

AMERICAN UNIVERSITY OF ARMENIA

COLLEGE OF BUSINESS AND MANAGEMENT

A BUSINESS PLAN FOR ESTABLISHING OF  
**THE CENTER FOR REAL ESTATE RESEARCH AND  
TRAINING**

SPONSOR:        **Steven Anlian**, ICMA (International City/County  
Management Association), Resident Advisor to Armenian Government,  
USAID, Urban Development and Housing Division

FACULTY INSTRUCTOR:        **DR. F. HEIBA**

PROJECT TEAM:                **Karen F. Babayan**  
   **Susan L. Bagratuni**  
   **Aram M. Magoyan**

333.33  
BAB  
1996

YEREVAN, NOVEMBER 1996

## I. EXECUTIVE SUMMARY

The group of three second year MBA students was asked to develop the project and determine the feasibility of creation of an independent institution for real estate research and training. The scope of the project was very broad: from inception to establishment of the organization and registration as a legal entity in Armenia. The group was working on the project which consists of two stages: planning and implementation. The sponsor of the project is International City/County Management Association (ICMA) which is providing technical assistance to the Government of the Republic of Armenia on policy, legal, regulatory framework of housing and real property, fiscal decentralization and local government reform in Armenia. All stratas of the Armenian society and business structure can be considered as being beneficiaries of this project. The logic of this project is based on the understanding of the following **problems** which Armenia faces today:

- 1. The lack of research and information in free market real property concepts and practice;*
- 2. The relatively small number of professionals relative to the significant economic activity and the absence of any method to qualify reputable real estate professionals among the great number of informal practitioners.*

These problems are considered as major ones because of the growing real estate market, the growing number of activities in the market, and the growing number of participants involved in related activities. In order to consolidate possible actions concerning the above stated problems and to find solutions, there is a need for an institution which would persistently provide informational support, research, education, and certification assistance for real estate market participants. This will help the real estate sector to develop consistent with the overall changes from a planned to a market economy.

The mission of the proposed "Center for Real Estate Research and Training" (CRERT) is to provide accurate and objective information about the entire notion of real estate in a market economy to individuals, the public sector, private and non-government organizations involved in real property practice through organized

teaching and certification programs, special seminars and printed materials based on the experience of developed countries and the information collected and generated internally. Additionally, programs to provide public education and information to the average consumer will also be initiated.

The **significance** of the project can be realized while considering the following factors:

1. *Private real estate is a new concept;*
2. *Real estate touches all levels of society;*
3. *Real estate is the largest single investment in an individual's lifetime.*
4. *Real estate is widely accepted as collateral for capital loans.*

Therefore, the goal of the group was to plan, establish, and initiate operations of a legal entity in order to advance research and the educational sector of real property and promote legitimate and fair business practices in real estate activities through preparing professional brokers, appraisers, and other real estate specialists.

In order to test the concept, create a basis for market requirements and identify opportunities, define the best way to organize the activities and develop the business plan, the group has conducted a survey of professional opinion of the people involved in real estate practice. The first part of our questionnaire includes the questions concerning the need for such a "Center" and the possible issues proposed by the respondents which the Center will address. The results of this fundamental part of the questionnaire indicate that all respondents feel the necessity of the creation of the Center and suggested numerous activities for it. The referenced survey findings and the conclusions based on them helps us to propose the following recommendations about possible action while creating the Center, and the objectives and activities for the Center after its creation. These recommendations are mainly speculated on the answers of the surveyed persons.

**This is the list of recommendations proposed by us:**

1. *move forward on the creation of the proposed institute.*
2. *identify any additional problems in the real estate field to the proposed ones.*
3. *think about additional areas of activities for the Center*

4. *put emphasis on the marketing part of the project in order to increase the awareness of the Center and the programs that it will perform;*

5. *besides brokerage and appraisal training programs development, put emphasis on the development of real estate training programs for lawyers which do not exist anywhere in RA;*

6. *initiate, create and maintain the credibility of the Center. It is critical to establish policies of openness and fairness in the process of the Center's formation. This need should be taken seriously, because of negative experiences with certain real estate firms and consortiums.*

7. *because tax issues are critical to the financial viability of the Center (as determined in the financial plan scenarios), more expert consultation is required to totally examine all options for the Center to qualify as a tax-exempt entity. Opportunities should be explored for affiliating the Center with an existing tax-exempt entity, i.e. a public organization or educational institute, or pursuing Governmental classification as a legitimate non-profit, tax-exempt institution.*

## II. TABLE OF CONTENTS

I. EXECUTIVE SUMMARY.....	i
II. TABLE OF CONTENTS.....	iv
III. INTRODUCTION.....	1
IV. METHODOLOGY.....	4
V. RESEARCH FINDINGS.....	6
VI. IMPLEMENTATION PLAN AND COSTS.....	8
A. Operational Plan.....	8
1. Research Programs.....	8
2. Training Programs.....	12
3. Consulting and Informational Support.....	16
B. Organizational and Management Plan.....	17
C. Financial Plan.....	18
D. Marketing Plan.....	20
1. SWOT Analysis.....	20
2. Marketing Objectives.....	23
3. Target Market.....	25
4. Competition.....	26
5. The Service Marketing Mix: Seven P's.....	27
VII. CONCLUSIONS.....	33
VIII. RECOMMENDATIONS.....	34
IX. EXHIBITS.....	36
1. Start-up Costs and Expenses.....	37
2. Estimated number of participants.....	38
3. Pro-forma Income Statement (case without taxes).....	40
4. Cumulative Income Dynamics (case without taxes).....	43

5. Cumulative Income Dynamics (case with taxes).....	44
6. Pro-forma Balance Sheet (case with taxes).....	45
7. Pro-forma Cash Flow Statement (case with taxes).....	46
8. Pro-forma Income Statement (case with taxes).....	47
9. Pro-forma Balance Sheet (case without taxes).....	50
10. Pro-forma Cash Flow Statement (case without taxes).....	51
11. Description of Courses.....	52
12. Advertising Rates.....	53
X. APPENDICES .....	55
A. Questionnaire.....	56
B. List of Respondents.....	59
C. Survey Findings.....	61
D. Operation Schedule.....	66
E. Charter of the Center.....	69
F. Advertising Samples.....	75

### III. INTRODUCTION

Since declaring independence from the former Soviet Union in 1991, Armenia has been experiencing a transition from a planned to a market economy. After a period of overall disruption of the economy due to the collapse of Soviet economic framework, the 1988 earthquake, the Karabakh war and blockade, Armenia is currently showing a positive rate of economic growth. The rapid pace of democratization of the society and the liberalization of the economy are due to the adoption of vital laws and other legislative acts and have contributed to the process of continuous changes toward a free market. The privatization of land, state enterprises, unfinished construction sites and housing has created the very notion of privately-owned real estate and has accelerated the development of the real estate market with the growing number of individuals and organizations involved in that practice. In order to have a more dynamic and flexible real property sector, the Government is working on the creation of the complete package of laws and legislative acts concerning real estate activities and policy formulation. Significant assistance on this task is being provided by the International City/County Management Association (ICMA) technical assistance program, which includes development of policy, legal and regulatory framework of real property, fiscal reform in that field, and promotion of capital market development related to real estate. ICMA specialists initially provided assistance on housing privatization and policy reform. The volume of real estate transactions has grown tremendously during the last few years. This growth can be explained in part by the current redistribution of real property due to changing income patterns among the population and by the acceptance of real estate as collateral for making short-term and long-term loans by domestic banks. Because of

the increasing number of people selling and buying real estate, brokerage activity is forming and the broker in the real estate seems to be one of the more profitable occupations. In 1994, the Armenian Real Estate Association (AREA) was formed and began to operate. While it unites many organizations involved in the real estate practice, there are also many other organizations in the business that are not the members of AREA. As in the case of other growing economies, there is a huge demand for capital, part of which may be provided by the banking sector, mainly by making mortgage agreements. These agreements can be facilitated either by banks or independent appraisers whose determination about the real value of a particular apartment or other real property is critical to the loan process.

In summary, there is a growing real estate market in Armenia. It is critical that an independent, objective organization be established to provide guidance in qualifying practitioners in order to protect the investment of Armenian citizens in real property. Also by increasing awareness of the average consumer, the professional level of real estate practice will be increased.

There are at least two major problems concerning the field of our interest in the real estate practice:

1. One of them is the poor understanding of real estate concepts among buyers and sellers, lenders and borrowers, owners and renters. There are many new laws and acts related to the real estate sector compared to the number of people and organizations keeping track of all changes in legislation. Communication within various government agencies is also lacking. Attention should be given to the experience of developed countries and new trends in the international real estate market. As a result, clear and accessible information is very scarce and the awareness



of the population on the subject is very limited. So, the first problem is *the lack of research and information in the notion of the real property practice.*

2. Another problem is the limited professional knowledge of the people involved in real estate brokerage and appraisal. Presently, there exist unprofessional, unfair, and even dishonest dealings in real property. This is related to *the small number of real estate professionals and the absence of any method to distinguish them among the great number of amateur dealers.* In order to coordinate the possible actions concerning the above stated problems and to find solutions, there is a need for an institution which would persistently provide informational support, research, education, and certification assistance for real estate market participants. This will help development of the real estate sector to conform with the overall changes from a planned to a market economy.

The project offered the student group a unique opportunity to be involved in the entire process of creating an institution for real estate research and training from developing a business plan to its implementation. Therefore, the project has two overall objectives:

1. *To develop a business plan for organizing a real estate research, training, and professional certification institute.* The implementation of this plan is intended to provide new and accessible information to the public-at-large as well as to certify professionals acting in the real estate field.

2. *To complete all activities required to successfully establish the Center for Real Estate Research and Training and register the organization under Armenian Law, so that it can operate successfully*

#### IV. METHODOLOGY

In order to test the concept, create the basis for market requirements and identification of opportunities, define the best way to organize activities and develop a business plan, the group conducted a survey of professionals' opinions of the people involved in real estate practice. The people who were engaged in the survey are either interested in the subject or have sound experience and knowledge in the field of real estate. Although the sample is small - 21 respondents, the findings mainly reflect the real situation and trends in the real estate research and training areas. The following sections of the report will provide a brief overview of respondents' answers and their implications.

Of primary interest is how the interviewees perceive the objectives of the proposed Center, existing activities performed by other real estate organizations and evaluation of their programs, demanded training and research issues, the readiness of the respondents to take part in the activities of the Center, suggestions about Steering Committee members and recommendations about the Center.

Although conducting the survey was a very difficult task, the importance of this activity is realized, because the findings of the survey not only reinforce the need for the Center's creation, but also widens the scope of the perceived tasks and objectives for the proposed organization.

The survey was conducted during a one and a half month period, from which the data collection was the most time consuming task. Letters with an enclosed project proposal and questionnaire were distributed to all respondents and then appointments were arranged with each respondent to hold an interview and complete the questionnaire.

The survey can be separated into some activities done by the group. The ways the activities have performed by the group are the following:

Design Data Collection Method and Forms. The decision was made to use primary data, because of the scarcity of the materials on the field of our interest. For that purpose, the questionnaire was developed which mainly consists of open-ended questions and made the purpose of the study objectives more understandable by sending the project proposal with the questionnaire (See Appendix #1).

Design Sample and Collect Data. The sampling frame includes government agencies, private and non-governmental organizations, and individuals involved in the real estate practice. The number of private agencies and individuals acting in this field is estimated at over 200. The sampling selection process is judgmental and consists of two parts. The first one, initial selection, was based on the students' information and presumptions about the field of the competencies and professional knowledge of the real estate area specialists. The second part of the process initiated with the results of the cross-reference technique used to determine new potential respondents. As a result of above mentioned technique the sample size changed during the survey (from 15 to 21). The list of respondents are in the Appendix #2.

Analyse and Interpret the Data. The analysis of the collected data was relatively difficult task, because of the existence of open-ended questions and as a result, the impossibility to code the answers. Nevertheless we have done the data tabulation which is presented in the next section of our report.

## V. RESEARCH FINDINGS

The group of AUA students was offered the opportunity to work on the creation of CRERT. In order to find out the existence of real need for this organization and its purposed activities market research was conducted based on the survey of professional opinions (See Appendix #3).

The first part of the questionnaire includes the questions concerning the need for such a "Center" and the possible issues proposed by the respondents the Center will address. The results of this fundamental part of the questionnaire indicate that all respondents feel the necessity for the creation of the Center and suggested activities for it. The more frequent issues are grouped into the following categories:

1. Real estate, real estate market, and real estate agents investigation based on the internal and foreign information and the dissemination of its results.
2. Training, Certification, and Licensing of real estate market participants.
3. Development of the real estate policy, civilized real estate market, laws, legislative suggestions on that field and some professional methodology, and standards and training programs for real estate market participants.

The second part of our questionnaire was designed to identify existing organizations that already offer some activities concerning the above stated issues and the programs they offer. The list of answers about organizations recognized by respondents as providing some of the needed activities dominated by:

- Armenian Real Estate Association (yes) - 8
- There is not (no) - 7

Some programs have been suggested by different organizations in order to solve previously mentioned issues. The top three answers to this question are following:

1. Do not know - 9 (35%)
2. Brokerage - 4 (15%)
3. Appraisal - 3 (12%)

The third part of the questionnaire reveals the most demanded research and training programs, which the Center should develop. Among the most popular training programs are:

1. Training programs for real estate brokers and appraisers - 18 (35%)
2. Training programs for real estate Law and real estate lawyers - 9 (17%)

The more demanded research topics are:

1. Real estate market - 13 (32%)
2. Real estate Law - 7 (17%)

The majority of respondents, answering the 8-th question expressed their willingness to participate in Steering Committee's activities.

The 9-th question of the questionnaire helps to enlarge the list of respondents by the people/organizations who are treated by other respondents as having good expertise on RE subject. The initial number of respondents was increased by one "bonus point" only if a particular person/organization was named three times by the different interviewees. The list represents the people/organization that have market/decision power/authority in real estate field and are beneficial to take part in the Steering Committee activities: the top representatives are

1. Yerevan State Enterprize of Inventory - 12 (13%)
2. AREA - 9 (10%)
3. Ministry of Urban Development - 8 (8.8%)
4. Ministry of Justice - 7 (7.7%)

5. AGAT Company	- 6 (6.6%)
6. DIA Company	- 4 (4.4%)

The last question gives the opportunity of the respondent to make some recommendations and suggestions concerning the proposed organization. Many respondents note that they greet the idea and are ready to help in the process of its creation. The positive attitude toward the idea dominates the feedback. There is also a suggestion to have branches of the Center in different regions in Armenia.

