
WEEK 3
Saturday
March 9,
2024

10TH GENERATION
CREATING SUSTAINABLE
NEIGHBORHOOD
DEVELOPERS'
PROGRAM: *Virtual*

- 9:00 AM: ***Welcome!!***
Dr. Donald Andrews- Dean, College of Business,
Southern University and A&M College
- 9:05 AM: Path Forward:
Eric L. Porter
Co-Creator CSND/ComNet LLC
- 9:05 AM: ***Curriculum Direction:***
Dr. Sung No,
Co-Director, SU EDA University Center
- 9:10 AM: ***“Where Are they Now”***
Sonya & Ira Jacobs of JDS Consulting & Intl
Partners LLC
- 9:30 AM: ***“Banking: Lending Criteria”***
Matt Sims
Sr. VP, Commercial Lending, Liberty Bank
- 10:25 AM: ***Break***
- 10:30 AM: ***“Programs Single Family Homeownership”***
Dexter Alexander
Louisiana Housing Corporation
- 11:00 AM: ***“Programs- Multi Family Housing”***
Louis Russell, Louisiana Housing Corporation
- 11:30 AM: ***“Public & Private Community Projects”***
April Hawthorne, BRNEDD
- 12:10 PM ***“ Developers Insurance”***
Agnes Andrews, Agnes Andrews & Associates
- 12:55 PM: ***Closing:***
Eric L. Porter, Dean Andrews & Dr. Sung No

Renovation Success Story: From 789 square feet to Airbnb Gem

Creating Legacy Wealth for Generations

Before

🏠 Before Renovation: 789 sqft

🏠 After Renovation: 1100 sqft

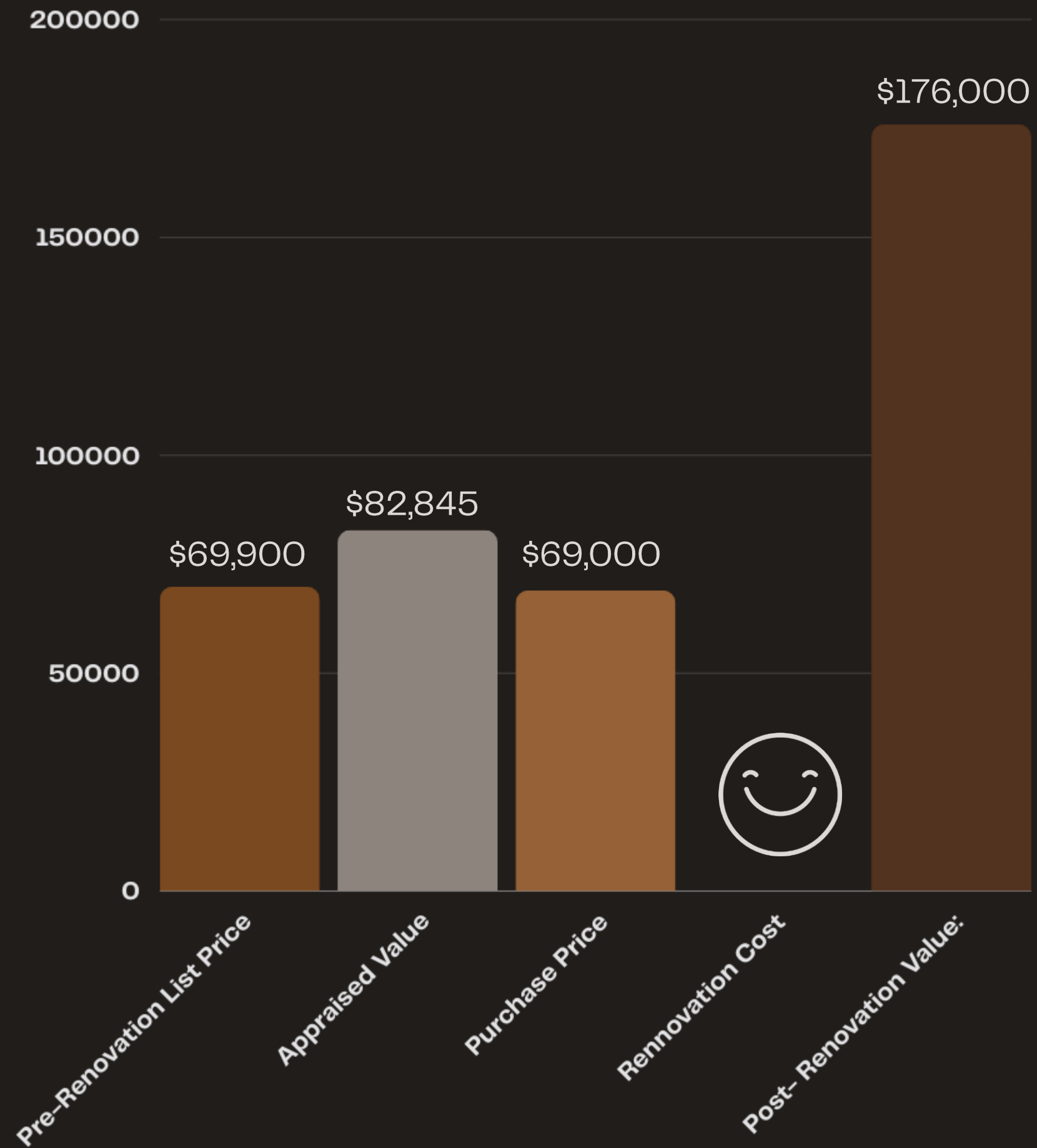
⚙ Additions:

