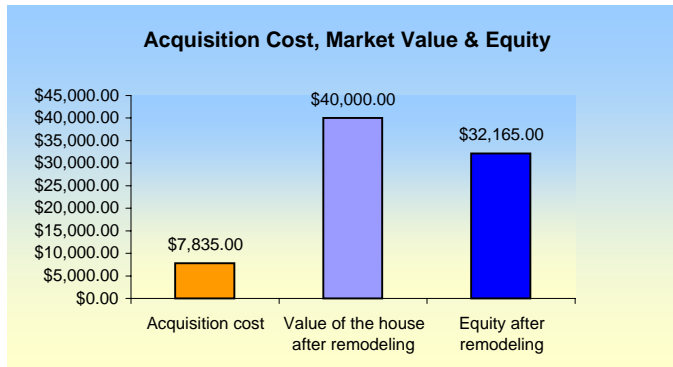
**Last sale price:** \$100,000.00 (sold on 12/12/2005 per Wayne county record)

**Rent:** Rented for \$875.00 per month since September 1, 2008 through section 8 program

<b>Purchase price</b>	\$2,500.00
<b>Remodeling cost</b>	\$5,100.00
<b>Administrative expenses (property search, utilities, marketing, insurance and management)</b>	\$235.00
<b>Total cost per home</b>	\$7,835.00
<b>Current market value</b>	\$40,000.00
<b>LTV</b>	19.59%
<b>Equity after remodeling</b>	\$32,165.00
<b>% of equity in the house</b>	80.41%



Number of acquisitions	Acquisition cost	Value of the house after remodeling	Equity after remodeling	Loan to Value (LTV)	Appreciation
1	\$7,835.00	\$40,000.00	\$32,165.00	19.6%	410.53%



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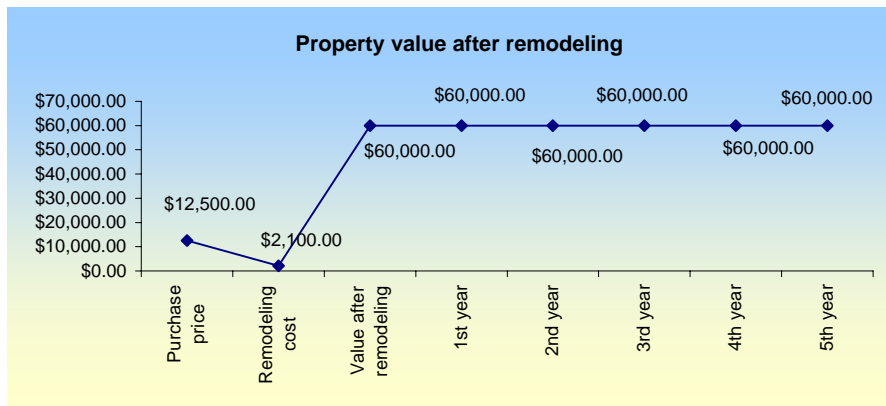
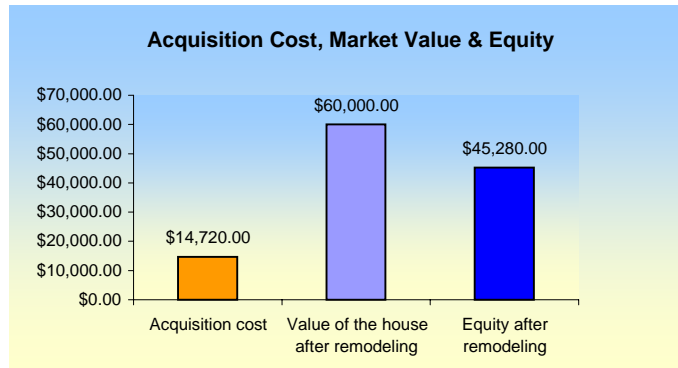
## Property - II

**Address:** 2515 Wayne Road, Westland MI 48186, **1368 Square feet, 3 bedrooms, 3 bathrooms, brick house with basement**  
**Purchase date:** October 20, 2008  
**Current market value:** \$60,000.0  
**Last sale price:** \$130,000.00 (sold in 7/17/2003 per Wayne county record)  
**Rent:** Being rented for \$900.00 per month effective December 1, 2008 through section 8 program

<b>Purchase price</b>	\$12,500.00
<b>Remodeling cost</b>	\$2,100.00
<b>Administrative expenses (property search, utilities, marketing, insurance and management)</b>	\$120.00
<b>Total cost per home</b>	\$14,720.00
<b>Current market value</b>	\$60,000.00
<b>LTV</b>	24.53%
<b>Equity after remodeling</b>	\$45,280.00
<b>% of equity in the house</b>	75.47%