## VI. IMPLEMENTATION PLAN AND COSTS

### A. OPERATIONAL PLAN

The Operational Plan is designed to reach objectives of the Center for Real Estate Research and Training (CRERT). According to the survey results, the Center has to perform several tasks. These are research, training, and consulting.

#### 1. Research programs

Research programs are divided into two main categories:

- Investigation activities, which are real estate investigation, real estate market investigation, and real estate agencies investigation. As indicated by the survey findings that have derived the great demand for such programs.
- Developmental activities, including those related to advisory recommendations concerning governmental real estate policy, law and legislation, professional methodology and standards, and training programs. Actually, Armenian real estate

legislation is underdeveloped. So the necessity of such activities is obvious, and in the future the demand for them will increase.

#### a. Investigation Activities

##### **Real Estate Investigation (any topic related to Real Estate)**

- Experience of other countries - real estate notion is completely new for Armenia, so the investigation of this field is more reasonable to start with the investigation of the experience of the developed countries.
- Policies - the position of the Government toward real estate is reflected in its policy. Laws are results of the policy.
- Laws of Armenia on Real Estate - an important but weakly developed point is the Armenian legislation on real estate. It has many confusing pitfalls, so the necessity of its investigation is obvious. In order to have stable and modern real estate market it is vital to have sustainable legislation.
- Appraisal methods - up to now there are not standardized and professional appraising methods in Armenian real estate market. Nowadays, several simple appraising systems exist (they also need to be investigated) and are used by few agencies and individuals. There is a possibility to improve them, and simultaneously to create new professional appraising methods.
- Professional issues -- e.g. methodology and standards of real estate market participants (buyers and sellers, lessors and lessees, brokers and appraisers). The investigation of these issues will provide the ways to differentiate professionals from the large number of "dealers" acting in real estate market, also will help the average consumer to avoid unfair and dishonest practitioners.

- Training methods - taking into account that training programs are another important field in which CRERT will act, the investigation and development of appropriate training methods is critical for the Center.

## **ii. Real Estate Market Investigation**

- Size of the market (volume of transactions, supply, demand) - investigation of the real estate market is more relevant to start with market size investigation. In this case, real estate market size can be perceived as volume of transactions as well as supply and demand for real estate.
- Prices and factors influencing prices - this is the one of the most complicated issues related to real estate. The factors that are influencing prices in the current situation are principally: location, inflation, interest rates, \$-AMD exchange rate, net income per capita, etc. So these factors are subject for deep investigation in order to define a suitable pricing policy.
- Trends ( dynamics) & forecasting - for the proper organization of the real estate agency's performance, it is very important to realize current market trends and, if possible, to make accurate forecast.
- Government regulations - any governmental intervention into some aspect of the real estate market has tremendous impact on that market, so the investigation and development of suggestions on governmental regulation will protect the market from unwilling fluctuations.
- Others - other aspects of real estate market that will arise.

## **iii. Real Estate Agencies Related Investigation**

- private agencies ( brokers & appraisers, domestic vs. foreign) - taking into consideration, that there are not any state agency in real estate brokerage, and all



transactions in the real estate market are conducted through private agencies, so the importance of private agencies investigation is critical.

- government agencies acting in the real estate field - there are a few state and governmental agencies (State Enterprise of Technical Inventory, Tax Inspectorate, Offices of Condominium Service, Department of Cadastre, Real Estate Division of the Government, etc.) in real estate field, and all of them are influencing the private agencies' activity in either way. For this reason their investigation is important.

- unregistered agents - despite of existence of legal private agencies, there is a large number of unregistered agents acting in real estate market. Among them are some whose experience investigation would be useful for real estate market development in the future.

- classification and ranking - in order to provide the general public with accurate information about private agencies, and to create incentives for these agencies to act professionally and ethically, classification and ranking of agencies is necessary.

#### **b. Developmental Activities**

- i. Recommendations to the government on real estate policy - based on the results of government policy investigation (Armenian and foreign) recommendations concerning real estate policy could be made to the Government.

- ii. Steps toward the modern real estate market - in order to comply with international modern real estate market standards, certain steps must be taken. So, any effort that can bring Armenian real estate market closer to international standards, such as

computerized information bank, standardized documentation, etc. - should be in the focus of the Center's attention.

iii. Real estate law and legislative suggestions - having the results of the survey it is obvious that lack of appropriate laws and legislative acts is one of the major barriers for real estate fair practices.

iv. Professional methodology - in order to make agencies' work easier, and documentation standardized, customers-oriented policies and development of professional methodology are essential.

v. Professional standards - it is critical to develop professional standards such as high education, some work experience, and so on, to have real professionals acting in the Armenian real estate market.

vi. Training programs - because of the constant changes in the real estate market; training programs have to be continuously modified.

## 2. Training Programs

Training programs were suggested by survey respondents. They are listed here according to priority and each of them can be used as separate course as well as with other programs as a part of a full curriculum.

a) Real Estate Law - Taking into account the importance of being well aware of laws and subordinate legislation for any individual/organization acting in this field, this program should be offered.

b) Real Estate Practice - This program is designed to familiarize participants with the entire scope of activities that are performed in the real estate field. The

participants will be taught on the following issues: contracts (sale, lease), title transfer, privatizing, assessments, appraisal, types of brokerage, etc.

- c) Ethics - This program will consider ethical issues while conducting business in real estate brokerage, law and appraisal. According to the survey results and taking into consideration that brokerage, law and appraisal are the most important functions performed in real estate market, ethical issues become more important and even vital.
- d) Appraisal - According to the survey results and taking into consideration that appraisal is one of the important functions performed in real estate market, CRERT should provide such training program.
- e) Real Estate practice for Lawyers - Survey shows that agencies have great demand for professional lawyers specialized in RE for permanent work with that agencies.
- f) Real Estate Agency Manager - For increasing the quality of services in real estate agencies, specialized real estate agency managers are needed, for which this program is provided.
- g) Property Management - According to the increasing number of condominiums and lack of any educational support for the personnel that will serve these condominiums, this kind of program is needed to provide the appropriate level of condominium services.
- h) Real Estate for the general public - To increase awareness of general the public on real estate, to inform them about changes in legislation and; finally, to make it easier for agencies to work with their clients, this program will be developed.

Condominium service -

1. Condominium Course #101- Introduction to the Condominium Concept (certificate course):

A one -day basic condominium course for residents, condominium presidents, board of directors, managers, etc.

This is a general course on the basic concepts of condominiums - how to form a condominium in a building, how to call a general meeting, what are the three forms of management, how to choose a management agent, what are responsibilities of the president and the board, how to prepare an annual budget of revenues and expenses, what are the rights and obligations of condominium members; how members contribute in common expenses, and so on. The textbook of the course provides materials for the course, as well as some standard forms - bid specifications, management contracts, etc.

2. Condominium Course #201- Facilitators Course (certificate course):

Condominium course #101 is prerequisite for this course.

A one-day special course for facilitators (people who assist residents in condominium formation process), property managers and condominium officers.

This course is more specific and provides information on how to examine the condition of the building, how to determine specific maintenance activities required for the building, how to start the process of condominium formation and call a founding meeting, etc. The textbook contains materials for the course and a model registration package - model charter of condominiums, model decision of residents on

formation of a condominium in their building, application or registration, description of property, list of unit owners in the building, description of the land parcel, etc.

As mentioned above, the programs can be used as a part of full curriculum also. There are 4 complete courses - brokerage course, appraisal course, real estate lawyer full course, and real estate agency manager full course. It is foreseen, that all of the courses will consist of three - four programs:

#### Real Estate Course

A sixteen hours basic course for real estate agents.

The textbook of the course provides materials for the following topics, as well as presents experience of the Western countries and model forms and contracts.

1. Real Estate Law
2. Real Estate Practice
3. Ethics

#### Real Estate Appraisal complete course

1. Real Estate Law
2. Real Estate Practice
3. Appraisal
  - a. For taxation
  - b. For market value<sup>1</sup>
4. Ethics

#### Real Estate Lawyer complete course

1. Real Estate Law
2. Real Estate Practice

---

<sup>1</sup> Because appraisal is conducted for two purposes - for taxation and market value, it is relevant to divide the appraisal course into two categories.

## 5. Ethics

### Real Estate Agency Manager full course

1. Real Estate complete course

2. Real Estate agency manager<sup>2</sup>

Note: Condominium courses #101 and #201 are currently being provided at Yerevan State University's "Condominium Training Center" on a regular basis. This course also is provided to other cities of the Republic.

Real Estate Brokerage Course has been provided only on a pilot training basis.

## **3. Consulting and Informational support**

The last, but not least part of activities that CRERT will perform is consulting and informational support. The main aim of consulting part is to provide consulting services and, thus, to generate income, using a speakers bureau to provide speakers for the public and organizations. The purpose of the latter part is to support training programs providing them with textbooks and other printed materials, and to prepare educational programs and materials such as TV and radio programs, videos, written articles, etc. for the general public.

### A. Consulting

- speakers bureau

### B. Informational support

- textbooks
- articles in the media
- brochures

---

<sup>2</sup> Real Estate agency manager has to be well aware of all spheres of real estate.

- information newsletters
- radio & TV
- videos

## **B. ORGANIZATION AND MANAGEMENT PLAN**

The Center's Permanent Advisory Board will be composed of prominent professionals in the community and will be the Center's policy makers. They will elect officers among themselves and serve on a voluntary basis (non-staff).

The Center will have following staff and non-staff positions:

- the Manager of the Center, who will conduct all managerial activities needed, such as to plan lectures and to organize updating of programs, some kind of research activities, and will represent the Center everywhere. This is staff position.
- the assistant of the Manager, who will conduct all paperwork, will help the Manager in research, planning and scheduling activities. This is also staff position.
- the Accountant of the Center, who will keep all accounting records needed according to the legislation. It will be non-staff position.
- the computer operator, who will enter all information into computer creating bank of information, and will provide other computer services. This is staff position.
- Trainers/Lecturers, who will conduct the various courses on a contractual basis with the Center.

## C. FINANCIAL PLAN

The Center will require two kinds of financial support at the beginning of its activities:

- start-up capital;
- operating capital.

The start-up capital is needed to purchase permanent office supply, equipment, furniture, and incur some starting expenses. This is the sum that will be spent before the Center starts its operations. All the start-up costs and expenses are reflected in the Exhibit #1 and constitute the sum of \$15,555. This sum will be provided by ICMA within the technical assistance program that also aims to help in the Center's creation process.

The operating capital is needed to cover operating costs until the Center will gain positive cash flows, or, stated another way, to fill the cash flow gaps that will exist at the beginning of the Center's operations. The operating capital can be in the form of credit line portions of which are extended whenever the Center shows negative cash flow and is equal to that amount. ICMA is expected to extend these money also and finance the starting operating costs.

The revenues of the Center will be generated from training activities, publications, informational support, and research. Training is the most important source of revenues. According to the schedule of the training programs, estimated number of participants and fees reflected in the Operational Plan and in Exhibit #2, the revenues from training activities are expected to be \$14,730 for the first year, \$20,960 for the second year, \$28,260 for the third year, with the total amount \$63,950. (For more detailed information see Exhibit #3 "Pro-forma Income Statement"). The



Center will face the following major variable expenses - trainers' fees, R & D expense, auditorium rent. Total variable costs are equal \$ 18,061 for three years. Fixed expenses constitute largest portion of expenses of the Center - \$43,760 for three years.

Lets consider the behavior of "Income Before Taxes" item. This item shows continuous cumulative growth starting from August, 1997. Taking into account, that the Center will provide the wide variety of services, and that the prices for these services are different, it is impossible to define the exact break-even quantity; the only break-even measure that can be defined is the time (assuming that the Center operates according to the Operational Plan). One of the major factor affecting the break-even point are taxes. There are four types of taxes that organizations have to pay - income tax (30% of income), value-added tax (16.67% of gross revenues), payroll tax (37% of salaries and wages paid), and tax for exceeding wage normative (30% of the amount exceeding 15 x minimal wage). It is expected that the Center will be exempt of income tax for the first few years of operations, and the tax for exceeding wage normative will be eliminated. So, the calculations are based on the assumption that there are only two taxes - value-added tax and payroll tax. For this case, the Center will show positive cash flow starting at June 1999 and will break even at the end of September, 2000 (when cumulative net income exceeds zero level). For this case the Center will need operating capital totaled to \$13,106 up to June, 1999. ICMA is going to finance the Center's activities untill September 1997. By this time the operating capital gap will be equal to \$7,166. After this time the Center will apply for additional \$5,840 from alternative source of financing. The case without taxes and the impact of above mentioned taxes on income dynamics is shown in Exhibits #4 and #5, respectively.

Taking into account all above mentioned, and, knowing that the Condominium Service Center of the Yerevan State University has large tax privileges - that is tax exemption according to the decision of the Ministry of the Economy from July 5-th, 1994, the most relevant way for the Center to conduct its activities is to join Condominium Service Center with the revision of the objectives of the latter and the expansion of the field of its activities.

In this case, the cumulative income growth starts at August, 1997, and the break-even point occurs at May, 1998. The cash flow gap and, respectively, the operating capital requirements are equal to \$3,549. The Pro-forma Balance Sheet, Cash Flow Statement, and Income Statement for both the case with taxes and the one without are presented in Exhibits #3, #6, #7, #8, #9, and #10.

## **D. MARKETING PLAN**

### **1. SWOT ANALYSIS**

#### **a. Strengths**

##### **i. Well-thought-of by future potential clients/subscribers.**

During the preliminary work on this project, initiative group discovered positive attitude of some segments of potential customers toward the group, the project, the way job is done, the quality of the job, and the future activity of the Center. If this initial perception will be maintained and spread among remaining segments, it will become one of the major strength of the Center.

**ii. Market leader**

Taking into account, that there is no such institution in this field providing organized training programs, the Center will automatically become a market leader with all the benefits of first entry.