🏠 Lower Level with a great room

🏠 Shower-only full bathroom

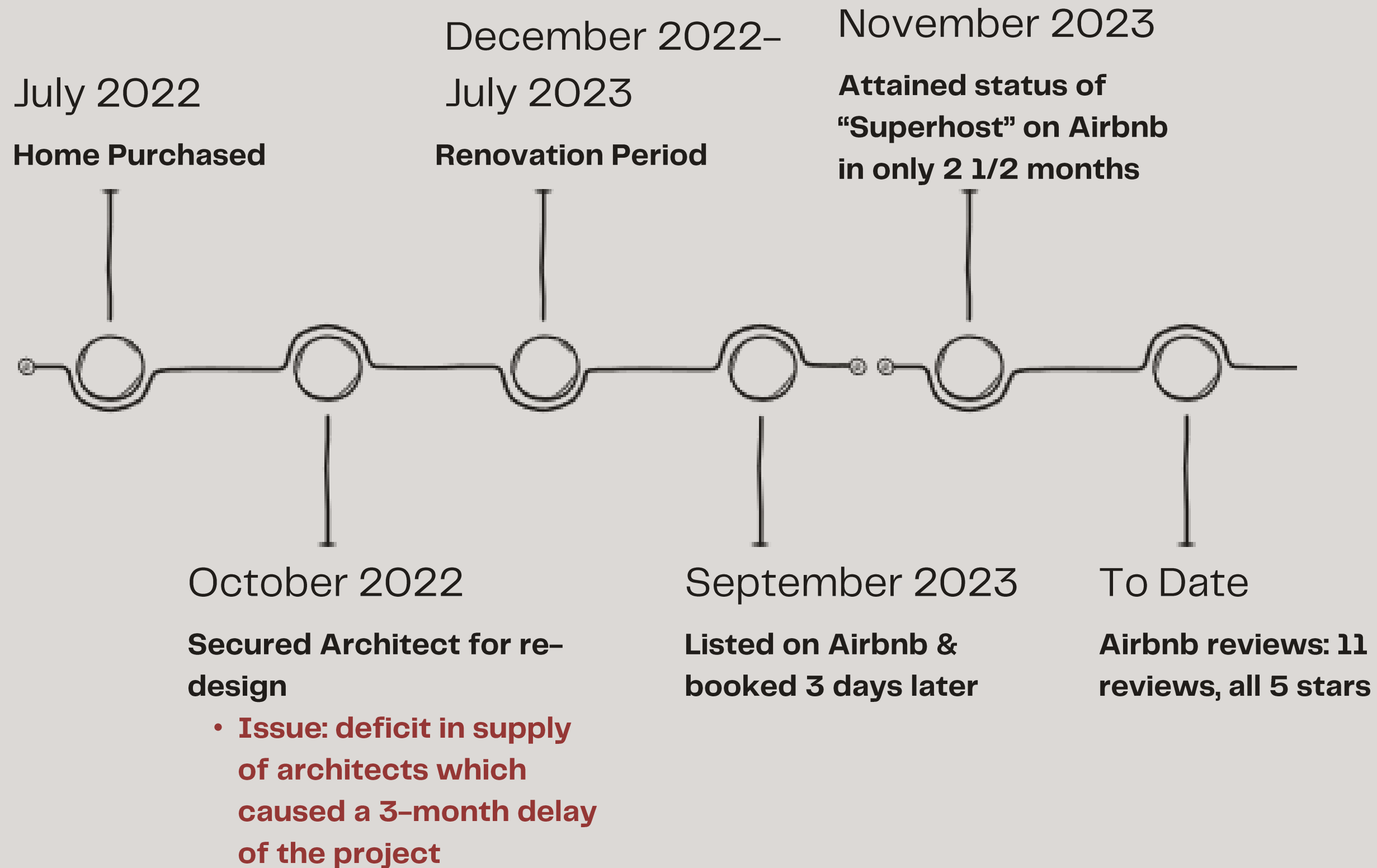
🏠 Washroom





Financial Transformation

Timeline



Business Ventures (resulting from the class)



Jetblac Enterprise

Real estate acquisition



J'Decor & Designs

Interior decorating and exterior/ interior designs

After

.....



Thank
You

Q & A



Banker's Guide to Real Estate Development Borrowing

March 9, 2024

Matthew T. Sims
Liberty Bank and Trust Company
SVP, Commercial Lending
msims@libertybank.net
504-722-0255 Cell
504-240-5105 Office

Banker's Guide to Real Estate Development Borrowing

Purpose:

Provide course participants with a banker's overview of Borrowing for Real Estate Development Projects

Agenda:

- **Selecting your property**
- **Determine your borrowing need**
- **Know the language**
- **Loan Types**
- **Prepare your loan application package**
- **Loan approval and commitment letter**
- **Construction monitoring/funding**
- **Real Estate Trends**
- **Questions/Comments**

Selecting your property

Choose your property

- Find your sweet spot (location, location, location)
- Determine what type of property (Single Family or multi-family)
- Decided on buying and holding or flipping

**Determine your
borrowing need**

Determine your borrowing need

- Complete a detail estimate of the total cost of your project (The bank will want you to inject 20 to 30% of the project hard cost)
- If planning on holding the property, perform a cash flow analysis to forecast cash available for debt service
- If planning on flipping the property, perform market analysis (All in cost should be 70% or less market value)
- Perform personal debt to income analysis

Know the Language

Speak the Language

<u>Term</u>	<u>Standard</u>
Loan to value/cost	70%/80%
Debt Service Coverage	1.20x – 1.30x
Debt to income	40 - 45%
Amortization	15 – 20 years
Balloon	3 - 7 years
Payments	P&I/Int. Only
Commitment/Origination Fee	1%

Loan Types

Loan Types

- Construction loan
 - New construction
 - Acquisition and renovation
- Investment real estate line of credit
- Bridge loan
- Permanent term loan

Prepare Your Loan Package

Prepare your loan package

- Complete a full disclosure personal financial statement
- Gather 3 years of personal & business, if available, tax returns
- If you plan on holding the property, prepare a 5-year cash flow projection for property being acquired
- Provide the purchase contract along with a detailed description of property being acquired
- Provide construction contract or detailed construction/renovation budget and drawings (simultaneously, submit required documentation to city/parish for permit)

Loan Approval and Commitment Letter

Loan Approval and Commitment Letter

- Complete package will result in a quicker decision
- Even with a well-prepared package, the lender will likely have additional questions/requests for information
- Depending on size and complexity, approval should take 3 to 4 weeks
- After approval, the lender will issue a commitment letter
- After the deal is consummated, the appraisal will be ordered and closing attorney engaged

Construction monitoring/funding

Construction monitoring/funding

- A construction inspector will be engaged to perform progress inspection with each draw request
- Draws are recommended monthly (bi-weekly at most) to limit cost (inspection will cost \$100 to \$500/visit)
- Owners often inject own cash then reimburse themselves from draw proceeds
- After completion and receipt of occupancy certificate, the permanent loan, if applicable, is closed

Real Estate Trends

- A temporary slow-down in housing starts still exist
 - Higher interest rates
 - Material and labor cost increases
- Good time for buy and hold strategy
- Rates have come off highs but you should shop around for the best rate
- New Orleans trends
 - As of January 2024, Year over year home prices are down 3.0% to median price of \$340/\$198 s.f.
 - Homes are selling in 107 days compared to 80 days a year ago
- Baton Rouge trends
 - As of January 2024, Year over year home prices are up 1.5% to median price of \$235K/\$134 s.f.
 - Homes are selling in 45 days compared to 60 days a year ago

Questions/Comment

Matthew T. Sims
Liberty Bank and Trust Company
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msims@libertybank.net
504-722-0255 Cell

