

Product Manager	Mark Warrick	Business Owner	
Date Submitted	08/20/2008	Product Name	Renter Foreclosure Alerts

Estimated Revenue: \$8.38M / year	Estimated Cost or Hours: TBD
ESTIMATED PROFIT: TBD	

Priority (check one)

Low Medium High Urgent

Overview

A recent study ¹ conducted by the Joint Center for Housing Studies at Harvard University revealed that nearly 20% of homes in foreclosure are rentals. Renters can face a number of legal problems, unexpected moving costs, loss of their deposit and other inconveniences with little to no notice whatsoever. We believe that an early foreclosure alert system would be a valuable service for our country's millions of renters.

Census data from 2000 indicates that there are nearly 116 million homes in America. 34% (39 million) of those are rental properties. According to a 2003 Census Bureau news report, ² 60% of all homes in the US are single-family, detached homes (SFR). Therefore, presumably, there are 23.4 million potential customers in our target market.

Business Case

Assuming we charged \$9.95 per month per address (73% less than our competition) and were able to obtain and retain on average 1% of our target market (23.4 million renters), that equates to about a \$27.9 million per year business.

(23,400,000 SFR renters x 1%) x (\$9.95 x 12) = \$27,939,600

Historically though, paid subscribers of RealyTrac only use our service for an average 3.6 months. A more realistic estimate therefore is that only 30% of our customers, on average, would pay for an entire year.

\$27,939,600 * 30% = \$8,381,880 / year estimated revenue.

Alternative pricing, such as offering a one time per property check for \$1.95 (or more) or an annual subscription for \$24.95, may reduce this number further or it could have quite the opposite effect. Only by testing various pricing models will we know what works best.

¹ [America's Rental Housing: The Key to a Balanced National Policy.](#)

² [Census press release CB03-182 – November 20, 2003](#)

It is noteworthy that this product would be useful both for renters currently obligated to a lease and prospective tenants seeking to do a background check on properties they are interested in leasing. Additionally, as we keep historical foreclosure data (not perfect coverage, but getting better as time progresses), a person doing a background check could find out if a property had ever fell into default in the past.

Competitive Market Analysis

We are aware of only one company that provides a renter foreclosure notification service. But with a Google page rank of zero and no traffic data on QuanCast they probably aren't significant competition.

<http://www.tenantforeclosure.com/>

<http://www.quantcast.com/tenantforeclosure.com>

SWOT Analysis

<p>Our Strengths</p> <ul style="list-style-type: none"> • Company brand recognition • 75% coverage of US foreclosure information 	<p>Our Weaknesses</p> <ul style="list-style-type: none"> • Our database, while very large, does not include every single foreclosure filing in the country (only 75% coverage). • Occasionally the data is inaccurate. • Potential customers may not see the value of the product. • Many potential customers will need to be educated
<p>Opportunities</p> <ul style="list-style-type: none"> • Approximately 23.4M possible customers. 	<p>Threats</p> <ul style="list-style-type: none"> • Any of our competitors can offer the same service. • We may face legal / public relations problems if we failed to notify a person because had insufficient data.

Introducing the Product to the Market

We see this product standing alone in order to keep it simple and to keep it from cannibalizing Company subscriptions. In branding it would be noted as "Powered by Company" to take advantage of our brand recognition.

We can send alerts to all our past trial users who didn't convert to paying subscriptions.

Also, a great way to get the word out about the product is through the news since this has become such a hot topic in the past year. We can talk about all the problems that 200,000 people are likely to face by the end of this year, for example.

³ **US Properties in Foreclosure – Tracked by Company as of August, 2008**

NOD	LIS	NTS	NFS	Total	60% SFR	Rentals (20%)
213,374	355,176	221,443	83,414	1,660,759	996,455	199,291

During the next few months close to **two hundred thousand renters** face possible eviction from their homes. The majority of those people will first find out that they are going to have to move when they are served a summons or when a Sheriff posts an eviction notice on their door.

Protecting Company from Lack of Coverage

- With a well-written disclaimer.
- By not offering the service to areas with known data deficiencies.
- By filing a request for notices with the local records for each customer on behalf of Company (Filing fees and processes vary by state, county, city.)

Third Party Information

n/a

Estimated Costs

TBD

Estimated Time

TBD

Task	Estimated Hours
Research, write business and functional requirements.	
Design	
Marketing	
HTML development	
Software development	
QA	
UAT	
TOTAL	

³ Source: See Jira [SI-6111](#)

APPROVED BY

CEO

Date

CFO

Date

CTO

Date