**iii. Well conceived functional area strategy**

It is natural, that functional area strategies are well conceived, because creation of the Center is based on the business plan that is written on understanding of existing problems and needs, and the actions directed to overcome them and precise separation of functional areas. It will be logical to conclude that the functional area strategies can be implemented.

**iv. Better Advertising**

An advertising budget (related to sales volume), using major media in the initial promotional campaign, allow the assumption, that the campaign undertaken by the Center will have strong impact on consumer purchase decisions.

**v. Product innovation**

Taking into account, that the concept of continuous updating of the training/written products are the core of the product strategy and assuming Center's management team ability to respond to a change in the market, product innovation can be considered as a strength of the Center.

**vi. Management skills**

The management of the Center will be conducted under the leadership of Diana Avetian, who has MBA degree, and broad experience in real estate research and law.

## **b. Weaknesses**

### **i. Low awareness.**

Because the general public is one of the Center's target segments, the low awareness about the Center can be considered as the weakness of the company.

### **ii. Shortage of financial resources.**

The financial objective of the Center is to become self-sustaining. Any unexpected changes in cash flow can affect the Center's operations and risk Center's future existence.

### **iii. No Training & Research experience.**

## **c. Opportunities**

### **i. Ability to serve additional customers' groups or expand into new markets or segments.**

Because we anticipated ongoing research in Center's operational plan, the services that Center will provide can be easily adopted to a new market requirements on the forms of new training programs. In the case of successful operations and positive image, the Center has opportunity to become a basis for real estate graduate institution and to serve new segments of the population.

### **ii. Ability to grow rapidly due to strong increase in market demand.**

Because of mainly variable nature of the costs associated with the Center's activities, the Center will have flexibility to increase its operations in the case of strong increase in market demand.

### **iii. Licensing.**

There is an opportunity to initially become a certification-providing institution and, in the case of a Government decision/law concerning real estate specialists' licensing, the Center could become an agent of the Government for qualifying individuals for state licensing.

#### **d. Threats (Cautions)**

##### **i. Entry of new competitors.**

Armenian Government is conducting liberal policy toward not only domestic educational organizations, but toward foreign organizations' branches in Armenia, too. So, the possibility of the entry of new participants is high.

##### **ii. Relatively small market.**

Because Armenia is a small country with a modest market growth rate, it is expected that the market may decline for some of the Center's activities after the initial years of operations.

##### **iii. Costly regulatory requirements.**

Because of the Armenia is in transition period and the legislation is underdeveloped, any new regulations somehow related to the Center's activities can represent an impediment for the Center.

## **2. MARKETING OBJECTIVES**

### **a. Sales Objectives**

During the first year of its existence the Center is planning to offer five training programs on the following subjects:

Condominium services	- 2 courses
Property management	- 1 course
Real estate brokerage	- 1 course
Real estate appraisal	- 1 course

The estimated number of participants for the first year is 955. During the next two years the Center is planning to offer 3 additional training programs.

Real Estate lawyer	- 1 course
Real Estate agency manager	- 1 course
Real Estate owner	- 1 course

For the following two years it is expected that the number of participants trained will increase up to 2240. In addition to proposed sales, the Center has to work hard to develop a market for training programs. Publications, consulting and informational support can be considered as an additional source of revenues.

### **b. Financial Objectives**

It is anticipated, that the Center's first year costs, both start-up and operational, will be subsidized by the ICMA. So this financial support must be used properly for creating a basis for Center's future financial performance. The only reasonable financial objective which in this case conforms to the Center's charter as non-profit organization is to achieve break-even point by the time donor support terminates.

### **c. Consumer Objectives**

There is wide range of ways that are directed to serve the Center's target market customers. Among them are:

- a. lectures

- b. textbooks, brochures, articles and newsletters
- c. speakers bureau
- d. radio and TV
- e. video
- f. experts advice

The significant portion of the Center's consumer objective is the creation of positive attitude toward the Center. Building up the good image and credibility are not less important parts of Center's consumer objective. The future performance of the Center should serve as an evidence helping to gain, to prove and to maintain the Center's image as a provider of high quality services.

	OBJECTIVES	YEAR 1	YEAR 2	YEAR 3	For 3 Years
1.	Sales	955	1100	1140	3195
		Particioants	Participants	Participants	Participants
2.	Financial	-	Break-even	-	-

### 3. TARGET MARKET

#### a. Segmentation

The customers that the Center will serve are the general public and real estate specialists (brokers, appraisers, lawyers, property managers, agency managers).

The first major segment can be divided into following subsegments:

1. Buyers and sellers
2. Lessors and lessees
3. Collateral givers & takers

4. Individuals/organizations privatizing real estate (from the State)
5. Owners

The second major segment can be divided into following subsegments:

1. Brokers
2. Appraisers
3. Lawyers
4. Property managers
5. Agency managers
6. Condominium managers

#### 4. COMPETITION

As the results of the survey show, there are no real competitors in this market. There are some organizations that have been providing some training programs and research during the last two years. Among them are: Center for Condominium Services at Yerevan State University (two condominium courses), Armenian Real Estate Association (brokerage and appraisal), and Union of Armenian Real Estate Agencies (brokerage). But there is low awareness about these courses and those attended these courses evaluate them as of mid-to-low quality. Taking into consideration the current situation in the market and low level of competitiveness, there is a real opportunity to capture a significant market share in providing training and research services in the real estate field. In order to maintain this market share in the future, the Center has to create trust and credibility by having qualified specialists and by providing high quality output (real estate specialists and information). In the



case of future successful operations and good image, there is a possibility for the Center to become a basis of a real estate graduate institution in Armenia.

## 5. THE SERVICE MARKETING MIX: SEVEN P'S

### a. Product Strategy

The Center is going to provide the following training programs (Exhibit #11):

- Condominium #1 -	6 hours	certificate
- Condominium #2 -	6 hours	certificate
- Property Management -	12 hours	certificate
- Real Estate Brokerage -	16 hours	certificate
- Real Estate Appraisal -	20 hours	certificate
- Real Estate Lawyers -	40 hours	certificate
- Real Estate Agency Manager -	48 hours	certificate
- Real Estate Owner -	2 hours	-

Besides training programs, the Center will have other kinds of services. There will be consulting, informational support as a result of investigation and developmental activities in several topics related to real estate. Continuous updating will be used as an innovative approach for these training programs in order to follow and meet the new emerging demand in the market. The ongoing research will be conducted to find out changes in consumers' preferences. The quality and professionalism are to be provided through the Center's services in order to create good image and positive perception among consumers.

## **b. Pricing Strategy**

### **i. Training Programs**

The prices for training programs are set using the following assumptions:

1. Armenian consumer has low purchasing ability
2. Prices depend on the segments the Center is going to serve

We can consider the following groups of consumer while making the pricing decisions:

1. General Public & Condominium Management
2. Property Managers, Brokers, Appraisers, Lawyers, Agency Managers

The separation into the above stated groups is explained by the following consideration. The first group participants do not have future profit objectives while attending the courses. The beneficiary of the first groups participants activities is directly the public-at-large. Taking into account this fact, the prices for training programs for this group are set as low as possible and are equal to \$5 for Condominium #1, #2, and \$3 for RE for public. Prices for the courses in the second group are set relatively higher because of the opportunity to make money after studying at the Center. The second group members have real expectations about the implementation of the knowledge gained during the training, and medium-to-high level of income as a result of it. Although the prices for second group are set relatively higher, they are still low in absolute sense. They are about \$4/hour for Property Management (\$50), real estate brokerage (\$70), real estate appraisal (\$80), real estate lawyer (\$130) courses, for Real Estate Agency Management course (\$200). This prices are subject to change in the future depending on the demand, costs, and

economic conditions (inflation, etc.). The estimated number of participants (demand) for each course is based on the following assumptions and logic:

- Condominium #101 & #201- there are about 5,500 buildings in Yerevan, 400 from which are registered as condominiums. There is a trend for this number to increase drastically in the future. It is anticipated 1,440 participants for three years for Condominium # 101 and 720 for Condominium #201.
- Property Management - Because one person can serve in average 10 Condominiums, the potential number of property managers is 550, and anticipated that half of them - 275 will attend this course during three years.
- Real Estate Brokerage - Taking into account that there are about 150 registered agencies and that only half of them are performing now with in average 2 agents in each agency, and there are many unregistered individuals acting in the real estate market - estimated to be also 150, and significant part of them (60%) will also attend this course, the potential number of participants will be 240 for three years. This number may be even greater because there are no entry barriers in this business.
- Real Estate Appraisal - According to the survey findings there is high demand for this course. Half of the number of real estate market participants (150) and almost all Armenian banks representatives (30) will attend this course during three years.
- Real Estate Lawyer - Despite the fact that there is high demand for this course today, it will take time, money, and effort to develop the program for this course. So, the Center is going to offer it at the end of third year after 792 hours of research during preceding nine months. By that time the demand for this course is estimated to be 40 attendees per year.

- Real Estate Agency Manager - The lack of managerial skills is deeply perceived by most of agency managers. This program require 528 hours of preliminary research and is expected to provide some special knowledge. It will be offered at the second quarter of 1999, and it is expected that the half of the managers of existing agencies will attend this course. The estimated number of participants is 40 per year.

- Real Estate Owner - This program will take start at the second quarter of 1997. As statistics shows, 2-3 % of all apartments are offered for sale, and it is critical for both buyer and seller to get some general information about real estate. More than 3,000 people are intended to sell or to buy an apartment each month. 5% of this quantity is renewed each month. That means that about 150 people are involved in that transactions each month. It is reasonable to predict that at least 10 out of 150 will attend this course.

## **ii. Publications & Research.**

The prices for publications and research are going to be determined during the Center's operations in the future. They will be set at the medium-to-high level of the prices of the similar products at the market.

After successful performance the Center will try to set prices so that they will be affordable and, simultaneously, convey the image of quality and prestige.

## **c. Place**

The Center will use several distribution channels for its offerings.

1. Training programs will be taught in classrooms or auditoriums, by radio & video, by textbooks.
2. Information will be disseminated through brochures, newsletters, speakers bureau, radio & TV.

3. Publications in term of books, booklets, brochures, etc., will be sold through retailers and by Center itself.

The following physical distribution facilities are needed for implementing training programs: auditoriums for 25 people with all needed furniture (tables & chairs), and equipment (blackboard, projector, etc.)

Courses #1, #2, #8 will be conducted at YSU according to the schedule. (See operational plan). Courses #3, #4, #5, #6, #7 may be conducted at other facilities according to the budget/schedule.

#### **d. Promotion**

The Center recognizes that the key to success of this time requires extensive promotion. This must be done aggressively and on a wide scale. The Center plans to advertise in major newspapers, radio, and on Armenian TV. (Cost for newspaper ads for 1 sq. sm. is 100 AD, for 1 minute advertising on TV the cost in AST1 is \$180, in AST2 is \$150, in CTR is \$300. See Exhibit #12).

##### Advertising and promotion objective

- To position the Center as a leader in providing high quality, professional training and research programs, and the best consulting services in the Armenia
- To increase awareness among the general public, real estate specialists, business managers, government officials.

#### **e. People**

As stated above, the Center is going to offer several services. One of them is training programs. The trainers will provide lectures according to the course description and will be paid on a hourly basis. There are eight training programs that

Center is going to offer. For three of them (Condominium #101, Condominium #201, and Real Estate Owner) proposed programs, materials, textbooks, and trainers already exist. Trainers are professors of Yerevan State University that have already taught this courses in the Condominium Service Center of YSU. In order to train the trainers for other five courses (Real Estate Brokerage course, Real Estate Appraisal course, Real Estate Lawyer course, Real Estate Agency Manager course, and Property Management course) foreign specialists funded by ICMA or other donors, who will train local trainers, will be invited before each program will take place. After that, local trainers will continue teaching based on the knowledge received during studying with invited lecturers. The level of new participants' knowledge will be proven by the final test undertaken after finishing each study.

Another important service which the Center is going to provide is research and consultation. Research will be conducted according to the schedule (See Appendix #5) and according to the received orders. Research will be conducted by the staff of the Center, and contracted consultants. The contracted people could be students and professors of local educational institutions, and/or some agents from specialized agencies that can provide high quality output.

#### **f. Process**

Lectures of each course will be conducted according to the course descriptions. Trainers will use textbooks, handouts and other printed materials as well as some kind of visual aids such as transparencies, videos, etc.

The process of the research programs will depend on the nature of the job that should be done according to the orders received.

### **g. Physical Materials ( Equipment)**

Except the furniture for auditoriums - tables, chairs, and blackboards, the Center will need the following equipment in order to conduct successfully all activities reflected in the Charter:

1. Personal Computer (1) - to create bank of information and to keep records of all conducted programs, both training and research, as well as to keep accounting records of the Center.
2. Copy machine (1) - to provide printed materials for training programs' participants and trainers, such as handouts, and to prepare brochures, newsletters, invitations.
3. Projector (1) - to provide visual aid via transparency during all training programs and seminars.
4. VCR (1) and TV (1) - to provide visual aids via videos during the lectures and seminars.
5. Telephone (1) - for office use.
6. Air heater/conditioner (1) - for office use.
7. Safe (1) - to keep documents.
8. Tables and desks, and chairs - for office use.

Costs of some items needed to be purchased are reflected in the start-up costs (see Exhibit #2).

## **VII. CONCLUSIONS**

Based on the above stated survey findings the following conclusion can be made:

- The concept is valid
- The majority of existing problems in the real estate field are addressed by project proposal
- There are some issues that were not reflected in the proposal ( licensing, suggestions about law, development of real estate market, professional standards and methodology).
- There is a low level of awareness about programs already offered by some organizations.
- There is a high demand for Real Estate brokers, appraisers and lawyers training programs.
- There is a demand for real estate market and Law research.
- People appreciate the idea and want to work with proposed Center.

### **VIII. RECOMMENDATIONS**

The previously mentioned survey findings and the conclusions based on them help to propose the following recommendations about possible actions while creating the Center, and the objectives and activities for the Center after its creation. These recommendations are mainly speculated on the answers of the surveyed persons.