Cash Flow Projection

Prepared by Analyst:				Date:	2/21/2020	
Sims Investments, LLC						
Business Cash Flow	1601-03 S. Saratoga	CF Year1	CF Year2	CF Year3	CF Year4	CF Year5
	a Revenue					
	b Rental Unit 1601	\$7,200	\$14,400	\$14,400	\$14,400	\$14,400
	Rental Unit 1601A	\$5,250	\$10,500	\$10,500	\$10,500	\$10,500
	Rental Unit 1603	<u>\$10,500</u>	<u>\$21,000</u>	<u>\$21,000</u>	<u>\$21,000</u>	<u>\$21,000</u>
	Potential Income	\$22,950	\$45,900	\$45,900	\$45,900	\$45,900
	Vacancy at 5%	<u>\$1,148</u>	<u>\$2,295</u>	<u>\$2,295</u>	<u>\$2,295</u>	<u>\$2,295</u>
	Effective Gross Income	\$21,803	\$43,605	\$43,605	\$43,605	\$43,605
	Expenses					
	c Insurance Expense	\$2,560	\$2,688	\$2,822	\$2,964	\$3,112
	Real Estate Taxes	\$1,100	\$1,100	\$1,155	\$1,213	\$1,273
	Water & Sewer	\$350	\$350	\$350	\$350	\$350
	Entergy	\$250	\$100	\$105	\$110	\$116
	Repairs & Maintenance	\$1,550	\$1,705	\$1,876	\$2,063	\$2,269
	Lawncare	\$480	\$480	\$480	\$480	\$480
	Replacement Reserve	<u>\$436</u>	<u>\$872</u>	<u>\$872</u>	<u>\$872</u>	<u>\$872</u>
	Total Operating Expenses	\$6,726	\$7,295	\$7,660	\$8,052	\$8,472
	Net Income	\$15,076	\$36,310	\$35,945	\$35,553	\$35,133
	Debt Service					
	Liberty Loan	\$0	\$0	\$0	\$0	\$0
	d -Proposed Term Loan	\$16,800	\$16,800	\$16,800	\$16,800	\$16,800
	-Proposed LOC	\$0	\$0	\$0	\$0	\$0
	Total Debt Service	\$16,800	\$16,800	\$16,800	\$16,800	\$16,800
DSC	0.90	2.16	2.14	2.12	2.09	
Net Cash Flows	(\$1,724)	\$19,510	\$19,145	\$18,753	\$18,333	
Proforma Assumptions:	Property is anticipated being placed in service in July.					
	a	Projected annual rent is based on \$1.25/s.f. monthly for 1601 and 1603 and \$875/month for unit 1601A.				
	b	Revenue and expenses are recorded on a cash basis.				
	c	Debt service is based on \$\$205,000 at 5.75% for 20 years.				
	d					
Comments:						



UNDERSTANDING THE IMPORTANCE OF AFFORDABLE HOUSING

ABOUT LOUISIANA HOUSING CORPORATION

- Officially started in 1980 as the Louisiana Housing Finance Agency.
- Was formed in 2011 when the Louisiana legislature merged multiple state housing service providers to centralize and streamline service.
- Recognized as a quasi-state government agency.
- Administers federal and state funds to provide affordable housing solutions and related services to low-to-moderate income families and individuals.
- Establishes and implements housing strategies and policies.
- Co-chair's the state's Disaster Housing Task Force.



OUR MISSION

To ensure that every Louisiana resident is granted an opportunity to obtain **safe, affordable, energy efficient housing** and related services.



OUR FUNDING SOURCE

The **U.S. Department of Housing and Urban Development** awards discretionary funding through over 22 grant programs that support affordable initiatives, including housing development and preservation, community and economic development, environment and energy, fair housing, homelessness, homeownership, rental assistance, and supportive housing and service.



OVERCOMING THE DOWN PAYMENT HURDLE



DOWN PAYMENT ASSISTANCE PROGRAMS

WHO WE SERVE:

- Are consistently employed or self-employed
- Have a steady income
- Annual salary averages between \$20,000 – \$125,000
- Are married and single, with and without children
- Are first-time or repeat homebuyers
- Statewide / Regional – Programs



WHAT IS AMI & WHY IS IT IMPORTANT?

- The area median income (AMI) is a statistic generated by HUD that averages income by household size and region.
- A comparison of the family's income to a percentage of the AMI is used to determine eligibility for various housing programs.
- Every affordable housing program uses AMI calculations to determine eligibility.



KEYS FOR **SERVICE**

- OFFERS SUPPORT TO FIRST RESPONDERS, CERTIFIED TEACHERS, AND HEALTHCARE PROFESSIONALS.
- PROVIDES 4% DOWN-PAYMENT AND CLOSING COST ASSISTANCE TO THOSE WITH ANNUAL HOUSEHOLD OF **\$125,000.00**
- NOT LIMITED TO FIRST TIME HOMEBUYERS

MORTGAGE REVENUE BOND (ASSISTED)

- OFFERED STATEWIDE AND PROVIDES EXPANDED ELIGIBILITY.
- PROVIDES **4% DOWN-PAYMENT** AND CLOSING COST ASSISTANCE, AS WELL AS A BELOW MARKET INTEREST RATE.
- BORROWER'S HOUSEHOLD INCOME CAN BE BETWEEN **115% - 140 % (AMI)** DEPENDENT ON THE LOAN TYPE





PATHWAYS TO HOMEOWNERSHIP

SOFT SECOND PROGRAM

- DESIGNED TO COVER THE AFFORDABILITY GAP BETWEEN THE MAXIMUM AMOUNT THE A HOMEBUYER CAN AFFORD AND THE PURCHASE PRICE.
- SOFT SECOND LOAN OF 20% OF THE PURCHASE PRICE UP TO \$55,000 AS WELL AS \$5,000 TOWARDS CLOSING COST ASSISTANCE
- BORROWERS WITH AN ANNUAL HOUSEHOLD INCOME AT OR BELOW 80% OF THE AMI.
- PROPERTIES CANNOT BE IN FLOODZONE AND IS LIMITED TO SPECIFIC PARISHES
 - ❖ Properties must be located in one of the designated parishes affected by Hurricane Laura, Hurricane Delta, and Hurricane Ida

A photograph of a young Black couple sitting on the floor next to an open cardboard box. The box is filled with white packing peanuts. The man is wearing a grey and white striped shirt, and the woman is wearing a blue and white plaid shirt. They are both smiling at the camera. The background shows a window with white curtains.

UTILIZING HOMEBUYER EDUCATION

HOMEBUYER EDUCATION



- HUD-sponsored housing counseling agencies throughout Louisiana provide advice on buying a home, default, foreclosure prevention, credit worthiness or reverse mortgages.
- Counselors are trained and approved to provide tools to homebuyers so that they can make responsible choices to address their housing needs in light of their financial situations.
- HUD-approved counseling agencies are updated regularly at www.lhc.la.gov/counseling-homebuyers.

THE BENEFITS OF HOMEBUYER EDUCATION

Training:

- Comprehensive 6-hour education course on the homebuying process.
- Taught by certified instructors.
- No cost to attend.

Topics:

- In-depth discussions and exercises.
- Advantages to owning a home.
- Steps of the homebuying process.
- Information about housing ratios, debt to income ratios, credit worthiness, and house affordability.

