

Frequently Asked Questions for Property Management

GENERAL, STATS AND FEES

1. What are the property management fees?

- Our management fees start at 9%.
- Fee reductions for multiple property purchases:
 - 5-9 = 8.5%
 - 10-14 = 8.0%
 - 15+ = 7.5%

2. What does the 9% management fee cover?

- This applies to your gross rents, so if your property rents for \$1,000 per month, you pay \$90 to have ARP manage it for you.
- This covers day to day tasks including, but not limited to, rent collection process, maintenance coordination process, tenant communication, investor reporting etc.

3. What is your required property reserve for repairs?

- We require you to keep a minimum of \$1,000 per property for repairs.

4. Do you pay my taxes and insurance?

- No, this would be handled by you if you own the property outright. If it was financed, typically your bank pays the taxes out of your escrow account.

5. Tell me what makes your ARP different from other PM Companies.

- In addition to our virtual showings, our team of licensed Real Estate agents provides a hands-on approach to helping tenants find homes quickly.
- Our Investor Relations Specialists provide regular communication so Investors have a direct contact to ARP and know everything happening with their portfolio.
- The entire team at ARP works diligently to make sure your property performs at it's best. Management prioritizes hiring and maintaining a world class team that treats your property as their own.

6. How do you incentivize your PM team to deliver results?

- ARP pays for performance culture. Each member of our team has specific metrics they are responsible for and are bonused for. We transparently track these weekly in a company wide meeting.

7. On average, how many properties does each of your Investors own?

- 2.3

LEASING

8. How long does it take to secure a tenant?

- Average Lease Time: 30 days (many leased before closing).
- 63% of properties are leased at closing.

9. Where do you get most of your tenant leads from?

- Zillow - We pay to be a verified lead source through them.

10. How long do your tenants stay?

- Average of 38 months

11. How long are your lease terms?

- We offer 1 or 2-year lease terms. If a 1-year lease term is selected, the tenant pays an additional \$25 each month.
 - If a tenant is renewing, a 6-month lease is optional

12. How much does your rent increase?

- Rent increases are on a case-by-case basis. On average, our rental increases track with state cost of living and housing price increases.

13. Do you offer any security deposit replacement options for tenants?

- We partner with Jetty, which is an organization that offers alternative options to our tenants for security deposit replacement.
- If the tenant applies, (they still need to go through our normal application process) and meets a certain criteria, they would qualify to utilize this security deposit replacement.
 - This means they would pay roughly 30% up front (varies based on credit) of the deposit cost to Jetty for a bond for a full security deposit. The bond is issued to ARP and once the tenant moves out, we would file a claim for those funds if the tenant leaves a balance on their account for unpaid rents or damages.

14. Are there any additional benefits to the owner if a tenant uses this program?

- If tenants are approved with conditions (meaning they would normally be required to pay rents in advance to qualify due to substandard credit/background), we may require them to also purchase up to 6 months in "rent protection" in addition to the deposit replacement.
 - This protects the owner in the case of a tenant defaulting and not paying their rent and going into eviction. These funds would be paid out after POS session of the property is regained and the claim is filed.

15. How many Section 8 tenants do you have?

- Currently 8.9% of our houses are rented Section 8. We maintain under 10% of our portfolio enrolled in housing assistance. Not all of our properties are Section 8. In some cases, the Investor has the option to select Section 8.

AR/EVICTIONS

17. What happens if my tenant stops paying rent?

- We would start the eviction process promptly, so that we could either collect payment in full or get the tenant out.
- We support our Investors throughout the entire eviction process, if the situation gets to that point.

18. What happens when a tenant leaves behind a large mess & the security deposit does not cover the total cost of the turnover?

- Average move out days: 14 days
- Average move out cost: \$3,100
 - If the deposit does not cover the damage, we will attempt to collect the balance in-house and if we're unsuccessful, then we send to a Collection Attorney.

MAINTENANCE

19. How much do your Investors pay in maintenance?

- We recommend that you plan for about 5% annually in standard maintenance costs.

20. How do I know when maintenance is needed on my property? How do I find out about it?

- We have an Investor Relations Team that keeps you updated.
- You have access to your own owner portal which gives you 24/7 access to your property's payment history, maintenance expenses, and other documents.

21. Will you pay a maintenance invoice on my behalf?

- Yes, we charge a 9% invoice processing fee which enables ARP to pay for maintenance upfront on your behalf. This ensures maintenance is not delayed and tenant work orders are completed in a timely manner.

22. Do you complete annual home inspections?

- Yes, you are automatically opted in to these via the PMA, however, you have the ability to opt out at any time.
- We also do annual HVAC system inspections.

23. Are the turnovers more costly with Section 8 tenants vs. non-Section 8 tenants?

- On average, no. They have performed similarly to the non-Section 8 properties.
- Repair costs and/or maintenance ratios can be higher, however, since Section 8 conducts annual and occasional complaint inspections, they can require repairs or they can stop paying.
 - Collection from a tenant can be challenging since their rents are subsidized due to low income.

24. How do you handle repairs?

- When tenants call in any repairs to our maintenance team, all the information is recorded and an initial assessment is completed through descriptions/photos in the Work Order.
 - We work very closely with our tenants to obtain as much information as possible and avoid any unnecessary visits to the property.
- That particular repair is then marked as an emergency or non-emergency, and whether the projected repairs would be over the \$500 threshold to involve the Investor.
 - Depending on the repair, we assign the contractor that is most likely going to be able to complete the work as efficiently as possible. Whether that is an internal team member or an outsourced vendor.
- We have a 24/7 maintenance call center and tenant portal where tenants can report maintenance issues.

25. Is there a conflict of interest since you up-charge maintenance?

- No, our team is incentivized to keep maintenance ratios low. Also, they are not incentivized for high maintenance profit margins.
- The up-charge strictly goes to cover the operating costs of the department.
- We allow our Investors to charge repairs to their ledger without making them contribute funds to cover more costly repairs when they arise. This prevents investors from paying out-of-pocket in unexpected situations.

26. What protections do you have in place for Investors?

- We require tenants to purchase a \$100,000 policy in Tenant Liability Insurance Coverage to protect your investments. This is an \$10 inhouse offering that tenants pay each month or they are free to get their own policy.
 - This protects the investor from tenant-related damage, made up of the 5 main perils: fire, smoke, explosion, water damage or backup of sewer drain or sump.
 - We also provide annual property and HVAC inspections.