This is the list of recommendations proposed by the research group:

1. Proceed with the creation of the proposed institute.
2. Determine if there are additional problems in the real estate field not mentioned in the survey responses.
3. think about the possible additional field of activities for the Center, such as:
  - development of the real estate market;



- development of the suggestions about real estate legislation;
- development of professional standards for real estate activities participants;
- development of the methodology for real estate activities;
- development of a licensing process of real estate market participants;

4. put emphasis on the marketing part of the project in order to increase the awareness about the Center and the programs that it will perform;

5. beside of the brokerage and appraisal training programs development, put emphasis on the development of real estate lawyers training program which does not exist anywhere in RA;

6. initiate, create and maintain the credibility toward the Center. It is critical to follow fair rules in the process of the Center formation. This need should be perceived seriously, because of the real estate market participants' negative experience with creation and activities of existing firms and associations.

7. Consider which options are available to the Center in terms of receiving tax-exemption status (see financial plan). Tax-exemption will provide the Center with significant advantages in achieving self-sustainability within a reasonable time frame.

8. Investigate collaboration with the existing Condominium Center at Yerevan State University at opposed to the establishment of a new independent entity.

9. Further research among segment(s) of population.

# IX. EXHIBITS

## Exhibit #1

## START-UP COSTS AND EXPENSES\*

	Units	Cost/unit	Total Cost
Permanent Office Supply			\$ 300
Equipment			
Pentium-166	1	\$ 1,730	\$ 1,730
Printer: LaserJet 4+	1	\$ 2,090	\$ 2,090
Copy Machine	1	\$ 7,000	\$ 7,000
Fax	1	\$ 450	\$ 450
Heater	1	\$ 170	\$ 170
Air Conditioner	1	\$ 400	\$ 400
Refrigerator	1	\$ 300	\$ 300
Telephone	1	\$ 75	\$ 75
Furniture			
Desks (1*\$140+2*\$100)	3		\$ 340
Chairs (3*\$50+5*\$30)	8		\$ 300
Bookcase	2	\$ 200	\$ 400
Wastebaskets	5	\$ 10	\$ 50
Small Desk	1	\$ 100	\$ 100
Utilities ( \$350-Local phone)			\$ 350
Subscriptions, Library, etc.			\$ 1,000
Opening Advertising & Promotion			\$ 500
<b>Total</b>			<b>\$ 15,555</b>

\* All costs are shown according to the market prices.

**Exhibit # 2**

ESTIMATED NUMBER OF TRAINING COURSES PARTICIPANTS FOR YEARS 1996, 1997, 1998

COURSE	Fee	Duration (hours)	ESTIMATED REVENUES FROM TRAINING PROGRAMS FOR YEARS 1996, 1997, 1998														
			Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98
#1	\$ 5	6	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
#2	\$ 5	6	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
#3	\$ 50	12															
#4	\$ 70	16	20	20	20	20	25	20	20	20	20	20	20	20	20	20	20
#5	\$ 80	20															
#6	\$ 130	40															
#7	\$ 200	48															
#8	\$ 3	2	80	60	60	80	85	90	70	95	90	10	10	10	10	10	10
<b>Total</b>			0	80	60	60	80	85	90	70	95	90	10	10	10	10	10

ESTIMATED REVENUES FROM TRAINING PROGRAMS FOR YEARS 1996, 1997, 1998

COURSE	Fee	Duration (hours)	ESTIMATED REVENUES FROM TRAINING PROGRAMS FOR YEARS 1996, 1997, 1998														
			Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98
#1	\$ 6	6	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
#2	\$ 5	6	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
#3	\$ 60	12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#4	\$ 70	16	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400
#5	\$ 80	20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#6	\$ 130	40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#7	\$ 200	48	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#8	\$ 3	2	\$ 1,700	\$ 300	\$ 300	\$ 1,700	\$ 1,550	\$ 1,720	\$ 330	\$ 1,560	\$ 1,730	\$ 1,930	\$ 1,580	\$ 1,730	\$ 1,930	\$ 1,580	\$ 1,730
<b>Total</b>			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ESTIMATED NUMBER OF MANHOURS FOR THE DEVELOPMENT OF TRAINING PROGRAMS (RESEARCH ACTIVITY) FOR YEARS 1996, 1997, 1998

COURSE	ESTIMATED NUMBER OF MANHOURS FOR THE DEVELOPMENT OF TRAINING PROGRAMS (RESEARCH ACTIVITY) FOR YEARS 1996, 1997, 1998																
	Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98
#1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
#2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
#3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
#4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
#5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
#6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
#7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
#8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

ESTIMATED COST OF THE TRAINING PROGRAMS DEVELOPMENT FOR YEARS 1996, 1997, 1998

COURSE	Cost	ESTIMATED COST OF THE TRAINING PROGRAMS DEVELOPMENT FOR YEARS 1996, 1997, 1998															
		Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98
#1	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#2	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#3	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#4	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#5	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#6	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#7	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



**Exhibit # 3**  
Tax Exempt Status

Pro Forma Income Statement For The Three Years Ended December 31, 1999													
Date	Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97
Revenues From Training	\$ -	\$ 1,700	\$ 300	\$ 300	\$ 1,700	\$ 300	\$ 1,550	\$ 1,730	\$ 330	\$ 1,580	\$ 1,730	\$ 1,930	\$ 1,580
Revenues From Publications & Inform. Support	\$ 100	\$ 105	\$ 110	\$ 116	\$ 122	\$ 128	\$ 134	\$ 141	\$ 148	\$ 155	\$ 163	\$ 171	\$ 180
Revenues From Research	\$ 100	\$ 1,895	\$ 410	\$ 416	\$ 1,822	\$ 428	\$ 1,684	\$ 1,871	\$ 478	\$ 1,735	\$ 1,893	\$ 2,101	\$ 1,760
<b>Total Revenues</b>	\$ 200	\$ 2,000	\$ 820	\$ 832	\$ 3,242	\$ 856	\$ 3,368	\$ 3,742	\$ 956	\$ 3,470	\$ 3,786	\$ 4,202	\$ 3,520
Variable Expenses	\$ -	\$ 136	\$ 72	\$ 72	\$ 136	\$ 72	\$ 120	\$ 144	\$ 80	\$ 128	\$ 144	\$ 160	\$ 128
Trainers' Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Variable overhead (research & develop. fees)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of Publications, Printing	\$ 300	\$ 60	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ 105	\$ -	\$ -	\$ 120	\$ 60	\$ -
Auditorium Rent	\$ -	\$ 80	\$ 60	\$ 60	\$ 80	\$ 60	\$ 85	\$ 90	\$ 70	\$ 85	\$ 90	\$ 90	\$ 95
Other Variable Costs	\$ -	\$ 276	\$ 132	\$ 132	\$ 276	\$ 132	\$ 205	\$ 339	\$ 150	\$ 223	\$ 354	\$ 310	\$ 523
<b>Total Variable Costs</b>	\$ 300	\$ 452	\$ 264	\$ 264	\$ 452	\$ 264	\$ 310	\$ 378	\$ 225	\$ 336	\$ 354	\$ 360	\$ 352
<b>Contribution Margin</b>	\$ (200)	\$ 1,529	\$ 278	\$ 284	\$ 1,546	\$ 286	\$ 1,479	\$ 1,532	\$ 328	\$ 1,512	\$ 1,599	\$ 1,791	\$ 1,237
<b>Fixed Expenses</b>	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
Administrator's Salary	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Assistant Salary	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Accounting Service Fee	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60
Office Services	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Office Rent	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Supply	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Maintenance	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Utilities (light, water, sewage)	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Local Phone	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Travel Expenses	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Membership Fees	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Advertising	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300
<b>Total Fixed Costs</b>	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280
<b>Operating Income</b>	\$ (1,480)	\$ 349	\$ (802)	\$ (996)	\$ 366	\$ (784)	\$ 199	\$ 352	\$ (752)	\$ 232	\$ 359	\$ 711	\$ (43)
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Income Before Taxes</b>	\$ (1,480)	\$ 349	\$ (802)	\$ (996)	\$ 366	\$ (784)	\$ 199	\$ 352	\$ (752)	\$ 232	\$ 359	\$ 711	\$ (43)
Income Tax Provision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Value Added Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax for Exceeding Wage Normatv	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Tax Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Income</b>	\$ (1,480)	\$ 349	\$ (802)	\$ (996)	\$ 366	\$ (784)	\$ 199	\$ 352	\$ (752)	\$ 232	\$ 359	\$ 711	\$ (43)
<b>Cumulative Income</b>	\$ (1,480)	\$ (1,131)	\$ (1,933)	\$ (2,929)	\$ (2,563)	\$ (3,348)	\$ (3,149)	\$ (2,797)	\$ (3,549)	\$ (3,317)	\$ (2,958)	\$ (2,247)	\$ (2,291)

**Exhibit # 3**  
Tax Exempt Status

Date	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98
Revenues From Training	\$ 1,730	\$ 1,580	\$ 1,730	\$ 1,730	\$ 1,930	\$ 1,580	\$ 1,730	\$ 1,930	\$ 1,580	\$ 1,730	\$ 1,930	\$ 1,580
Revenues From Publications & Inform. Support	\$ 189	\$ 198	\$ 208	\$ 218	\$ 229	\$ 241	\$ 253	\$ 265	\$ 279	\$ 293	\$ 307	\$ 323
Revenues From Research												
<b>Total Revenues</b>	<b>\$ 1,919</b>	<b>\$ 2,128</b>	<b>\$ 1,788</b>	<b>\$ 1,948</b>	<b>\$ 2,159</b>	<b>\$ 1,821</b>	<b>\$ 1,983</b>	<b>\$ 2,165</b>	<b>\$ 1,859</b>	<b>\$ 2,023</b>	<b>\$ 2,237</b>	<b>\$ 1,903</b>
<b>Variable Expenses</b>												
Trainers' Fees	\$ 144	\$ 160	\$ 128	\$ 144	\$ 160	\$ 128	\$ 144	\$ 160	\$ 128	\$ 144	\$ 160	\$ 128
Variable overhead (research & develop. fees)												
Cost of Publications, Printing	\$ 105	\$ 75	\$ 75	\$ 150	\$ 30	\$ 30	\$ 150	\$ 30	\$ 30	\$ 135	\$ 45	\$ 720
Auditorium Rent	\$ 90	\$ 90	\$ 95	\$ 90	\$ 90	\$ 95	\$ 90	\$ 90	\$ 95	\$ 90	\$ 90	\$ 95
Other Variable Costs	\$ 339	\$ 325	\$ 223	\$ 384	\$ 280	\$ 223	\$ 560	\$ 456	\$ 399	\$ 545	\$ 471	\$ 399
<b>Total Variable Costs</b>	<b>\$ 1,580</b>	<b>\$ 1,803</b>	<b>\$ 1,555</b>	<b>\$ 1,564</b>	<b>\$ 1,879</b>	<b>\$ 1,598</b>	<b>\$ 1,423</b>	<b>\$ 1,739</b>	<b>\$ 1,460</b>	<b>\$ 1,478</b>	<b>\$ 1,766</b>	<b>\$ 1,504</b>
<b>Contribution Margin</b>												
<b>Fixed Expenses</b>												
Administrator's Salary	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
Assistant Salary	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Accounting Service Fee	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Office Services	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60
Office Rent	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Supply	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Maintenance	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Utilities (light, water, sewage)	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Local Phone	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Travel Expenses	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Membership Fees	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Advertising	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300
<b>Total Fixed Costs</b>	<b>\$ 1,160</b>	<b>\$ 1,080</b>	<b>\$ 1,280</b>	<b>\$ 1,180</b>	<b>\$ 1,080</b>	<b>\$ 1,280</b>	<b>\$ 1,180</b>	<b>\$ 1,080</b>	<b>\$ 1,280</b>	<b>\$ 1,180</b>	<b>\$ 1,080</b>	<b>\$ 1,280</b>
Operating Income	\$ 400	\$ 723	\$ 285	\$ 384	\$ 799	\$ 318	\$ 243	\$ 659	\$ 180	\$ 298	\$ 686	\$ 224
Other Income												
<b>Net Income Before Taxes</b>	<b>\$ 400</b>	<b>\$ 723</b>	<b>\$ 285</b>	<b>\$ 384</b>	<b>\$ 799</b>	<b>\$ 318</b>	<b>\$ 243</b>	<b>\$ 659</b>	<b>\$ 180</b>	<b>\$ 298</b>	<b>\$ 686</b>	<b>\$ 224</b>
Income Tax Provision												
Value Added Tax												
Payroll Taxes												
Tax for Exceeding Wage Normative												
<b>Total Tax Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Income</b>	<b>\$ 400</b>	<b>\$ 723</b>	<b>\$ 285</b>	<b>\$ 384</b>	<b>\$ 799</b>	<b>\$ 318</b>	<b>\$ 243</b>	<b>\$ 659</b>	<b>\$ 180</b>	<b>\$ 298</b>	<b>\$ 686</b>	<b>\$ 224</b>
<b>Cumulative Income</b>	<b>\$ (1,891)</b>	<b>\$ (1,168)</b>	<b>\$ (883)</b>	<b>\$ (499)</b>	<b>\$ 300</b>	<b>\$ 618</b>	<b>\$ 861</b>	<b>\$ 1,520</b>	<b>\$ 1,700</b>	<b>\$ 1,997</b>	<b>\$ 2,683</b>	<b>\$ 2,907</b>