RECOMMENDATION:

Refer clients and non-clients to homebuyer education if needed and/or requested.

THE BENEFITS OF HOMEBUYER EDUCATION



Counseling:

- Confidential, one-on-one counseling
- Typically lasts 6 – 12 months
- Monthly follow up consisting of face-to-face meetings, phone calls, and email correspondence

Topics:

- Comprehensive review of credit report
- Dispute inaccurate derogatory items
- Develop budget and saving plans



LOUISIANA

HOUSING CORPORATION

Housing Production Funding Sources



LOUISIANA HOUSING CORPORATION

Know Your Costs

- site acquisition (purchasing, leasing, etc.)
- construction or rehabilitation, including a contingency
- soft costs (appraisals, marketing, surveys, taxes, insurance, architectural, engineering, legal, accounting, etc.)
- development fees, developer's overhead, and profit
- financing fees (construction period interest, loan fees, closing costs)



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HOUSING CORPORATION

Know Your Costs

- **Debt** -- This is borrowed money, generally paid back with interest.
- **Equity** -- This is cash financing that is not paid back with interest but is viewed as an investment with an expected, though not guaranteed, return.
- **Grants** -- These are funds to fill the gap between total development costs and what can be financed with debt or equity. This is usually required because of the limited rents or sale prices that low- and moderate-income households can afford.



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HOUSING CORPORATION

- Low-Income Housing Tax Credit Program
- HOME Program
- National Housing Trust Fund Program
- Community Block Grant Program



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HOUSING CORPORATION

- Governed by Section 42 of the Tax Code.
- The LIHTC program represents the largest federal housing program in existence in terms of the number of units developed each year.
 - Two types of LIHTC's (9% and 4%)



LOUISIANA

HOUSING CORPORATION

Qualified Allocation Plan

- Projects are awarded LIHTCs annually pursuant to allocation guidelines and the state's Qualified Allocation Plan (QAP).
- Allows for Private Investor Equity. – Purchase price per credit dollar
 - Public/Private Partnership
- Rental Housing Development Program
 - Benefit households at 60% AMI or below



LOUISIANA

HOUSING CORPORATION

- **THE HOME PROGRAM**
- Largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households
- 40% of HOME funds go to states and 60% to local participating jurisdictions (PJ)



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HOUSING CORPORATION

- Entitlement Areas:
 - City of Baton Rouge, Unincorporated Areas of EBR Parish, City of Lafayette, Unincorporated Areas of Lafayette Parish, Houma-Terrebonne, Cities of Alexandria, Lake Charles, Monroe, New Orleans, Shreveport and the Jefferson Parish Consortia
 - At least 15% of the HOME allocation must go to funding housing to be owned, developed or sponsored by experienced, community driven non-profit organizations designated as CHDOs



LOUISIANA

HOUSING CORPORATION

THE HOME PROGRAM: HOME INVESTMENT PARTNERSHIPS

- Affordable Homeownership Activity
 - down payment assistance and closing costs assistance
- New Construction rental and homebuyer
- Acquisition/Rehabilitation rental, homebuyer units and owner-occupied units
- Tenant-based Rental Assistance



LOUISIANA HOUSING CORPORATION

THE HOME PROGRAM: HOME INVESTMENT PARTNERSHIPS

- NOAH – The Nonprofit Open Cycle Affordable Housing Program
 - 4 units ... up to \$800 K
- CHAAP - The CHDO Annual Awards Program (CHAAP)
 - Designated Non-Profit (Community Housing Dev. Org)
- CSAR – The CHDO Single Asset Rehabilitation program
 - Acquisition/Rehab for Homeownership



LOUISIANA

HOUSING CORPORATION

Housing Trust Fund

- \$8M available to Louisiana for the production or preservation of affordable housing to extremely-low income households
 - Coupled with the LIHTC program (30 AMI requirement)
- A HUD approved allocation plan must be established for HTF that is included in the Annual Consolidated Plan

FY 2021 Housing Trust Fund Allocation and Budget	
Total Allocation	\$4,000,000
Administration (10% Maximum)	\$400,000
Operating Costs	\$0.00
Multifamily Development	\$3,600,000
Single Family Ownership (Maximum of 10%)	\$0.00



LOUISIANA

HOUSING CORPORATION

COMMUNITY BLOCK GRANT FUNDS (CDBG)

ABOUT THE PROGRAM

The LHC offers the Community Development Block Grant (CDBG), a **flexible** program that provides communities with resources to address a wide range of unique community development needs.

- The annual CDBG appropriation is allocated between states and local jurisdictions called "non-entitlement" and "entitlement" communities, respectively.
- LHC uses CDBG as a Piggy-Back Program with 4% LIHTCs
 - Gap Financing and Resiliency Developments



COMMUNITY BLOCK GRANT FUNDS (CDBG)

ABOUT THE PROGRAM

The LHC offers the Community Development Block Grant (CDBG), a **flexible** program that provides communities with resources to address a wide range of unique community development needs.

- The annual CDBG appropriation is allocated between states and local jurisdictions called "non-entitlement" and "entitlement" communities, respectively.
- Eligible activities and expenses include:
Real property acquisition; Site improvements and development hard costs; Demolition; Financing costs; Relocation assistance; Operating cost assistance for rental housing; Reasonable administrative and planning costs

www.lhc.la.gov

Louisiana Housing Corp

@lahousingcorp

Louisiana-housing-corporation







QUESTIONS?



