

# Governance and Property Management

## Property Management

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### How are repairs handled?

- Each property has an 8% Maintenance Reserve to cover the cost of any repairs.
- When any portion of the maintenance reserve is used it will be replenished by using 10% of the monthly cash flow until the reserve is full again.
- The maintenance reserve belongs to the token holders and will be distributed to token holders upon the sale of any property they have invested in.

### What happens if the tenant does not pay rent?

- Token holders are only paid once rent has been paid. If rent is not collected, then there is no rent to send out to token holders.
- If the tenant does not pay rent, the property management fee is also not paid.
- If a tenant is delinquent on rent, our property manager will make recommendations which the token holders will vote on. The tenant will be offered cash for keys to move out quickly. If the tenant does not take cash for keys, they will be evicted and replaced with a more suitable tenant.

### Who manages the properties?

- With the goal of protecting P&Z CO-OPs CO-OP members, P&Z will manage the property on the investor's behalf taking care of sourcing tenants, collecting rents, and managing repairs.
- If at any time the CO-OP is unhappy with P&Z CO-OPs property management performance and would like a new property management company, the token holders are free to vote to make the change. A 60% vote is required on all decisions.
  - In this case, to remain on our platform, a monthly platform maintenance fee will be assigned to the CO-OP LLC

### What is the tenant selection criteria?

- Once the property is listed on the market for rent, our focus turns to tenant selection. Our goal is to ensure our investors are receiving consistent rent payments for the lifetime of their investment in the property. In continuing to work with our property management team, we research the local rental market and adjust as needed.
- The rental market is subject to a multitude of variables affecting rental rates and time it takes to find a tenant. Time of year is one variable- the market is most active between the end of spring and begins to experience a slow down at the beginning of fall. P&Z CO-OP ramps up marketing to compensate for the effects of the slow season. In slower periods, we may offer tenants concessions to compensate for the cold market.

### What can I expect if my property is seeking a tenant?

- P&Z focuses on marketing rental properties to prospective tenants. You will receive an email when a lease is signed.
- Preparing the home for the rental market can be a multi-tiered process. Our investment team works closely with one of our experienced property manager partners to prepare the home for the rental market. Below is a list of some items Arrived & our property management partners complete in the marketing process:
  - Get it show ready
    - We get our rental homes into tip-top shape
    - Professionally cleaned, touch up paint, maintain flooring, fixtures, upgrade

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- appliances
  - Updating and maintaining the units will add to the property's desirability and allow for a more competitive market rent
- Determine market rent
  - Rental rates change very quickly depending on supply & demand in the given market.
  - We hold-out for getting market-value rent which improves ROI for our investors
- Take high-quality photos and videos
  - As real estate moves into a more virtual environment, it's important to have quality photos and videos to provide to our prospective tenants (and investors!)
  - Pictures give an accurate representation of the rental property
- Market online, market elsewhere
  - Market on multiple online platforms using the professional photos and a well-crafted description that represents the rental unit
  - For-rent signs on the property
- PMs to respond quickly to prospective tenant inquiries
  - Act quickly and respond to tenants within 24-48 hours of inquiry
- Pre-screen tenants
- Continue with the tenant application process.

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