**Exhibit # 3**  
Tax Exempt Status

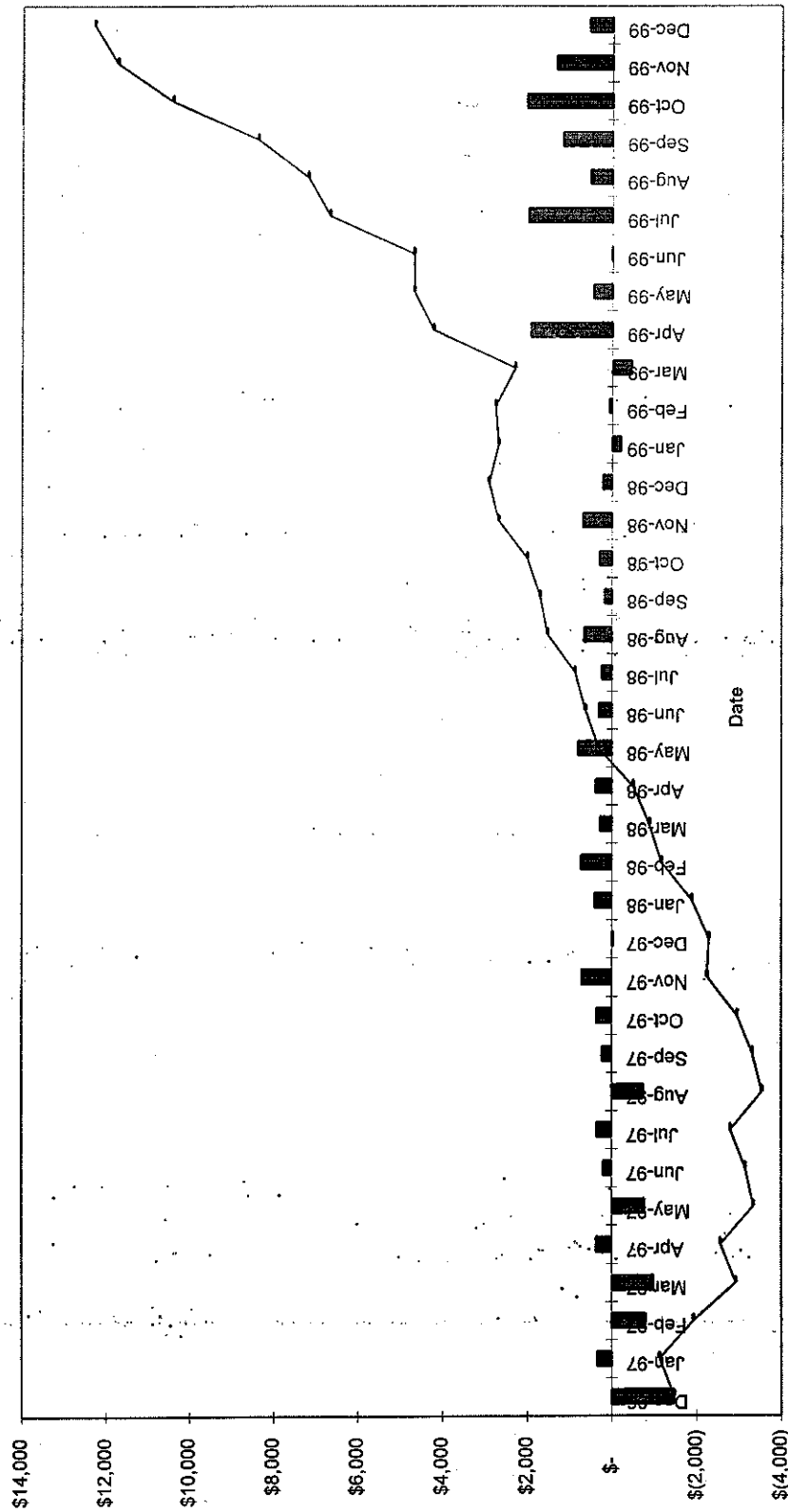
Date	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	
Revenues From Training	\$ 1,720	\$ 1,930	\$ 1,980	\$ 3,720	\$ 1,930	\$ 1,980	\$ 3,720	\$ 1,930	\$ 2,980	\$ 3,230	\$ 2,930	\$ 1,580	\$ 28,260
Revenues From Publications & Inform. Support	\$ 339	\$ 356	\$ 373	\$ 392	\$ 412	\$ 432	\$ 454	\$ 476	\$ 500	\$ 525	\$ 552	\$ 578	\$ 5,390
Revenues From Research													
<b>Total Revenues</b>	<b>\$ 2,069</b>	<b>\$ 2,286</b>	<b>\$ 1,853</b>	<b>\$ 4,112</b>	<b>\$ 2,342</b>	<b>\$ 2,012</b>	<b>\$ 4,184</b>	<b>\$ 2,406</b>	<b>\$ 3,480</b>	<b>\$ 3,755</b>	<b>\$ 2,882</b>	<b>\$ 2,158</b>	<b>\$ 33,650</b>
<b>Variable Expenses</b>													
Trainers' Fees	\$ 144	\$ 160	\$ 128	\$ 336	\$ 160	\$ 128	\$ 336	\$ 160	\$ 192	\$ 320	\$ 272	\$ 128	\$ 2,464
Variable overhead (research & develop. fees)	\$ 792	\$ 792	\$ 792	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 5,016
Cost of Publications, Printing	\$ 90	\$ 90	\$ 90	\$ 135	\$ 120	\$ 60	\$ 135	\$ 120	\$ 150	\$ 120	\$ 120	\$ 105	\$ 240
Auditorium Rent	\$ 90	\$ 90	\$ 95	\$ 100	\$ 90	\$ 95	\$ 100	\$ 90	\$ 115	\$ 100	\$ 80	\$ 95	\$ 1,245
Other Variable Costs	\$ 1,116	\$ 1,132	\$ 1,135	\$ 1,011	\$ 810	\$ 723	\$ 1,011	\$ 810	\$ 1,017	\$ 540	\$ 472	\$ 328	\$ 10,105
<b>Total Variable Costs</b>	<b>\$ 953</b>	<b>\$ 1,154</b>	<b>\$ 818</b>	<b>\$ 3,111</b>	<b>\$ 1,522</b>	<b>\$ 1,289</b>	<b>\$ 3,173</b>	<b>\$ 1,596</b>	<b>\$ 2,463</b>	<b>\$ 3,215</b>	<b>\$ 2,410</b>	<b>\$ 1,831</b>	<b>\$ 23,545</b>
<b>Contribution Margin</b>													
<b>Fixed Expenses</b>													
Administrator's Salary	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
Assistant Salary	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Accounting Service Fee	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Office Services	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 720
Office Rent	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Supply	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Maintenance	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Utilities (light, water, sewage)	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 240
Local Phone	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 240
Travel Expenses	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 120
Membership Fees	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 2,400
Advertising	\$ 1,180	\$ 1,080	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280	\$ 14,160
<b>Total Fixed Costs</b>	<b>\$ 2,277</b>	<b>\$ 74</b>	<b>\$ (462)</b>	<b>\$ 1,931</b>	<b>\$ 452</b>	<b>\$ 9</b>	<b>\$ 1,993</b>	<b>\$ 516</b>	<b>\$ 1,183</b>	<b>\$ 2,035</b>	<b>\$ 1,330</b>	<b>\$ 551</b>	<b>\$ 9,385</b>
<b>Operating Income</b>													
<b>Other Income</b>													
<b>Net Income Before Taxes</b>	<b>\$ (227)</b>	<b>\$ 74</b>	<b>\$ (462)</b>	<b>\$ 1,931</b>	<b>\$ 452</b>	<b>\$ 9</b>	<b>\$ 1,993</b>	<b>\$ 516</b>	<b>\$ 1,183</b>	<b>\$ 2,035</b>	<b>\$ 1,330</b>	<b>\$ 551</b>	<b>\$ 9,385</b>
Income Tax Provision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Value Added Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax for Exceeding Wage Normative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Tax Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Income</b>	<b>\$ (227)</b>	<b>\$ 74</b>	<b>\$ (462)</b>	<b>\$ 1,931</b>	<b>\$ 452</b>	<b>\$ 9</b>	<b>\$ 1,993</b>	<b>\$ 516</b>	<b>\$ 1,183</b>	<b>\$ 2,035</b>	<b>\$ 1,330</b>	<b>\$ 551</b>	<b>\$ 9,385</b>
<b>Cumulative Income</b>	<b>\$ 2,679</b>	<b>\$ 2,753</b>	<b>\$ 2,291</b>	<b>\$ 4,222</b>	<b>\$ 4,674</b>	<b>\$ 4,683</b>	<b>\$ 6,676</b>	<b>\$ 7,192</b>	<b>\$ 8,376</b>	<b>\$ 10,411</b>	<b>\$ 11,741</b>	<b>\$ 12,292</b>	<b>\$ 12,292</b>



# Exhibit # 4

Tax Exempt Status

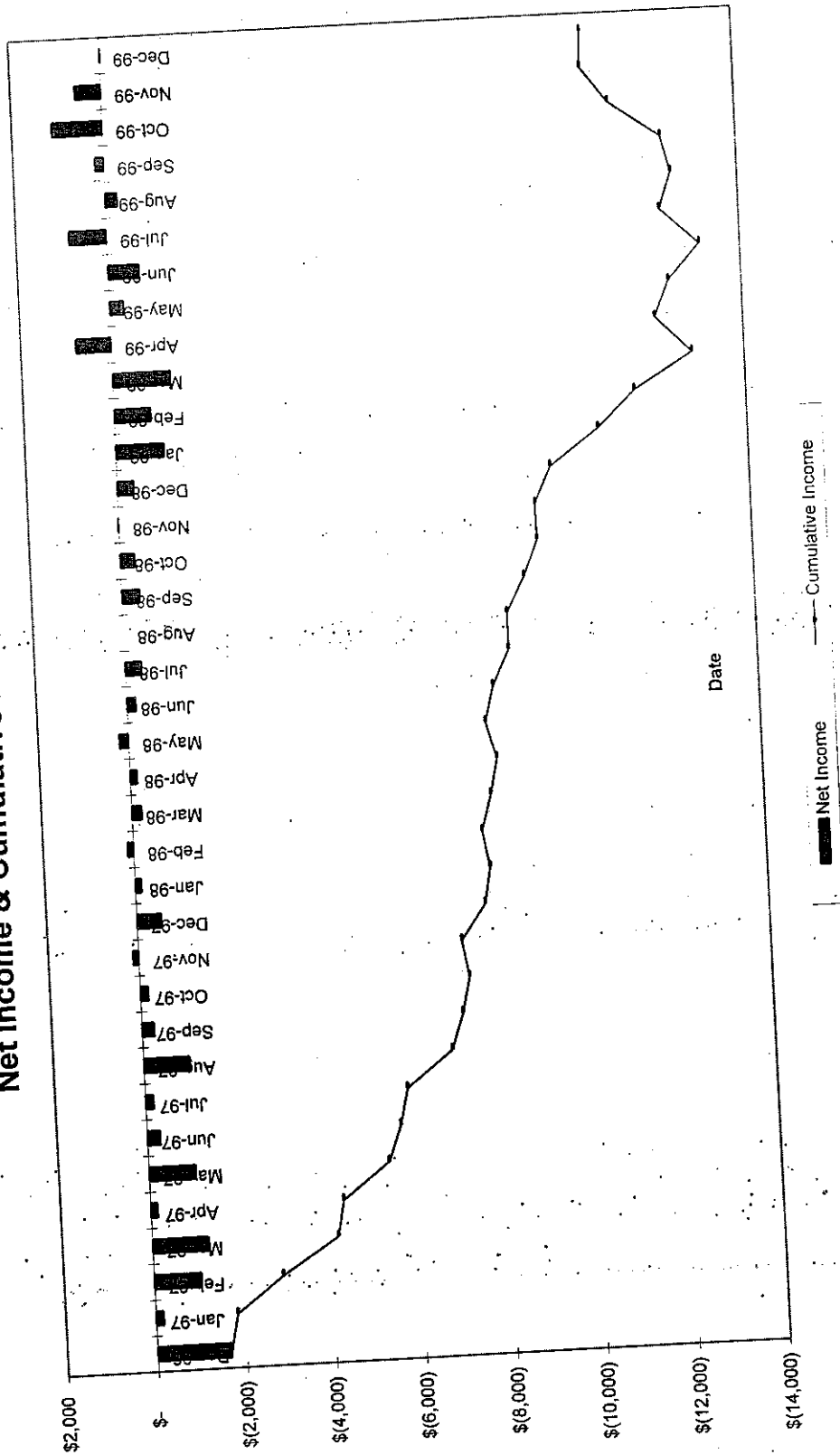
## Net Income & Cumulative Income Dynamics



# Exhibit # 5

Regular Non-Profit (subject to VAT Payroll Tax)

## Net Income & Cumulative Income Dynamics



## Exhibit # 6

## Regular Non-Profit Status

BALANCE SHEET as of December 30				
	1996	1997	1998	1999
<b>ASSETS</b>				
Cash	\$ 23,364	\$ 0	\$ (1,869)	\$ (1,034)
Accounts Receivable				
Inventories				
Net Equipment & Supply	\$ -	\$ 13,705	\$ 13,705	\$ 13,705
<b>Total Assets</b>	<b>\$ 23,364</b>	<b>\$ 13,705</b>	<b>\$ 11,836</b>	<b>\$ 12,671</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Notes Payable	\$ -	\$ -	\$ -	\$ -
Accruals	\$ -	\$ -	\$ -	\$ -
Long-Term Bonds	\$ -	\$ -	\$ -	\$ -
<b>EQUITY</b>				
Paid-in-Capital	\$ 40	\$ 125	\$ 125	\$ 125
Retained Earnings	\$ 23,324	\$ 13,580	\$ 11,711	\$ 12,546
<b>Total Liabilities and Equity</b>	<b>\$ 23,364</b>	<b>\$ 13,705</b>	<b>\$ 11,836</b>	<b>\$ 12,671</b>

## Exhibit # 7

## Regular Non-Profit Status

STATEMENT OF CASH FLOWS				
	1996	1997	1998	1999
<b>OPERATING ACTIVITIES</b>				
Net Income	\$ -	\$ (7,769)	\$ (1,869)	\$ (1,034)
Depreciation	\$ -	\$ -	\$ -	\$ -
Increase in Accounts Payable	\$ -	\$ -	\$ -	\$ -
Increase in Accruals	\$ -	\$ -	\$ -	\$ -
Increase in Accounts Receivable	\$ -	\$ -	\$ -	\$ -
Increase in Inventories	\$ -	\$ -	\$ -	\$ -
<b>Net Cash Flow From Operations</b>	<b>\$ -</b>	<b>\$ (7,769)</b>	<b>\$ (1,869)</b>	<b>\$ (1,034)</b>
<b>LONG-TERM INVESTING ACTIVITIES</b>				
Acquisition of Fixed Assets	\$ -	\$ -	\$ -	\$ -
<b>Net Cash Flow From Investing Activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FINANCING ACTIVITIES</b>				
Contribution of ICMA	\$ 23,324	\$ -	\$ -	\$ -
Increase in Notes Payable				
Increase in Bonds				
<b>Net Cash Flow From Financing</b>	<b>\$ 23,324</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Net Reduction in Cash and Marketable Securities	\$(23,364)	\$ 23,364	\$ 1,869	\$ (835)
Cash and Securities at Beginning of Year	\$ -	\$ 23,364	\$ 0	\$ (1,869)
<b>Cash and Securities at End of Year</b>	<b>\$ 23,364</b>	<b>\$ -</b>	<b>\$ (1,869)</b>	<b>\$ (1,034)</b>