Louisiana Housing
Corporation



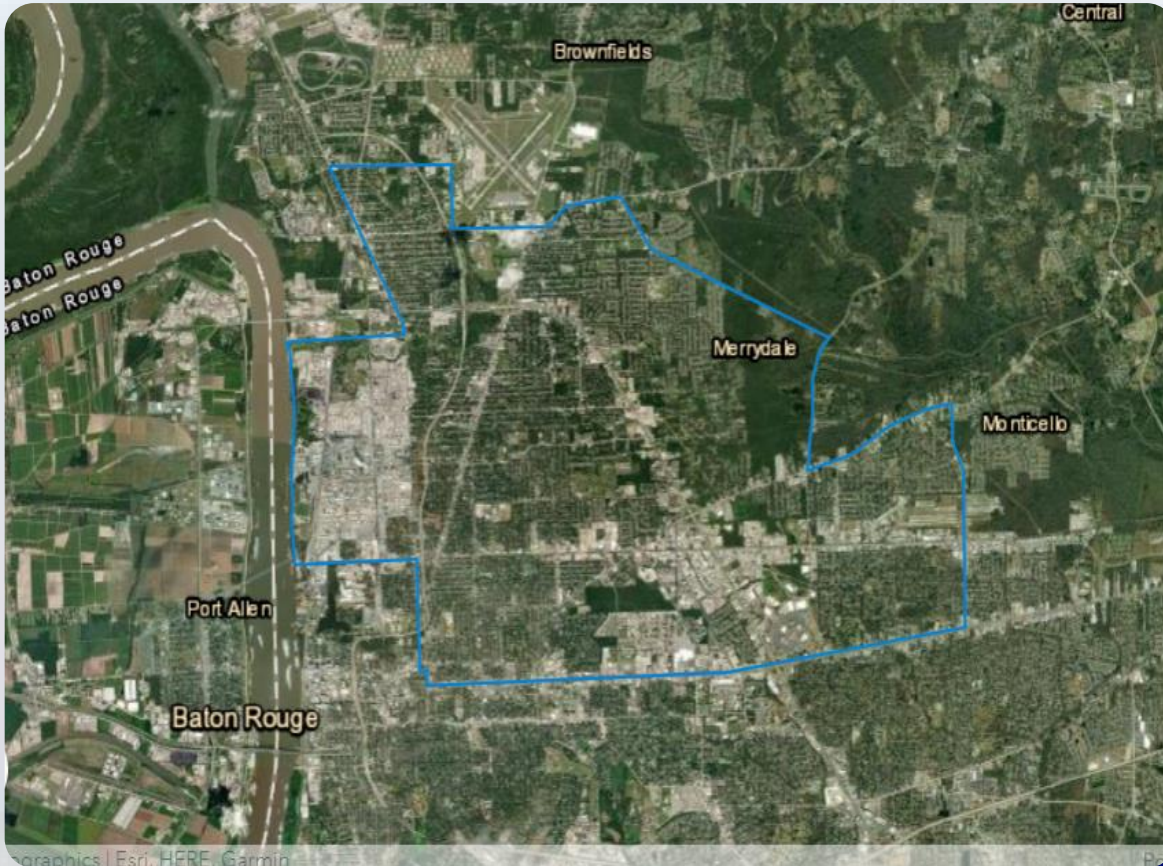
Louisiana Housing
Corporation

Louis Russell (Chief of Multi-Family Housing Development)

(225) 763-8639 – lrussell@lhc.la.gov

(225) 763-8700 • LHC.LA.GOV

Where **We** Are?



DISTRICT EXTERIOR BOUNDARY STREETS:

- Scenic Hwy to Main Street to N. 22nd
- W. to Mississippi River levee to Choctaw Drive.
- Florida Blvd. to N. Sherwood Forest
- Greenwell Springs Road to Joor Rd.
- Mickens Rd. to Hooper Rd.
- Harding Blvd. to Veterans Memorial Blvd.
- Rosenwald Rd. to Scenic Hwy.

What **We** Do?



Mission Statement

"Enhancing North Baton Rouge through Public/Private Partnerships."
- **2022 Revised Strategic Plan**

Vision Statement

"Our vision is to be the leading economic development organization in North Baton Rouge with a thriving business community and quality neighborhoods."
- **2022 Revised Strategic Plan**

Façade and Signage Improvement Program



FAÇADE & SIGNAGE IMPROVEMENT PROGRAM

Let Baton Rouge North
Economic Development District

**HELP CHANGE
THE FACE OF
YOUR BUSINESS!**



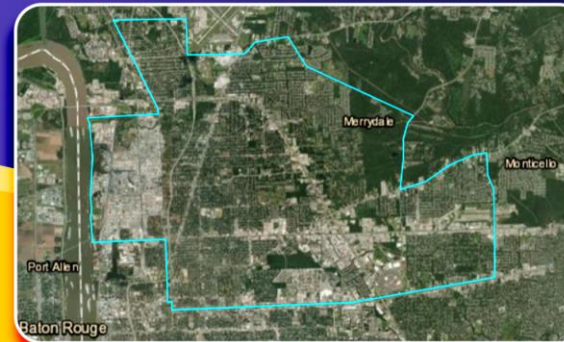
The Façade & Signage Improvement Program (FSIP) is a matching grant program designed to aid enhancements of building fronts in the Baton Rouge North Economic Development District boundaries. Once approved, BRNEDD will match (that is, pay 50%) up to \$5,000 of the owner's costs for upgrades or improvements to their business facades and signage.

FUNDING WILL BE AWARDED
On a First Come, First Serve Basis

50/50 MATCHING GRANTS
Up to \$5,000

BUSINESSES MUST BE LOCATED
Within the BRNEDD Boundaries

NON-RESIDENTIAL
Property Owners



BRNEDD
P.O. Box 53187
Baton Rouge, LA 70892

📞 225-921-3554

✉ facadegrant@brnedd.com

www.brnedd.com/facadegrant





Façade and Signage Improvement Program



- \$250,000 one-time funding
Senator Barrow & Former Rep. Ted James
- 34 Business improvements completed.
- Over \$584,814 in total project costs.
- Over 10 applications awaiting funding.

Façade and Signage Improvement Program

The Luster Group
3255 Choctaw Drive, Baton Rouge, LA 70805



Owner: Floyd Luster
Construction/Office Suites
\$6,500 award

BEFORE



AFTER



Façade and Signage Improvement Program

Vivid Images
2167 Beaumont Drive, Baton Rouge, LA 70806



Owner: Jason Hughes
Printing Company
\$6,500 award

BEFORE



AFTER



Façade and Signage Improvement Program

Studio North
2285 North Street, Baton Rouge, LA 70806



Owner: Richard Okoye

BEFORE



**RENOVATIONS FOR 2285 NORTH ST.
(COMMERCIAL UNIT ONLY)**

AFTER



Façade and Signage Improvement Program

Southeast Tires
6883 Airline Hwy, Baton Rouge, LA 70805



Owner: Lee Ware
Tire Shop

BEFORE



AFTER



Façade and Signage Improvement Program

TNT Smokehouse
3445 Hollywood Street, Baton Rouge, LA 70805

Owner: Shantell Perkins
Neighborhood Eatery

BEFORE



AFTER



Façade and Signage Improvement Program



Owner: Debra Johnson
Childcare Center

Steps Ahead Child Development Center
6485 Renoir Ave, Baton Rouge, LA 70806

BEFORE



AFTER



Façade and Signage Improvement Program

Robin Street
2167 Beaumont Drive, Baton Rouge, LA 70806



Owner: Jason Hughes
Neighborhood Washeteria



Façade and Signage Improvement Program



Entrepreneurship Week





ENTREPRENEURSHIP WEEK

Lunch & Learn

Monday
NOVEMBER 14

11:30 A.M. - 1:30 P.M.

**PROFIT
FROM BUILDING
COMMUNITY AS
AN ENTREPRENEUR**



**EXXON MOBIL
COMMUNITY CENTER**
5955 Scenic Hwy. Baton Rouge, LA 70805

REGISTER HERE:



Tuesday
NOVEMBER 15

11:30 A.M. - 1:30 P.M.

FROM WORKER TO BOSS

5:30 P.M.

**BRNEDD STRATEGIC PLAN
COMMUNITY MEETING**



**EXXON MOBIL
COMMUNITY CENTER**
5955 Scenic Hwy. Baton Rouge, LA 70805

REGISTER HERE:



Saturday
NOVEMBER 19

11:30 A.M. - 3:00 P.M.