Number of acquisitions	Acquisition cost	Value of the house after remodeling	Equity after remodeling	Loan to Value (LTV)	Appreciation
1	\$14,720.00	\$60,000.00	\$45,280.00	24.5%	<b>307.61%</b>



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**ILLUSTRATIVE EXAMPLE OF INCOME VS EXPENSES:**

**Property - I**

**Expenses**

Interest rate	10.00%
Interest per year	-\$783.50
Insurance per year	-\$700.00
Property taxes	-\$3,000.00
Maintenance	-\$300.00
<b>Total</b>	<b>-\$4,783.50</b>

**Revenue**

Rent per month	\$875.00
<b>Rental Revenue per year</b>	<b>\$10,500.00</b>
<b>Net Income</b>	<b>\$5,716.50</b>

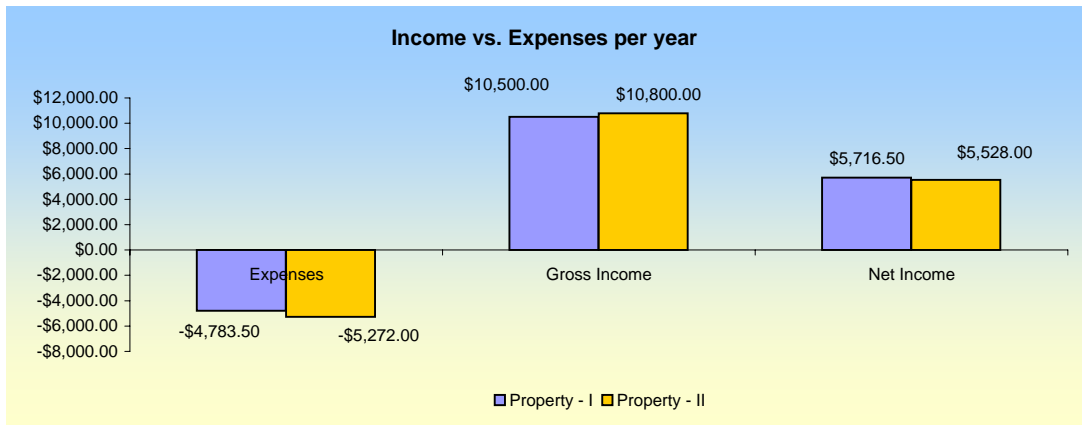
**Property - II**

**Expenses**

Interest rate	10.00%
Interest per year	-\$1,472.00
Insurance per year	-\$700.00
Property taxes	-\$2,800.00
Maintenance	-\$300.00
<b>Total</b>	<b>-\$5,272.00</b>

**Revenue**

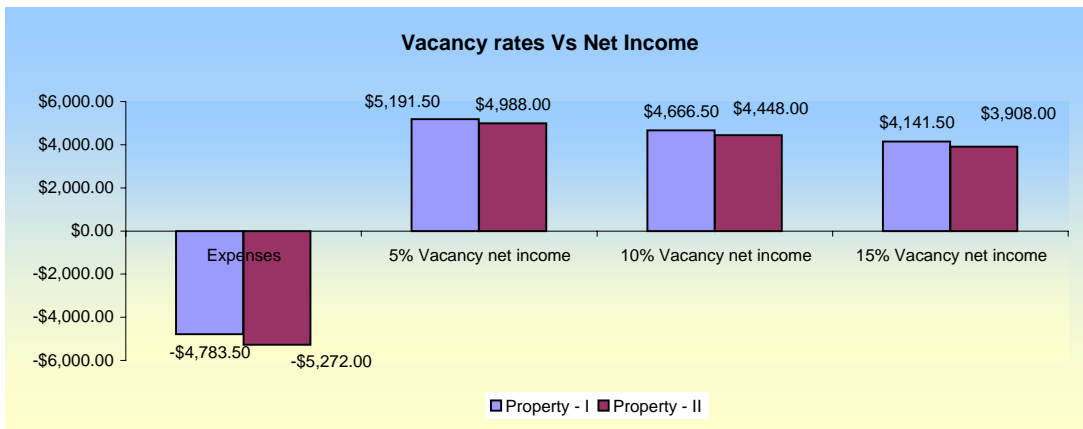
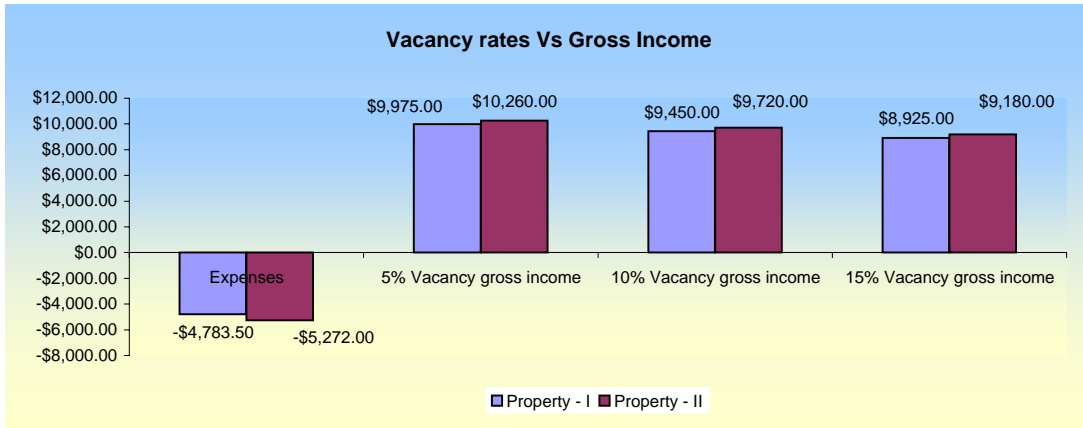
Rent per month	\$900.00
<b>Rental Revenue per year</b>	<b>\$10,800.00</b>
<b>Net Income</b>	<b>\$5,528.00</b>