**Exhibit # 8**  
Regular Non-Profit Status

Pro Forma Income Statement For The Three Years Ended December 31, 1999													
Date	Dec-96	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97
Revenues From Training	\$ -	\$ 1,700	\$ 300	\$ 1,700	\$ 300	\$ 1,560	\$ 1,730	\$ 330	\$ 1,580	\$ 1,730	\$ 1,780	\$ 1,930	\$ 1,580
Revenues From Publications & Inform. Suppor	\$ 100	\$ 105	\$ 110	\$ 116	\$ 122	\$ 128	\$ 134	\$ 141	\$ 148	\$ 155	\$ 163	\$ 171	\$ 180
Revenues From Research	\$ 100	\$ 1,805	\$ 410	\$ 416	\$ 1,822	\$ 428	\$ 1,684	\$ 1,871	\$ 478	\$ 1,735	\$ 1,893	\$ 2,101	\$ 1,760
<b>Total Revenues</b>	\$ 200	\$ 3,210	\$ 1,826	\$ 3,254	\$ 3,250	\$ 3,396	\$ 3,652	\$ 3,746	\$ 3,916	\$ 3,673	\$ 3,836	\$ 4,202	\$ 3,320
Variable Expenses	\$ -	\$ 136	\$ 72	\$ 72	\$ 136	\$ 72	\$ 120	\$ 144	\$ 80	\$ 128	\$ 144	\$ 160	\$ 128
Trainers' Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Variable overhead (research & develop. fees)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of Publications, Printing	\$ 300	\$ 60	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ 105	\$ -	\$ -	\$ 120	\$ 60	\$ -
Auditorium Rent	\$ -	\$ 80	\$ 80	\$ 80	\$ 80	\$ 60	\$ 85	\$ 90	\$ 70	\$ 95	\$ 90	\$ 90	\$ 95
Other Variable Costs	\$ 300	\$ 276	\$ 132	\$ 132	\$ 276	\$ 132	\$ 205	\$ 339	\$ 150	\$ 223	\$ 354	\$ 310	\$ 523
<b>Total Variable Costs</b>	\$ 600	\$ 452	\$ 284	\$ 284	\$ 552	\$ 268	\$ 410	\$ 539	\$ 328	\$ 512	\$ 512	\$ 550	\$ 618
<b>Contribution Margin</b>	\$ (400)	\$ 1,529	\$ 278	\$ 284	\$ 1,546	\$ 286	\$ 1,479	\$ 1,532	\$ 328	\$ 1,512	\$ 1,539	\$ 1,791	\$ 1,237
Fixed Expenses	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
Administrator's Salary	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Assistant Salary	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Accounting Service Fee	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80
Office Services	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Office Rent	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Supply	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Maintenance	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Utilities (light, water, sewage)	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Local Phone	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Travel Expenses	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Membership Fees	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300
Advertising	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280
<b>Total Fixed Costs</b>	\$ (1,480)	\$ 349	\$ (602)	\$ (596)	\$ (596)	\$ (596)	\$ (596)	\$ (596)	\$ (596)	\$ (596)	\$ (596)	\$ (596)	\$ (596)
<b>Operating Income</b>	\$ (1,480)	\$ 1,180	\$ (324)	\$ (312)	\$ (350)	\$ (310)	\$ (147)	\$ (64)	\$ (68)	\$ (444)	\$ (457)	\$ (105)	\$ (369)
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Income Before Taxes</b>	\$ (1,480)	\$ 1,180	\$ (324)	\$ (312)	\$ (350)	\$ (310)	\$ (147)	\$ (64)	\$ (68)	\$ (444)	\$ (457)	\$ (105)	\$ (369)
Income Tax Provision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Value Added Tax	\$ (17)	\$ (301)	\$ (68)	\$ (68)	\$ (68)	\$ (304)	\$ (71)	\$ (281)	\$ (312)	\$ (80)	\$ (289)	\$ (316)	\$ (293)
Payroll Taxes	\$ (170)	\$ (221)	\$ (187)	\$ (187)	\$ (221)	\$ (187)	\$ (215)	\$ (223)	\$ (200)	\$ (216)	\$ (223)	\$ (229)	\$ (218)
Tax for Exceeding Wage Normality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Tax Expenses</b>	\$ (187)	\$ (521)	\$ (255)	\$ (255)	\$ (289)	\$ (255)	\$ (289)	\$ (289)	\$ (289)	\$ (289)	\$ (289)	\$ (289)	\$ (289)
<b>Net Income</b>	\$ (1,667)	\$ (172)	\$ (582)	\$ (567)	\$ (639)	\$ (565)	\$ (436)	\$ (153)	\$ (168)	\$ (733)	\$ (746)	\$ (394)	\$ (654)
<b>Cumulative Income</b>	\$ (1,667)	\$ (1,839)	\$ (2,421)	\$ (2,988)	\$ (4,327)	\$ (5,380)	\$ (6,859)	\$ (8,391)	\$ (9,973)	\$ (11,706)	\$ (13,595)	\$ (15,696)	\$ (18,140)

**Exhibit # 8**  
**Regular Non-Profit Status**

Date	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98
Revenues From Training	\$ 1,930	\$ 1,580	\$ 1,580	\$ 1,730	\$ 1,930	\$ 1,580	\$ 1,730	\$ 1,930	\$ 1,580	\$ 1,730	\$ 1,930	\$ 1,580
Revenues From Publications & Inform. Support	\$ 189	\$ 196	\$ 208	\$ 218	\$ 229	\$ 241	\$ 253	\$ 265	\$ 279	\$ 293	\$ 307	\$ 323
Revenues From Research	\$ 1,919	\$ 2,128	\$ 1,788	\$ 1,948	\$ 2,159	\$ 1,821	\$ 1,983	\$ 2,195	\$ 1,859	\$ 2,023	\$ 2,237	\$ 1,903
<b>Total Revenues</b>												
Variable Expenses	\$ 144	\$ 160	\$ 128	\$ 144	\$ 160	\$ 128	\$ 144	\$ 160	\$ 128	\$ 144	\$ 160	\$ 128
Trainers' Fees												
Variable overhead (research & develop. fees)												
Cost of Publications, Printing	\$ 105	\$ 75	\$ 75	\$ 150	\$ 30	\$ 30	\$ 150	\$ 30	\$ 30	\$ 135	\$ 45	\$ 720
Auditorium Rent	\$ 90	\$ 90	\$ 95	\$ 90	\$ 90	\$ 95	\$ 90	\$ 90	\$ 95	\$ 90	\$ 90	\$ 95
Other Variable Costs	\$ 339	\$ 325	\$ 223	\$ 384	\$ 280	\$ 223	\$ 560	\$ 456	\$ 399	\$ 545	\$ 471	\$ 399
<b>Total Variable Costs</b>												
Contribution Margin	\$ 1,580	\$ 1,803	\$ 1,565	\$ 1,564	\$ 1,879	\$ 1,698	\$ 1,423	\$ 1,739	\$ 1,460	\$ 1,478	\$ 1,756	\$ 1,504
Fixed Expenses	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
Administrator's Salary	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Assistant Salary	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Accounting Service Fee	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60
Office Services	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Office Rent	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Supply	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Maintenance	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Utilities (light, water, sewage)	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Local Phone	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Travel Expenses	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Membership Fees	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300
Advertising	\$ 1,180	\$ 1,080	\$ 1,280	\$ 1,080	\$ 1,080	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280	\$ 1,180	\$ 1,080	\$ 1,280
<b>Total Fixed Costs</b>												
Operating Income	\$ 400	\$ 723	\$ 285	\$ 384	\$ 799	\$ 318	\$ 243	\$ 659	\$ 180	\$ 298	\$ 686	\$ 224
Other Income												
Net Income Before Taxes	\$ 400	\$ 723	\$ 285	\$ 384	\$ 799	\$ 318	\$ 243	\$ 659	\$ 180	\$ 298	\$ 686	\$ 224
Income Tax Provision	\$ (320)	\$ (355)	\$ (296)	\$ (325)	\$ (350)	\$ (304)	\$ (331)	\$ (366)	\$ (310)	\$ (337)	\$ (373)	\$ (317)
Value Added Tax	\$ (223)	\$ (229)	\$ (216)	\$ (223)	\$ (229)	\$ (216)	\$ (289)	\$ (285)	\$ (283)	\$ (289)	\$ (285)	\$ (283)
Payroll Taxes	\$ (543)	\$ (584)	\$ (516)	\$ (548)	\$ (589)	\$ (521)	\$ (619)	\$ (650)	\$ (593)	\$ (626)	\$ (667)	\$ (600)
Tax for Exceeding Wage Normative												
<b>Total Tax Expenses</b>												
Net Income	\$ (144)	\$ 139	\$ (231)	\$ (164)	\$ 210	\$ (203)	\$ (376)	\$ (1)	\$ (413)	\$ (328)	\$ 19	\$ (376)
Cumulative Income	\$ (7,913)	\$ (7,774)	\$ (8,005)	\$ (8,159)	\$ (7,939)	\$ (8,162)	\$ (8,539)	\$ (8,540)	\$ (8,953)	\$ (9,281)	\$ (9,262)	\$ (9,639)

**Exhibit # 8**  
Regular Non-Profit Status

Date	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	
Revenues From Training	\$ 1,730	\$ 1,930	\$ 1,580	\$ 3,730	\$ 1,930	\$ 1,580	\$ 3,730	\$ 1,930	\$ 2,980	\$ 3,230	\$ 2,330	\$ 1,580	\$ 28,260
Revenues From Publications & Inform. Support	\$ 339	\$ 356	\$ 373	\$ 382	\$ 412	\$ 432	\$ 454	\$ 476	\$ 500	\$ 525	\$ 552	\$ 579	\$ 5,390
Revenues From Research													
<b>Total Revenues</b>	<b>\$ 2,069</b>	<b>\$ 2,286</b>	<b>\$ 1,953</b>	<b>\$ 4,122</b>	<b>\$ 2,342</b>	<b>\$ 2,012</b>	<b>\$ 4,184</b>	<b>\$ 2,406</b>	<b>\$ 3,480</b>	<b>\$ 3,755</b>	<b>\$ 2,882</b>	<b>\$ 2,159</b>	<b>\$ 33,650</b>
<b>Variable Expenses</b>													
Trainers' Fees	\$ 144	\$ 160	\$ 128	\$ 336	\$ 160	\$ 128	\$ 336	\$ 160	\$ 192	\$ 320	\$ 272	\$ 128	\$ 2,464
Variable overhead (research & develop. fees)	\$ 792	\$ 792	\$ 792	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ 440	\$ -	\$ -	\$ -	\$ 5,016
Cost of Publications, Printing	\$ 90	\$ 90	\$ 90	\$ 135	\$ 120	\$ 60	\$ 135	\$ 120	\$ 120	\$ 120	\$ 120	\$ 105	\$ 240
Auditorium Rent	\$ 90	\$ 90	\$ 95	\$ 100	\$ 90	\$ 95	\$ 100	\$ 90	\$ 115	\$ 100	\$ 80	\$ 95	\$ 1,140
Other Variable Costs	\$ 1,116	\$ 1,132	\$ 1,135	\$ 1,011	\$ 810	\$ 723	\$ 1,011	\$ 810	\$ 1,017	\$ 540	\$ 472	\$ 328	\$ 10,105
<b>Total Variable Costs</b>	<b>\$ 963</b>	<b>\$ 1,154</b>	<b>\$ 818</b>	<b>\$ 3,111</b>	<b>\$ 1,532</b>	<b>\$ 1,289</b>	<b>\$ 3,173</b>	<b>\$ 1,596</b>	<b>\$ 2,463</b>	<b>\$ 3,215</b>	<b>\$ 2,410</b>	<b>\$ 1,831</b>	<b>\$ 23,545</b>
<b>Contribution Margin</b>													<b>\$ 66,052</b>
<b>Fixed Expenses</b>													
Administrator's Salary	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
Assistant Salary	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Accounting Service Fee	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Office Services	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 720
Office Rent	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Supply	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Maintenance	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Utilities (light, water, sewage)	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 240
Local Phone	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 240
Travel Expenses	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 240
Membership Fees	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 120
Advertising	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 200	\$ 100	\$ 300	\$ 2,400
<b>Total Fixed Costs</b>	<b>\$ 1,180</b>	<b>\$ 1,080</b>	<b>\$ 1,280</b>	<b>\$ 1,180</b>	<b>\$ 1,080</b>	<b>\$ 1,280</b>	<b>\$ 1,180</b>	<b>\$ 1,080</b>	<b>\$ 1,280</b>	<b>\$ 1,180</b>	<b>\$ 1,080</b>	<b>\$ 1,280</b>	<b>\$ 14,160</b>
<b>Operating Income</b>	<b>\$ (227)</b>	<b>\$ 74</b>	<b>\$ (462)</b>	<b>\$ 1,831</b>	<b>\$ 462</b>	<b>\$ 9</b>	<b>\$ 1,893</b>	<b>\$ 516</b>	<b>\$ 1,183</b>	<b>\$ 2,035</b>	<b>\$ 1,330</b>	<b>\$ 551</b>	<b>\$ 9,385</b>
Other Income													
<b>Net Income Before Taxes</b>	<b>\$ (227)</b>	<b>\$ 74</b>	<b>\$ (462)</b>	<b>\$ 1,831</b>	<b>\$ 462</b>	<b>\$ 9</b>	<b>\$ 1,893</b>	<b>\$ 516</b>	<b>\$ 1,183</b>	<b>\$ 2,035</b>	<b>\$ 1,330</b>	<b>\$ 551</b>	<b>\$ 9,385</b>
Income Tax Provision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Value Added Tax	\$ (345)	\$ (381)	\$ (326)	\$ (687)	\$ (330)	\$ (335)	\$ (697)	\$ (407)	\$ (580)	\$ (826)	\$ (480)	\$ (260)	\$ (5,609)
Payroll Taxes	\$ (517)	\$ (522)	\$ (511)	\$ (457)	\$ (392)	\$ (380)	\$ (457)	\$ (392)	\$ (404)	\$ (289)	\$ (271)	\$ (216)	\$ (4,810)
Tax for Exceeding Wage Normative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Tax Expenses</b>	<b>\$ (861)</b>	<b>\$ (903)</b>	<b>\$ (836)</b>	<b>\$ (1,144)</b>	<b>\$ (783)</b>	<b>\$ (716)</b>	<b>\$ (1,155)</b>	<b>\$ (793)</b>	<b>\$ (984)</b>	<b>\$ (815)</b>	<b>\$ (751)</b>	<b>\$ (577)</b>	<b>\$ (10,419)</b>
<b>Net Income</b>	<b>\$ (1,089)</b>	<b>\$ (830)</b>	<b>\$ (1,298)</b>	<b>\$ 787</b>	<b>\$ (331)</b>	<b>\$ (707)</b>	<b>\$ 838</b>	<b>\$ (277)</b>	<b>\$ 199</b>	<b>\$ 1,421</b>	<b>\$ 578</b>	<b>\$ (26)</b>	<b>\$ (1,034)</b>
<b>Cumulative Income</b>	<b>\$ (10,727)</b>	<b>\$ (11,557)</b>	<b>\$ (12,655)</b>	<b>\$ (12,068)</b>	<b>\$ (12,339)</b>	<b>\$ (13,106)</b>	<b>\$ (12,269)</b>	<b>\$ (12,545)</b>	<b>\$ (12,346)</b>	<b>\$ (11,225)</b>	<b>\$ (10,647)</b>	<b>\$ (10,673)</b>	<b>\$ (10,673)</b>