**YOUTH
ENTREPRENEURSHIP
WORKSHOP**



**EBR CAREER & TECHNICAL
EDUCATION CENTER**
2101 Loblolly Boulevard, Baton Rouge, LA 70806

REGISTER HERE:



SEATING IS LIMITED! MUST REGISTER FOR EACH EVENT SEPARATELY

CALL FOR MORE
INFORMATION

225-921-3554 WWW.BRNEDD.COM



SPONSORS:

ExxonMobil



CHASE



ENTREPRENEURSHIP WEEK

Lunch & Learn

YOUTH Entrepreneurship WORKSHOP

SATURDAY, **NOVEMBER 19, 2022**

11:30 A.M. - 3:00 P.M.



CAREER & TECHNICAL EDUCATION CENTER
2101 Loblolly Boulevard, Baton Rouge, LA 70806



**Alexis
Witherspoon**

BRNEDD Intern
Senior @ Baton Rouge Magnet High School

HOST



**Kelsie
Tillage**

Senior @ Southern Lab High
Miss Southern High



**Leroy
Hayward, III**

Leroy's Lip Smack'n Lemonade



**Kayla
Gibson**

Freshman @ Nicholls State University
Sweet Benefits, LLC



**Marlice
Sanders**

Chase Bank Community Manager

SPEAKERS

**Are you a teen
aspiring to be a
successful
entrepreneur?**

Calling all high school students ages 13 -18.
Come learn the basics of a business plan,
marketing, networking, and how to seek
support for your business idea.

**April
Hawthorne**
BRNEDD Executive Director



Workforce Training Initiative



Open House

North BR Industrial
 **TRAINING**
Initiative

FREE TRAINING

Workforce training and development for careers as millwrights, welders, pipefitters & electricians.

January 19, 2022 | 6PM
Register @ mybrcc.edu/nbriti

@ BRCC Acadian Campus
3250 N Acadian Thruway
Baton Rouge, LA 70805



Workforce Training Initiative





Geaux North!

We need your support!

Public meetings every Third Thursday @ 12 Noon




April@brnedd.com



225-410-4155

Risk Management and Insurance Presentation Focus on Business Needs



March 9, 2024

Agnes S. Andrews
Allstate Insurance
214 South Acadian Thruway
Baton Rouge, Louisiana
225.383.0877
agnesandrews@allstate.com

History of Insurance: Titanic

Shipwrecked at Bottom of the Sea



History of Insurance

The main principle of insurance — trading the burden of risk for money — was slowly developing into a global phenomenon as commerce was expanding.

China, 3000 BC: that's the date on insurance's birth certificate. The proud parents were Chinese merchants who, tired of losing valuable goods in shipwrecks, proposed what is now recognized as the oldest predecessor to modern insurance. Merchants divided their goods evenly among the ships, meaning that each boat carried a mix of cargo, not just one merchant's.

Thus, a shipwreck meant a slight loss for all instead of a crippling loss for one — safety in numbers, a time-tested principle that your insurer practices to this day.

Source: esurance History of Insurance

Reasons for Insurance

Why is it important to have insurance? **Risk Management Strategy for Loss Recovery**

- Life and Health
- Property
- Liability Exposure
- Legal and regulatory requirements
- Business continuity – recovery from disasters, systems continuations, maintains cash flow
- Protection from errors



Assuming Risk is Part of Doing Business

Going outside is a risk, but so is staying inside.

Going out may require boots, coat, or an umbrella for protection, but staying in can result in missed opportunities.

Business insurance eases the burden of risks, so owners can “go out” to...

focus on business
development and growth.



Insurance for a Small Business

Review examples of work-specific insurance which are required by certain licenses.

Here are a few to begin:

- **Construction company – general contractor's liability**
- Auto repair shop – business general liability
- Trucking – Commercial Auto
- Restaurant – food business insurance



Insurance Your Business May Require

State and Local Requirements

- Always check with federal, state, county and local governments
- Workers Compensation with specific coverage may be required for employees
- Automotive insurance coverage for vehicles used in connection with the business



How to Attract Employees to Your Business

- ▶ Compensation Package
 - ▶ Time Based (Fixed Salary)
 - ▶ Performance Based (Commission)
 - ▶ Deferred Compensation
 - ▶ Opportunity for Growth and Development (Ex. Old Sears Model)
- ▶ Employee Benefits Package

Here are the top 10 employee benefits worldwide:

- Private Health Care Plan (Medical, Dental & Vision)
- Retirement / Pension plans
- Training and Development
- Stock option plans
- Work From Home and/or flexible hours
- Food and snacks
- Life insurance
- Extended leave (Vacation, Sick)
- Bonuses / Awards / Gifts
- Company equipment (including vehicles, laptops, phones)

Voluntary benefits your company should offer. Glassdoor's Benefits Review survey in the US

Rank	Benefit Type
1	Health Insurance
2	Vacation & Paid Time Off
3	Pension Plan
4	401K Plan
5	Retirement Plan
6	Dental Insurance
7	Maternity & Paternity Leave
8	Sick Days

Worker's Compensation Insurance

Protects against illnesses, injuries at work.

- Pays for rehabilitation, retraining
- Addresses payments to beneficiaries and medical payout limits
- Required by most states, check state laws
- Private or state administered



Unemployment Insurance

Benefits those who are unemployed through no fault of their own.

- To qualify must be willing and able to work and actively searching work to be considered unemployed
- Federally regulated, state administered
- Check with state and Federal Dept. of Labor

A piece of light brown cardboard with the words "Hire me!" written in black marker. The cardboard is tilted slightly to the right and is positioned in the bottom right corner of the slide.

Hire me!

Insurance for Liability Exposure



General Liability Insurance

- ▶ General liability covers common risks
- ▶ From carpenters to general contractors, construction and contracting professionals face high risks. General liability insurance helps pay expenses related to **third-party injuries and property damage**.
- ▶ Example If a visitor is injured at your jobsite or property damage occurs during a renovation, for instance, general liability insurance can cover medical bills or the cost of repairs.
- ▶ This policy provides liability coverage related to:
 - ▶ Customer injury
 - ▶ Customer property damage
 - ▶ Libel and slander
- ▶ Source: <https://www.insureon.com/construction-contracting-business-insurance/general-liability>

General Liability Insurance

- ▶ If you run a small construction or contracting business, you may be able to bundle general liability insurance with commercial property insurance in a business owner's policy (BOP).
- ▶ A **BOP** offers more complete coverage at a lower cost than purchasing each policy separately. Businesses that are eligible for a **BOP** typically:
 - ▶ Have fewer than 100 employees
 - ▶ Have a small office or workplace
 - ▶ Make less than \$1 million in annual revenue
 - ▶ Operate in a low-risk industry
- ▶ Need less than 12 months of business interruption insurance
- ▶ Talk to a licensed Insureon agent to find out if your construction business is eligible.
- ▶

General Liability Insurance

Other policies to consider include:

- ▶ **Workers' compensation insurance**: Required in almost every state for construction businesses with employees, workers' comp can cover medical fees for work-related injuries.
- ▶ **Commercial auto insurance**: This policy covers vehicles owned by your construction or contracting business. It typically pays for accidents and damages related to theft, weather, and vandalism.
- ▶ **Contractor's tools and equipment insurance**: This policy helps pay for repair or replacement of a contractor's tools and equipment if they are lost, stolen, or damaged.
- ▶ **Builder's risk insurance**: Builder's risk insurance can pay for damage done to a structure still under construction, such as fire or vandalism at a construction site.
- ▶ **Professional liability insurance**: This policy covers professional mistakes and oversights, such as a contractor missing a deadline for a project.