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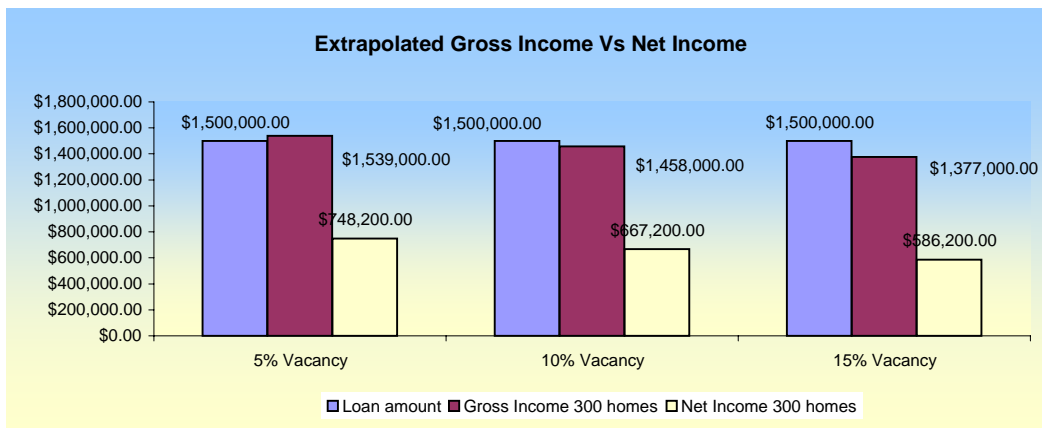