## Exhibit # 9

## Tax Exempt Status

BALANCE SHEET as of December 30				
	1996	1997	1998	1999
<b>ASSETS</b>				
Cash	\$ 19,144	\$ 1,259	\$ 5,197	\$ 9,385
Accounts Receivable				
Inventories				
Net Equipment & Supply	\$ -	\$ 13,705	\$ 13,705	\$ 13,705
<b>Total Assets</b>	<b>\$ 19,144</b>	<b>\$ 14,964</b>	<b>\$ 18,902</b>	<b>\$ 23,090</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Notes Payable	\$ -	\$ -	\$ -	\$ -
Accruals	\$ -	\$ -	\$ -	\$ -
Long-Term Bonds	\$ -	\$ -	\$ -	\$ -
<b>EQUITY</b>				
Paid-in-Capital	\$ 40	\$ 125	\$ 125	\$ 125
Retained Earnings	\$ 19,104	\$ 14,839	\$ 18,777	\$ 22,965
<b>Total Liabilities and Equity</b>	<b>\$ 19,144</b>	<b>\$ 14,964</b>	<b>\$ 18,902</b>	<b>\$ 23,090</b>



## Exhibit # 10

## Tax Exempt Status

STATEMENT OF CASH FLOWS				
	1996	1997	1998	1999
<b>OPERATING ACTIVITIES</b>				
Net Income	\$ -	\$ (2,291)	\$ 5,197	\$ 9,385
Depreciation	\$ -	\$ -	\$ -	\$ -
Increase in Accounts Payable	\$ -	\$ -	\$ -	\$ -
Increase in Accruals	\$ -	\$ -	\$ -	\$ -
Increase in Accounts Receivable	\$ -	\$ -	\$ -	\$ -
Increase in Inventories	\$ -	\$ -	\$ -	\$ -
<b>Net Cash Flow From Operations</b>	<b>\$ -</b>	<b>\$ (2,291)</b>	<b>\$ 5,197</b>	<b>\$ 9,385</b>
<b>LONG-TERM INVESTING ACTIVITIES</b>				
Acquisition of Fixed Assets	\$ -	\$ -	\$ -	\$ -
<b>Net Cash Flow From Investing Activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FINANCING ACTIVITIES</b>				
Contribution of ICMA	\$ 17,846	\$ -	\$ -	\$ -
Increase in Notes Payable				
Increase in Bonds				
<b>Net Cash Flow From Financing</b>	<b>\$ 17,846</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Reduction in Cash and Marketable Securities</b>	<b>\$ (19,144)</b>	<b>\$ 17,886</b>	<b>\$ (3,939)</b>	<b>\$ (4,188)</b>
<b>Cash and Securities at Beginning of Year</b>	<b>\$ -</b>	<b>\$ 19,144</b>	<b>\$ 1,259</b>	<b>\$ 5,197</b>
<b>Cash and Securities at End of Year</b>	<b>\$ 19,144</b>	<b>\$ 1,259</b>	<b>\$ 5,197</b>	<b>\$ 9,385</b>

## Exhibit #11

## DESCRIPTION OF COURSES

Courses	Duration	Fee/ Course	Starting Date	Frequency	Number of participants	Updating
Condominium # 101	6 h/ 1 day	\$ 5	01.01.97	1/ month	480/ year	Semiannually
Condominium # 201	6 h/ 1 day	\$5	01.01.97	2/ month	240 / year	Semiannually
Property Management	12 h/ 2 days	\$50	07.01.97	1/quarter	100 / year	Semiannually
Real Estate Brokerage	16 h/ 3 days	\$70	01.01.97	1/quarter	80 / year	Quarterly
Real Estate Appraisal	20 h/ 4 days	\$80	10.01.97	1/quarter	80 / year	Quarterly
Real Estate Lawyer	40 h/ 7 days	\$130	10.01.99	1/quarter	40 / year	Quarterly
Real Estate Agency Manager	48 h/ 8 days	\$200	04.01.99	1/quarter	40 / year	Quarterly
Real Estate Owner	2 h/ 1 day	\$3	07.01.97	1/ month	120 / year	Semiannually

## Exhibit #12

## ADVERTISING RATES

Advertising Contact	Channels Served	Scheduled per minute rate (Dollars)	Regions Covered
State Advertising Agency (division of State Television Company)	Channels I and II Armenian State TV	Rates for Channel I Ad clip <ul style="list-style-type: none"> <li>• 18:00-20:00 -- \$60/300</li> <li>• 20:00-22:00 -- \$90/500</li> <li>• 22:00-24:00 -- \$80/400</li> </ul> All advertising on CH II is discounted 50% from the above rates	Republic Armenia
"Paradise" Advertising Agency (private company)	Channels I and II Armenian State TV	\$60 CH I: 20:00 & 23:30 (only) CH II: 19:00 - 19:30 (Fri. & Sun only)	ROA
"A1" studio (private company)	Channels I and II Armenian State TV	\$90	ROA
"MIR" affiliate of the Russian State TV/Radio Co.	Ostankino TV Company (OTV)	Day: \$2,000-\$4,000 Evening: \$5,000-\$8,000	CIS countries

## Advertising Rates For Armenian Radiostations

Type of program	Channels	Hours of Broadcast	Per minute rates (Dollars)	Regions Covered	Schedule of programs
State Radio Company (state company)	City radio network, LW, UHW	6:00-24:00	\$10-\$30 6:00-8:00: \$20 8:00-14:00: \$30 14:00-18:00: \$20 18:00-22:00: \$15 22:00-24:00: \$10	Yerevan	Every day
Stereo Studio (state company)	AM, UHW, City radio network	10:00-17:00	\$30 (50% discount available for the purchase of 10-15 spots)	Republic of Armenia, Caucus, Baltic	Every day by AM and UHW
HAL-FM (private company)	FM 105.5	7:00-24:00	\$3-\$10	Yerevan	Every day
Lasto (private company)	FM 106.5	7:00-24:00	\$10-\$20	Yerevan	Every day

# X. APPENDICIES

Appendix A

Q U E S T I O N N A I R E

1. Do you realise the necessity to create a "Center for Real Estate Research and Training "

Yes

No

*If "yes"*

2. In your opinion, what issues will it solve. List them by importance.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

*If "no"*

3. In your opinion, why there isn't a need for that "Center".

-----  
-----  
-----

4. Are there other organizations with the same type of performance? List them, please.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

5. What programs they are realizing. List the programs, and using five point scale evaluate:

- I. to what extent they are able to solve the existing issues,
- II. their correspondence to current requirements,

	I.	II.
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____

6. In your opinion, during it's activities what programs will the "Center" suggest?

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_
- 5. \_\_\_\_\_

7. In your opinion, what research studies will the "Center" realize during it's activities?

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_

8. Would you like to be involved in "Center's" steering committees performance?

Yes

No

9. In your opinion, what other organization's representatives are appropriate to be involved into "Center's" steering committee's activities?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

10. What other suggestions and/ or recommendations you have concerning to this organization?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_



## Appendix B

## List of Respondents

AREA - N. Zarian 22

- |           |           |   |
|-----------|-----------|---|
| 1. Tigran | Kocharian |   |
| 2. Rudolf | Hounanian | Tel. 56-25-63 o, 58-57-70 o, 62-87-70 h |
| 3. Ruben  | Deghoyan  |   |
| 4. Ashot  | Minassian |   |

Government

- |          |           |                      |
|----------|-----------|----------------------|
| 5. Artak | Bagratuni | Tel. 52-56-93, 64-31 |
|----------|-----------|----------------------|

Armenian Builders Association - Koryuni 19a

- |                  |  |               |
|------------------|--|---------------|
| 6. Yuri Simonian |  | Tel. 58-94-80 |
|------------------|--|---------------|

USAID - Marston

- |               |  |            |
|---------------|--|------------|
| 7. Ivan Ford, |  | Tel. 54-38 |
|---------------|--|------------|

Yerevan Office Of Condominium Service

- |                        |  |               |
|------------------------|--|---------------|
| 8. Ruben Ter-Grigorian |  | Tel. 52-03-53 |
|------------------------|--|---------------|

Institute of Architects and Construction

- |                 |  |               |
|-----------------|--|---------------|
| 9. Irina Vanian |  | Tel. 56-28-98 |
|-----------------|--|---------------|

Yerevan State Enterprise of Inventory- Khanjian st.

- |                     |  |                           |
|---------------------|--|---------------------------|
| 10. Arsen Bagratian |  | Tel. 58-56-71 or 58-51-76 |
|---------------------|--|---------------------------|

ICMA Consultant

- |                  |  |               |
|------------------|--|---------------|
| 11. Richard Almy |  | Tel. 58-11-32 |
|------------------|--|---------------|

Tax Inspection, Real Property Tax Department

- |                       |  |                      |
|-----------------------|--|----------------------|
| 12. Samvel Abrahamian |  | Tel. 53-81-75, 61-46 |
|-----------------------|--|----------------------|

Yerevan City County

- |                     |  |                                       |
|---------------------|--|---------------------------------------|
| 13. Haik Karapetian |  | Tel. 56-49-71, 56-59-81<br>73-37-31h. |
|---------------------|--|---------------------------------------|

Ministry of Urban Construction

## Cadastral Department

- |                     |  |              |
|---------------------|--|--------------|
| 14. Manuk Vardanian |  | Tel 58-33-21 |
|---------------------|--|--------------|

Companies out of AREA"Tigris" Abovian st.

15. Vardan Saponjian

Tel. 58-23-52, 56-12-92

"DIA" Nalb.-47

16. Erik Mesropian

Tel. 52-18-98

"AGAT" Abovian st.

17. Gevorg Avagian

Tel. 56-15-49, 59-73-64, 59-73-65

"AYAS" Abovian 16.

18. Tigran Muradian

Tel. 56-29-57, 59-73-30

"M&M" Grigor Lusavorich st.

19. Harutyun Martirosian

Tel. 56-55-65, 56-55-83

Union of Real Estate Agencies of Armenia"Elephant" - Nalb.-5

20. Karen Avetisian

Tel. 58-14-29

"IMPULS"

21. Khachatur Avagian

Tel. 63-18-14, 64-00-69,

## Appendix C

## Survey Findings

#1. *Do you realize the necessity to create a "Center for Real Estate Research and Training"?*

100% of respondents answered "Yes".

#2. *In your opinion, what issues it will solve. List them, please.*

1. Real Estate (RE), Real Estate Market (REM), and Real Estate Agents (REA) activities investigation based on the internal and foreign information and the dissemination of its results.

N	Answers	33
1	Scientific research and analysis on REM	8
2	Appraisal methods investigation	4
3	Contribution to the creation of information center	4
4	Developed countries experience investigation	6
5	Liason role and trust development among RE agencies	2
6	Provision of information for public-at-all	2
7	REM monitoring	2
8	Other	5
1	Price formation analysis	1
2	Informational support concerning RE engineering provision	1
3	REM participants rating development	1
4	Training and information coordination	1
5	Provision of reliable information about REA activities	1

2. Training, Certification, and Licensing of REM participants.

N	Answers	23
1	Specialists' training	14
2	RE activities participants licensing	5
3	RE managers' training	3
4	RE owners training	1

3. Development of the RE policy, civilized REM, laws, legislative suggestions on that field and some professional methodology, and standards and training programs for REM participants.

N	Answers	35
1	RE legislation improvement	15
2	REM development	5
3	RE policy development	3
4	REM service improvement	2
5	Development of professional standards for RE specialists	2
6	Other	8
1	Participation in the development of appraisal methods for RA	1
2	Training program development based on Center's investigations	1
3	RE appraisal service provision	1
4	Development of Law on RE brokerage	1
5	Elimination of RE "black" market	1
6	Issuance of RE methodological forms	1
7	Standardization of RE related documentation	1
8	RE insurance	1

#4. Are there other organizations with the same type of performance? List them, please.