Other Liability Insurance

- Professional Liability Insurance
 - May be required for
 - Certain professional licenses
 - Certificates of business or professional business registrations
- Directors & officers

Liability laws change—

Stay Informed



Other Types of Insurance to Consider

- Loss of income
- Life
- Disability
- Medical
- **Flood**



Lender or Investor - Required Insurance

When financing, a lender or investor may require you show insurance protecting:

- ← Business assets (building, property)
- ← Cash flow – provision for interruption of business (e.g., reconstruction, repairs)
- ← In the event of owner's disability or death



“Key Person” Policy

Think about and respond to these discussion points.



1. Do you have a list the names who could run your business or that you would trust to do so, if you were ill for an extended period of time?
2. List who would take over your business in the event of your death.
3. Do you have a plan for your business in the event of your death?
4. Is there a family member or trustee named to liquidate the assets?

Surety Bonds

A surety bond is issued by a third party, known as a surety, as a guarantee the second party will fulfill its obligations or meet certain laws. If the second party fails to do this, the bond covers the damages.

- Required for some licenses or permits (e.g., car dealer, construction contractor)
- Protection for consumers and for government
- “Bid bond” may be required to submit a bid to the government



Location-Related Considerations

Business location affects type of policy

- Home-based – Add-on to homeowner's or separate

Warning: Your traditional homeowner's insurance may NOT cover damage caused by your home-based small business!

- Retail – one or more locations, inventory theft, credit card theft, personal vehicle for deliveries
- Flood Insurance

What Is Title Insurance?

Do I Have to Buy It? Do I Want to Buy It?

- ▶ When you buy property (land or land with a building such as a home), the seller transfers the title to the property to you.
- ▶ **Title** to property means legal ownership of the property. Some problems with the title could prevent the seller from transferring the property title to a buyer or prevent a lender from issuing a mortgage loan.
- ▶ **Title insurance** helps to make sure the seller can transfer the title to you. It also may help protect you if a problem with the title comes up after you buy or refinance property.
- ▶ Source: Google Search https://www.naic.org/documents/committees_c_cst_wg_related_la_spec...

Selecting a Policy

Weigh the costs to insure the risk

- Does it make sense? Could you cover it without insurance?
- Consider policy costs with deductibles and coverage limits
- Is the coverage sufficient?
- Does the policy provide for growth?
- Are there time constraints on modifying coverage?



A Life Well Planned:

Being prepared can get you and your family through life's most difficult moments: Keeping Records Organized and up to Date is Important

- ▶ Documentation (Contacts, Legal Documents, Loans and Liabilities)
- ▶ Assets
 - ▶ Financial Records
 - ▶ Records of Property
- ▶ Online Access
 - ▶ Personal Account Information
 - ▶ Financial and Insurance Accounts
 - ▶ Credit Card Accounts
 - ▶ Automatic Payment Accounts
 - ▶ Business and Job-Related Accounts
- ▶ For Your Survivors
 - ▶ Final Arrangements
 - ▶ Importance of a Will

Selecting a Company and an Agent

Compare quotes, coverage,
deductibles and other details

- Stable and accessible?
Check consumer and
business reviews,
network with others

Know what's **not** covered!

What to Do After the Purchase

- Keep policies easily accessible
- Keep phone numbers readily available
- Maintain insurance-related procedures in business continuity plan
- Review policies periodically
- Meet with agent from time-to-time



Continued ...

Key Points to Remember

- Insurance
 - Minimizes the impact risks can have on your ability to continue operations
 - Impacts continued financing
 - Helps retain employees
 - Provides protection from liabilities
- Your location, facilities, autos and type of business operations determines your insurance needs

Don't End Up Shipwrecked without the Right Insurance Recovery Plan



Insurance Presentation



Thank You

Agnes S. Andrews
Allstate Insurance
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Baton Rouge, Louisiana
225.383.0877
agnesandrews@allstate.com

Home Owner Report

ESTIMATE-309740748

Allstate



General Information

Policy Number: ESTIMATE-309740748
Property Address: 3141 WINBOURNE AVE
Baton Rouge, LA
70805
Estimate Date: 3/13/2020
Style: 1 Story
Site Access: Flat Area/Easy Access Roads
Finished Floor Area: 1270 Square Feet
of Families: 1

Valuation Totals Summary

Cost Data As Of 11/2019

Coverage A

Estimated Reconstruction Cost**\$136,467**

Building Description

MainHome
Year Built: 1960
Reconstruction Method: Standard
Number of Stories: 1
Total Living Area: 1270 Square Feet
Finished Living Area: 1270 Square Feet
Perimeter: Rectangular or Slightly Irregular
Wall Height: 8.00 Feet 100 %

Foundation/Basement

Foundation Type

Slab at Grade 100 %

Foundation Materials

Concrete 100 %

Materials

Exterior Walls

Framing

Stud, 2" X 4"

Exterior Walls

Exterior Frame Walls

Brick on Frame

Roof

Roof Style/Slope

Gable, Slight Pitch

Exterior Frame Walls**Roof**

100%

Materials (continued)

Roof		Kitchens/Baths/Plumbing	
Roof Shape		Kitchens - Complete	
Simple/Standard	100%	Kitchen, Basic	1Cnt
Roof Cover		Bathrooms - Complete	
Shingles, Asphalt/Fiberglass	100%	Full Bath, Basic	2Cnt
Exterior Features		Superstructure/Framing	
Windows		Floor/Ceiling Structure	
Sash, Wood with Glass, Standard	100%	Wood Joists & Sheathing	100%
Exterior Doors (Count)		Roof Structure	
Door, Wood, Exterior	2Cnt	Rafters, Wood with Sheathing	100%
Partition Walls		Whole House Systems	
Interior Wall Framing		Electrical	
Stud, 2" X 4"	100%	200 Amp Service, Standard	100%
Partitions			
Drywall	100%		
Wall Coverings			
Paint	85%		
Paneling, Sheet	15%		
Partition Specialties			
Door, Hollow Core, Birch	12Cnt		
Ceiling Finish			
Ceilings			
Drywall	100%		
Floor Finish			
Floor Cover			
Carpet, Acrylic/Nylon	40%		
Hardwood	10%		
Vinyl	50%		
Heating & Cooling			
Heating			
Heat/Central Air Conditioning, Avg Cost	100%		
Foundation/Basement			
Foundation Type			
Slab at Grade	100%		
Foundation Materials			
Concrete	100%		
Kitchens/Baths/Plumbing			



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PREPARED FOR:

Agnes Andrews

214 S ACADIAN THRUWAY,
BATON ROUGE, LA 70806



PREPARED BY

Agnes Andrews

ALLSTATE AGENT

225-383-0877
agnesandrews@allstate.com

As promised, here is your Personalized Insurance Proposal detailing what we believe will best suit your needs with Homeowners insurance.