## ILLUSTRATIVE EXAMPLE OF VACANCY RATES AND INCOME:

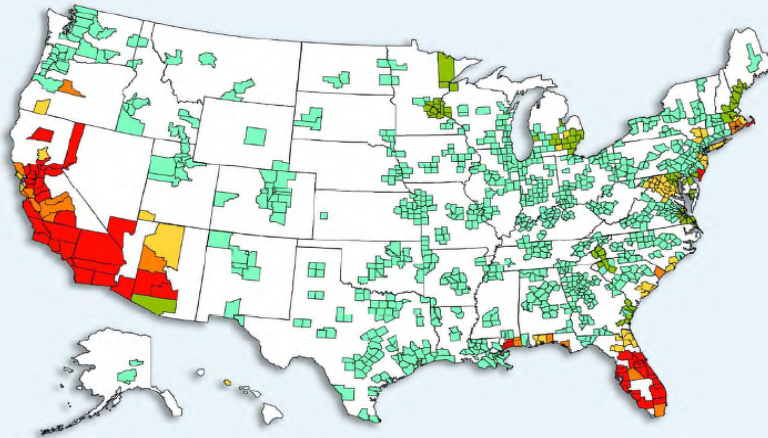


## Extrapolated to 150 properties:

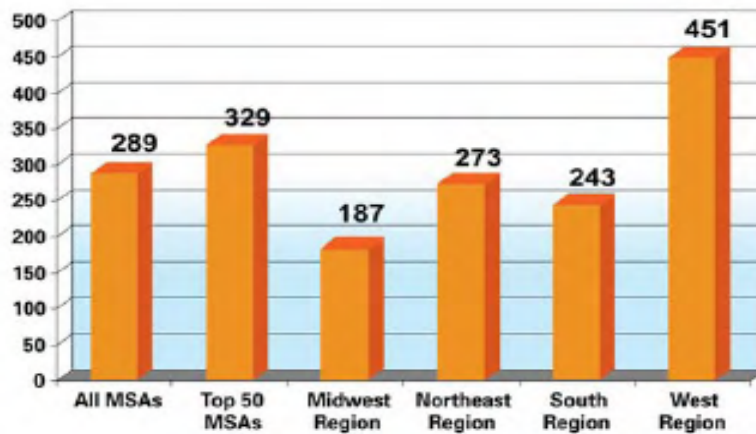
	5% Vacancy	10% Vacancy	15% Vacancy
Loan amount	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00
Gross Income 300 homes	\$1,539,000.00	\$1,458,000.00	\$1,377,000.00
Net Income 300 homes	\$748,200.00	\$667,200.00	\$586,200.00



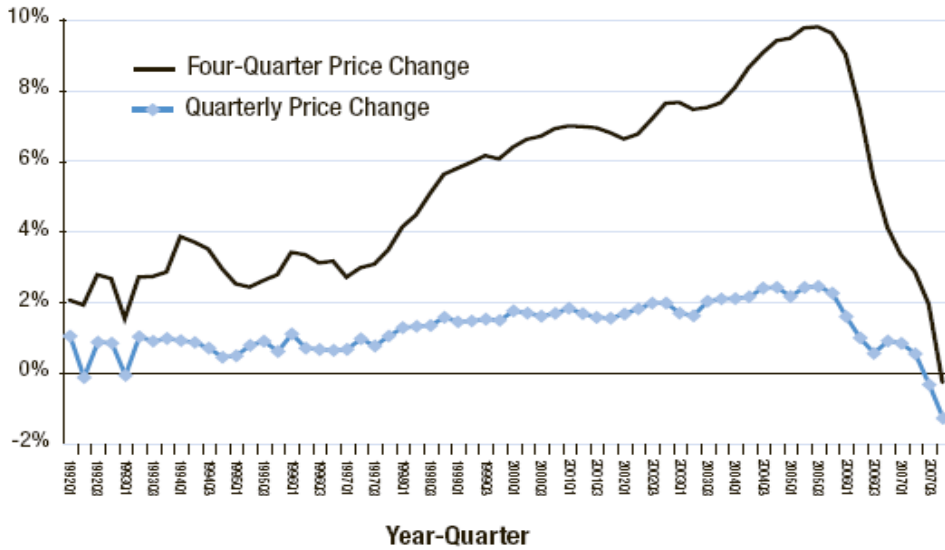
## Geographic Distribution of **HOUSE PRICE RISK**



## Geographic Distribution of Risk Scores

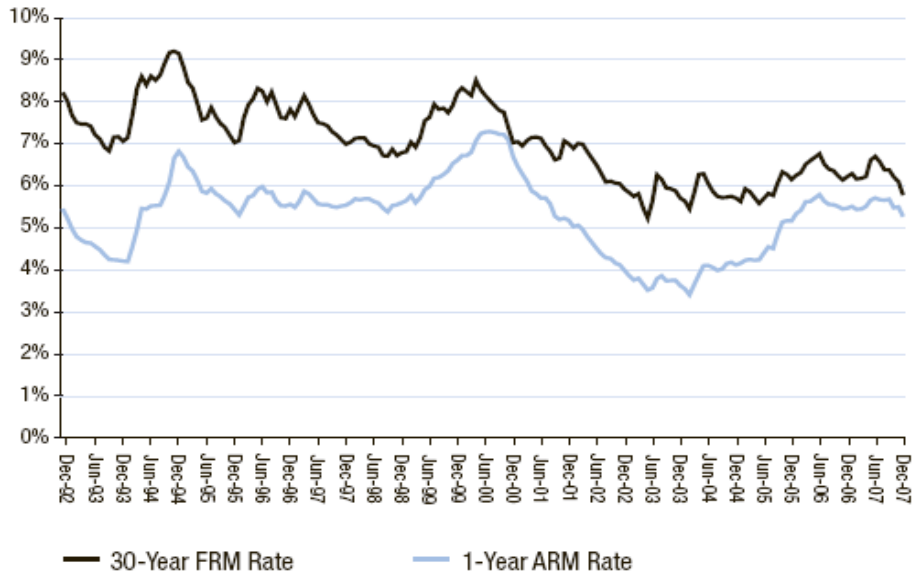


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**Chart 3**  
OFHEO House Price Index History for USA (Seasonally-Adjusted Price Change Measured in Purchase-Only Index)

Source: OFHEO



Source: Freddie Mac