N	Answers	31
1	AREA	8
2	No, there is not	7
3	AUREA	2
4	YSU	2
5	YSEI	2
6	There is, but I don't know exactly	2
7	Other	6
1	Ministry of Urban Development	1
2	Ministry of Agriculture	1
3	Tax Inspectorate	1
4	RERPP	1
5	Giprozem	1
6	ICMA	1

#5. *What programs they are realizing. List the programs, and using five point scale evaluate:*

N	Answers	26
1	I don't know	9
2	Brokerage services and training	4
3	Appraisers training	3
4	Creation of appraising system	2
5	Other	3
6	Database creation and research	1
7	Tax regulation	1
8	Cadastr creation	1
9	Training on condominium foundation	1
10	General courses on condominiums	1

#6. *In your opinion, during it's activities what training programs will the "Center" suggest?*

N	Answers	50
1	Programs for brokers and appraisers	18
2	RE legislative programs	5
3	Programs for RE lawyers	4
4	REA management programs	3
5	Programs concerning any RE activity	2
6	General management program	2
7	Program on RE contracts	2
8	RE management and service program	2
9	Developed countries experience study program	2
10	I don't know	2
11	Others	8
1	REM monitoring program	1
2	REA manager's asisstant training program	1
3	RE concept program	1
4	Tax policy program	1
5	Condominium program	1
6	RE pasportization program	1
7	Government policy research program	1
8	RE insurance program	1
9	RE registration and cadastral system programs	1

#7. *In your opinion, what research studies will the "Center" realise during it's activities?*

N	Answers	42
1	RE market research program	13
2	Legislation research program	7
3	Foreign countries experience research program	3
4	Price formation factors research program	3
5	REM participants research program	2
6	Psychological research program	2
7	Government agencies research program	2
8	RE appraisal mothodology research program	1
9	Tax influence on REM research program	1
10	REA experience research program	1
11	Social statement for RE brokerage	1
12	Old buildings research program	1
13	Project changes and control research program	1
14	RE --- Banking system research program	1
15	Population migration trends research program	1
16	Research program on consumers' opinion about RE insurance	1
17	Future of RE in Armenia	1

#8. *Would you like to be involved in "Center's" steering committees performance?*

N	Answers	21
1	Yes	17
2	No	3
3	I don't know	1

#9. *In your opinion, what other organisation's representatives are appropriate to be involved into "Center's" steering committees activities?*

N	Answers	101
1	A. Bagratian	12
2	AREA	9
3	Urban development Ministry	9
4	Ministry of Justice	7
5	AGAT	6
6	DIA	4
7	General professionals	4
8	Tax Inspectorate	3
9	Marzpetaran	3
10	AYAS	3
11	Yura(sedoi)	3

12	M&M	3
13	Ministry of Finance	2
14	National Assembly	2
15	CS	2
16	Ministry of Economy	2
17	Government	2
18	Impuls	2
19	Fort	2
20	Tigris	2
21	Citizens	2
22	A. Pribylski	1
23	Banking system	1
24	REA	1
25	Agriculture specialists	1
26	Independent realtors	1
27	BPSPI	1
28	ARMSEYSMCONSTR	1
29	Mars	1
30	Elephant	1
31	Businessinvest	1
32	Artur	1
33	Ministry of Education	1
34	PAS	1
35	Giprozem	1
36	Anush-7	1
37	NGO	1
38	No one	1

Appendix D

TRAINING & RESEARCH PROGRAMS  
SCHEDULE (1996 - 1997)

N	Programs	1997												
		1	2	3	4	5	6	7	8	9	10	11	12	
1	Condominium # 101	■	■	■	■	■	■	■	■	■	■	■	■	■
2	Condominium # 201	■	■	■	■	■	■	■	■	■	■	■	■	■
3	Property Management													
4	Real Estate Brokerage	■			■			■						
5	Appraisal												■	
6	Real Estate Lawyer													
7	Real Estate Agency Manager													
8	Real Estate Owner												■	■




- TRAINING ACTIVITIES

R - RESEARCH ACTIVITIES




**T R A I N I N G & R E S E A R C H P R O G R A M S  
S C H E D U L E ( 1 9 9 8 )**

N	Programs	1998												
		1	2	3	4	5	6	7	8	9	10	11	12	
1	Condominium # 101													
2	Condominium # 201													
3	Property Management													
4	Real Estate Brokerage													
5	Appraisal													
6	Real Estate Lawyer													
7	Real Estate Agency Manager							R	R	R	R	R	R	R
8	Real Estate Owner													


 - T R A I N I N G A C T I V I T I E S  
 R - R E S E A R C H A C T I V I T I E S

**T R A I N I N G & R E S E A R C H P R O G R A M S  
S C H E D U L E ( 1 9 9 9 )**

N	Programs	1999													
		1	2	3	4	5	6	7	8	9	10	11	12		
1	Condominium # 101														
2	Condominium # 201														
3	Property Management														
4	Real Estate Brokerage														
5	Appraisal														
6	Real Estate Lawyer	R	R	R	R	R	R	R	R	R	R	R	R	R	R
7	Real Estate Agency Manager	R	R	R	R	R	R	R	R	R	R	R	R	R	R
8	Real Estate Owner														


 - T R A I N I N G A C T I V I T I E S  
 R - R E S E A R C H A C T I V I T I E S

**Appendix E****THE CHARTER****of Center for Real Estate Research and Training****I General Provisions**

1.1 Center for Real Estate Research and Training (hereinafter referred to as "the Company") is a not-for-profit organization established in the organizational-legal form of a limited liability company according to the foundation agreement of "\_\_\_\_\_" \_\_\_\_\_ 1996.

1.2. Company is acting according to the Law on Enterprises and Entrepreneurial Activity, Law on Non-profit Seeking Organizations, other pertinent legislative acts of the Republic of Armenia, the foundation agreement and this Charter.

1.3. The Company is a legal person (it may enter into agreements on its own behalf, acquire property and personal non-property rights and obligations, appear as a plaintiff or a defendant in a court, economic court or an arbitration court), it has its own balance sheet, bank account and seal.

1.4. The Company is prohibited from generating profits from its investment property and economic activities. It also cannot become a member of any economic union that is allowed to generate profit. The Company may use its revenues only for purposes related to its activity and specified in this Charter.

1.5. The Company can establish affiliates for affording activities specified in its Charter.

1.6. The founders of the Company are-----

1.7. Legal address of the Company:-----

1.8. Short name of the Center for Real Estate Research and Training: CRERT.

## II The Objectives of the Company

The objectives of the Company:

- 2.1. **Investigation** of the real estate, real estate market, and agents/agencies activities based on the internal and foreign information and the dissemination of its results.
- 2.2. **Training** and certification of real estate market participants.
- 2.3. **Development** of the real estate policy, modern real estate market, laws, legislative suggestions, some professional methodology and standards for this field, and training programs for real estate market participants.

## III The Rights and Duties of the Company

3.1 In order to provide functions and obligations reflected in its Charter, the Company has the right of:

- to acquire equipment, stocks, and other assets according to the Legislation of RA; use and own them, revenue and/or any other positive outcome; to use equipment, rights, and foreign currency of others on contract basis.
- to borrow money and lend loans.
- to plan its activities, to define the levels and prices of production and services.
- to create its financial resources.
- to sell, to lease, to transfer ownership rights according to the Legislation of RA, to be mortgage and collateral giver and taker.
- to invest its financial resources into other enterprises and organizations.
- to sign contracts and to bear obligations according to the Legislation of RA.
- to export and import its own production or bought goods, to provide services and perform activities, to use other organizations' and citizens' (also foreign) works and services.
- to conduct foreign economic activities accordingly to RA Legislation.
- to define its organizational structure and types of activities.

- to hire contractors, sign contracts with them and define their wages according to RA Legislation.
- to create affiliates, branches, representative offices, etc.
- to exercise other rights, according to legislation.

### 3.2 Company's duties:

- to use received revenues only for purposes reflected in its Charter, not to generate profits.
- to have written contracts with all contract workers when hiring them.
- to bear responsibility and to recover damages caused by its activity.
- to pay taxes and to make other payments to the budget, to provide accounting documentation concerning its financial conditions.
- to conduct accounting records and provide statistical data to the appropriate state agencies according to RA Legislation.
- to publish any financial and accounting materials required by the Law.

## IV The Management of the Company

4.1 A Council of Founders of the Company shall be a paramount body of the Company. The number of votes of each Founder is defined by its share in Founding Capital. Meetings of the Founders Council shall be conducted semiannually and as needed.

4.2 Director of the Company is-----

4.3 An audit of the Company shall be conducted according to the Law of Enterprises and Entrepreneurial Activities.

4.4 A Council of Founders of the Company will decide on:

- a. Approval and/or amendment of the Charter and Foundation Agreement of the Company if necessary (unanimously):
- b. Approval of the Director of the Company and wages of the staff workers of the Company presented by Director.
- c. Approval of the Company's performance programs presented by Director.

- d. Approval of annual reports of the Company.
- e. Announcement of distrust to the Director of the Company.
- f. Wages of the top management of the Company.
- g. Volume, shape, timing and order of additional payments of Founders (unanimously).
- h. Creation of affiliates, branches, representative offices, their Charters, etc.
- i. Replacement of a Founder and/or admission of new one.
- j. Termination of the Company's activity (unanimously).

4.5 Decisions of a Council of Founders of the Company will be valid in the presence of at least 60 per cent of the members (their proxies) by the majority of votes.

4.6 The Director of the Company will be hired by the Council of Founders. An agreement will be signed between the Company and the Director. This agreement will define the rights, obligations, responsibilities and relations of the Director. It also sets the terms of job-payments, time period of agreement, firing conditions, bases for termination of agreement, and other necessary conditions related to Legislation of RA.

4.7 The Director of the Company:

- is organizing activities of the company and bear the responsibilities according to the legislation
- is creating the staff of the company by the proved staff list
- in the frame of his position he is acting in the name of the company, is representing the Company's rights, is managing Company's equipment, financial assets, signing different agreements, is giving written recommendations, is opening accounts in banks, is giving orders, is giving guidelines for Company's employers.
- is performing other obligations according to the Law of the RA.

4.8 The rights of the Founder are:

- to get information about the activity of the Company, to be aware of accounting and other documentation.
- in the case of the termination of the Company and/or leaving the Company to get back invested funds.

4.9 The duties of the Founder are:

- to invest and to make additional payments in the Company's assets according to the Foundation agreement and/or to the decision of Council of Founders.

- to perform assigned obligations toward the Company.
- to keep requirements of this Charter.

4.10 By the decision of the Council of Founders that Founder of the Company which systematically does not perform its obligations or perform them in not correct manner can be dismissed from the Company by majority of votes. This person can apply to the court if he/she finds that his/her rights are violated by the Company.

## V Assets and Revenues of the Company

5.1 Assets of the Company belong to the Company according to the Law. They have been formed by the Founders capital investments, revenues, and other means acquired according to the Law.

5.2 The assets of the Company shall be accumulated:

- from financial and other investments of the Founders
- from income derived from training courses
- from sums donated to the Company by its sponsor
- from the sales of materials published by the Company.
- from other paid services provided by the Company.
- from grants and benevolent investments .
- from other sources not forbidden by the Law of the RA.

5.3 The amount of the Equity Capital of the Company is 50,000 AMD.

5.4 By the unanimous decision of the Council of Founders additional payments can be required.

5.5 The Founder is obliged to invest its share to the date specified in the Foundation Agreement, otherwise the Founder can be dismissed from the company and his/her share is distributed equally among other Founders, or the amount of Equity Capital can modified with the simultaneous changes in this Charter.

5.6 The Company can have Reserve Fund that is not less than is required by legislation. It can be used to cover unexpected losses and damages.

5.7 The main financial indicator of the Company is the profit derived from the entrepreneurial activities, which can be used only for purposes reflected in this Charter.

5.8 All financial transactions and payments of wages of the Company are conducted through banking system.

5.9 The accounting records and statistical data of the Company is performed according to the Legislation of the RA.

## **VI The Termination and Reorganization of the Company**

6.1 The reorganization and termination of the Company can be done according to the Legislation of the RA, including by a court's decision.



## Appendix F

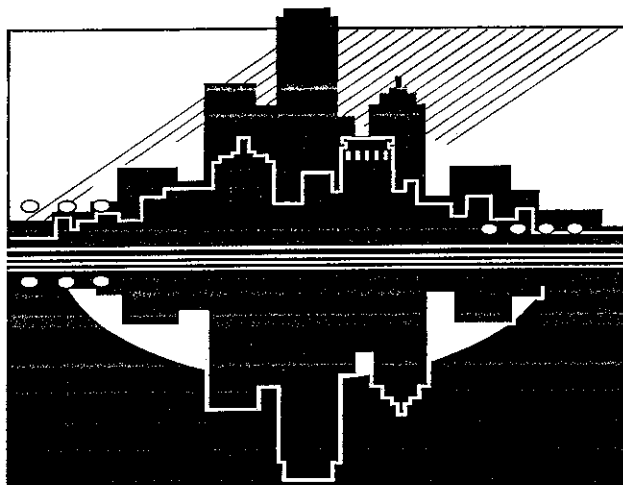
## ADVERTISING SAMPLES



Դուք ցանկանում եք  
առանձնատուն կամ բնակարան  
վաճառել:

Դուք ցանկանում եք  
առանձնատուն կամ բնակարան  
գնել կամ վարձել:

Միայն Անշարժ Գույքի  
Յետադոտման և Ուսուցման  
Կենտրոնի վկայականը ունեցող  
գործակալությունները կարող են  
ապահովել այս և այլ  
գործարքների արագ, արդար և  
պատշաճ կատարումը և  
ձեւակերպումը:

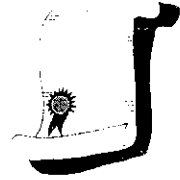


Do You want to sell Your house or apartment?

Do You want to buy or to rent a house or an apartment?

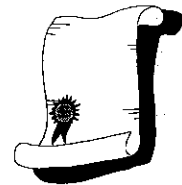
Only agencies having CRERT's certificate can provide You with fast, honest and appropriate conducting of this and other transactions and provide all necessary documentation.

Անշարժ գույք գնելիս, վաճառելիս կամ վարձակալելիս  
ՊԱՅԱՆՁԵՔ միջնորդից իր մասնագիտական  
որակավորման ամենամվազագույն երաշխիքը՝  
“Անշարժ գույքի միջնորդական գործունեություն”  
դասընթացի ավարտական վկայականը:



Անշարժ գույքի հետազոտման և ուսուցման կենտրոն

**While you are buying, selling or renting the real estate, REQUIRE from the broker the minimal guarantee of the professional qualification - the certificate on the completion of the “Real Estate Brokerage” training program.**



**Center for Real Estate Research and Training**