We've also included additional options to better protect you and your household. We look forward to working with you!

Features and Options for You

Claim RateGuard® -

Accidents happen. That's why you have home insurance. With Claim RateGuard, your home insurance won't go up just because you file a claim.

Claim-Free Rewards -

Saves you money when you switch to Allstate without any recent claims on your home. Plus, get money back every year you go without a claim.

Multi-Policy Discount - Put everything in Good Hands. Bundle and save with our Multi-Policy Discount.

Local Agent - A local agent who understands your needs and offers personalized service to help you make sure you're protected.

Your Payment Options **

Your Homeowners Coverage - 214 S Acadian Thruway, Baton Rouge, LA 70806

\$149^{22*} / month
Direct Bill

\$1,597^{44*} / 12 months
Full Pay

*Your actual premium may be higher or lower based on a number of factors. Coverages and discounts are subject to policy terms, conditions, qualifications, and availability.

**Your payment options after minimum down payment.



Homeowners coverage - House & Home Policy
214 S ACADIAN THRUWAY, BATON ROUGE, LA 70806

HOMEOWNERS COVERAGE	COVERAGE LIMITS	PREMIUM
Dwelling Protection	\$248,555	\$1,461.74
Family Liability Protection	\$100,000 each occurrence	Included
Guest Medical Protection	\$5,000 each person	\$9.00
Personal Property	\$149,133	Included
Other Structures Protection	\$24,856	Included
Additional Living Expense Up to 24 months not to exceed	\$24,856	Included
Roof Surfaces Extended Coverage	Selected	Included
Water Backup	\$5,000	\$100.00
Building Structure Reimbursement Extended Limits	Not selected/Not applicable	
Building Codes Coverage	Not selected/Not applicable	
Loss Assessments	Not selected/Not applicable	
Extended Coverage on Jewelry, Watches and Furs	Not selected/Not applicable	
Identity Theft Expenses	Not selected/Not applicable	
DEDUCTIBLES		
All Peril Deductible		\$1,000.00
Tropical Cyclone Deductible		\$4,972.00
SPECIAL CHARGE		
01/2024 LA Citizens Fair Plan Emergency Assessment Surcharge		\$26.70
Estimated Total 12-Month Premium*		\$1,597.44

*Your actual premium may be higher or lower based on a number of factors. Coverages and discounts are subject to policy terms, conditions, qualifications, and availability.

This proposal does not contain all possible coverage options and is only intended to highlight some of your coverage options. Please contact my agency to further discuss all of the additional coverage options which may be available.



Enhance your House & Home[®] policy by adding these policy features

Available Features	House & Home Policy with Enhanced Package	You Selected House & Home Policy
Claim-Free Bonus [†]	✓	X
Claim RateGuard ^{®††}	✓	X
Deductible Rewards ^{†††}	✓	X

Get the protection you deserve at a great price—speak with your Allstate agent today for more details.

[†]Applies to premium paid for major perils.

^{††}This feature applies to one claim every five years.

^{†††}Max deductible rewards that can be used in event of a claim is \$500.

^{*}Your actual premium may be higher or lower based on a number of factors. Coverages and discounts are subject to policy terms, conditions, qualifications, and availability.

This proposal does not contain all possible coverage options and is only intended to highlight some of your coverage options. Please contact my agency to further discuss all of the additional coverage options which may be available.



Discounts Applied

HOMEOWNERS DISCOUNTS - 214 S ACADIAN
THRUWAY, BATON ROUGE, LA 70806

Home Buyer Discount	\$37.35
Protective Device Discount	\$15.28
Responsible Payment Discount	\$334.14
Smoke Free Discount	\$28.39
Welcome Discount	\$140.61
Total Discounts Applied	\$555.77



Understanding Coverage Choices

Below are general descriptions of types of insurance coverages. You'll want to consult your policy for terms, conditions and limits of your own insurance coverages.

Homeowners Insurance

Dwelling Protection - Covers the home you live in and other structures attached to it such as a garage, porch or deck.

Family Liability Protection - Can help protect you from financial loss if you're legally obligated to pay for another person's injuries or damage to another person's property.

Guest Medical Protection - Can help pay for reasonable and necessary medical expenses if a guest is injured in an accident in your residence.

Personal Property - Safeguards the possessions inside your house, such as furniture, bicycle, stereo and more.

Other Structures Protection - Covers other buildings on your property that are separate from your home such as a stand-alone garage or a shed.

Additional Living Expense Up to 24 months not to exceed - Can help by reimbursing you for reasonable increases in living expenses when a loss Allstate covers makes your residence uninhabitable. This may include payments for the cost of a hotel, food and other expenses.

Water Backup - Covers damages when your drain backs up or sump pump breaks.

Building Codes Coverage - Covers increased costs due to the enforcement of any building codes, ordinances or laws regulating construction, maintenance or demolition of your home. This only applies to repairs or reconstruction required after a covered loss.

Loss Assessments - Coverage for home owner association assessments for a covered loss to commonly owned property.

Extended Coverage on Jewelry, Watches and Furs - Extends coverage for jewelry, watches and furs.

Identity Theft Expenses - Allstate's Identity Restoration Coverage provides high-quality fraud assistance, handling everything from proactive fraud alerts to inquiries from creditors. The moment you contact us, a personal fraud specialist will help lock down your personal info and help repair any damage to your identity.

Your Disclaimers

Your quote is not a contract or binder of insurance. Quote is based on information you provided and/or assumptions we made about you including good credit history (where permitted), clean driving record and no prior insurance claims. Actual premium may vary based on data obtained from other sources, your coverage selections and the date coverage becomes effective. All products, coverages and discounts subject to terms, qualifications and availability. Allstate North American Insurance Company, Allstate Insurance Company, Allstate Fire and Casualty Insurance Company, Allstate Indemnity Company, and Allstate Property and Casualty Insurance Company: Northbrook, IL. Allstate New Jersey Insurance Company and Allstate New Jersey Property and Casualty Insurance Company: Bridgewater, NJ; Allstate County Mutual Insurance Company: Irving, TX.