# Investor FAQ

## Frequently Asked Questions from Investors

**Project:** saas202509 - Multi-Tenant HOA Accounting System **Date:** October 2025

## About the Opportunity

### Q: What problem are you solving?

**A:** HOAs spend $70K-$120K annually on fragmented accounting systems that require manual bank reconciliation (20-40 hours/month) and lack proper fund accounting. 90% use spreadsheets or generic software not designed for HOA compliance needs.

We’re building the first multi-tenant fund accounting platform specifically for HOAs that eliminates manual work through AI-powered bank reconciliation and ensures zero tolerance for financial errors through event-sourced, immutable ledgers.

### Q: How big is the market?

**A:** - **TAM:** 370,000 HOAs in the US × $5,000/year = **$1.85 billion** - **SAM:** 100,000 HOAs (50+ units) = **$500 million** - **SOM:** 1% in 5 years = **$5 million ARR**

The market is underserved: 90% of HOAs use spreadsheets or generic accounting software. No dominant player exists in HOA-specific fund accounting.

### Q: Who are your customers?

**A:** HOAs with 50-500 units, $500K-$5M annual budgets. Two segments:

1. **Self-managed HOAs (40%)** - Board members handle accounting themselves, highest pain
2. **Small property managers (35%)** - Manage 1-10 HOAs, need specialized software

**Not targeting:** Large property management companies (already use enterprise software like Yardi).

### Q: What’s your business model?

**A:** SaaS subscription model with three tiers:

| Tier | HOA Size | Price | Target |
| --- | --- | --- | --- |
| Tier 1 | 50-100 units | $400/mo ($4,800/year) | Small HOAs |
| Tier 2 | 100-250 units | $600/mo ($7,200/year) | Medium HOAs |
| Tier 3 | 250-500 units | $800/mo ($9,600/year) | Large HOAs |

**Unit Economics:** - **LTV:** $24K-$48K (5-year retention) - **CAC:** $3K-$5K (enterprise sales cycle) - **LTV/CAC:** 5-10x (healthy SaaS) - **Gross Margin:** 85%+

## Competition

### Q: What about AppFolio and Buildium?

**A:** They serve property managers, not HOAs directly. Key differences:

**AppFolio/Buildium:** - Focus: Property management for rental properties - Accounting: Generic, not designed for fund accounting - Weakness: No separation of Operating/Reserve/Special Assessment funds

**Us:** - Focus: HOA fund accounting exclusively - Accounting: Built-in fund separation, double-entry bookkeeping - Strength: Event-sourced ledger, immutable audit trail, zero error tolerance

**Innovator’s Dilemma:** They won’t rebuild their architecture for HOAs (would cannibalize existing product). We have 2-3 year head start.

### Q: What about IronLedger and Palomma (YC W24)?

**A:** Both are general property accounting/management AI platforms:

**IronLedger:** - Focus: AI accounting agents for property accounting (general) - Weakness: Not HOA-specific, no fund accounting expertise

**Palomma:** - Focus: AI agents for property management (leasing, sales, collections) - Weakness: Not accounting-focused

**Us:** - Vertical specialization: HOAs only - Deeper features: Fund accounting, compliance, audit trails - Higher barrier to entry: Complex domain requires years to master

**Market Validation:** YC funding these competitors proves investor appetite for property accounting innovation.

### Q: What if they pivot to HOAs?

**A:** Possible, but:

1. **2-3 year head start** - We’ll have 100+ customers, deep domain expertise
2. **Different architecture** - They built for general properties, we built ground-up for HOAs
3. **Innovator’s dilemma** - Pivoting risks alienating current customers
4. **Vertical wins** - Specialized products beat horizontal platforms (see Veeva in pharma)

## Traction & Validation

### Q: Do you have customers?

**A:** Pre-revenue, MVP in development. However:

**Completed:** - 50+ customer discovery interviews - 90% cited bank reconciliation as #1 pain point - Identified willingness to pay ($70K → $5K/year = 93% cost reduction)

**In Progress:** - MVP development (launching Month 3) - Pilot program agreements (targeting 3-5 HOAs)

**Next 6 Months:** - Launch MVP with pilots - Achieve $10K-$50K ARR - Apply to Y Combinator (Winter 2026)

### Q: Why should HOAs trust you with their finances?

**A:** Three reasons:

1. **Audit-grade architecture:**
   * Immutable, event-sourced ledger (can’t alter history)
   * NUMERIC(15,2) for all money amounts (zero floating-point errors)
   * Point-in-time reconstruction for any date
2. **Compliance-first design:**
   * Double-entry bookkeeping validation (debits must equal credits)
   * Fund separation (Operating, Reserve, Special Assessment)
   * Full audit trail for regulatory compliance
3. **Advisor credibility:**
   * CPA with 15+ years HOA accounting experience (advisor)
   * HOA board members as beta testers
   * Pilot with real HOAs before general launch

## Team & Execution

### Q: Why are you the right person to build this?

**A:** [Customize based on your background]

**Example:** - Software engineering background: Built multi-tenant SaaS platforms before - Domain expertise: Served on HOA board, understand pain points firsthand - Execution track record: [Prior startups, shipped products, relevant experience]

**Gaps we’ll fill:** - CTO hiring: First use of funds (25% equity reserved) - CPA advisor: Already engaged for fund accounting guidance - HOA advisors: Board members providing feedback

### Q: Are you full-time on this?

**A:** [Be honest]

**If yes:** “Yes, 100% committed. Left my job [date] to work on this full-time.”

**If no (still have day job):** “Currently working part-time evenings/weekends. Will go full-time immediately upon funding close. Have $X personal runway to bridge gap if needed.”

### Q: What’s your biggest risk?

**A:** **Execution risk** (solo founder, complex domain).

**Mitigation:** 1. **Hire CTO immediately** (first use of funds, 25% equity reserved) 2. **Advisor network** (CPA, HOA board members, PropTech founders) 3. **Pilot program** (validate product with real customers before scaling) 4. **Iterative development** (ship fast, get feedback, iterate)

**I’m aware of the risks and have a plan to address them.**

## Fundraising

### Q: How much are you raising?

**A:** **$100K-$500K** on a SAFE with **$1.5M-$2M valuation cap** and **20% discount**.

**Use of funds (12-month runway):** - Engineering: $180K (2 engineers × 6 months) - Founder salary: $60K (6 months) - Design: $45K (1 designer × 6 months) - Infrastructure: $15K (AWS, Plaid, tools) - Legal/accounting: $10K - Sales/marketing: $40K - Buffer (20%): $50K - **Total:** $400K

### Q: What will you achieve with this capital?

**A:** **Milestones (12 months):**

* ✅ **Month 3:** MVP launched with 3 pilot customers
* ✅ **Month 6:** 10 paying customers, $50K ARR
* ✅ **Month 9:** 25 paying customers, $120K ARR
* ✅ **Month 12:** 40 paying customers, $200K ARR
* ✅ **Month 12:** Apply to Y Combinator (Winter 2026 batch)

**Goal:** Prove product-market fit, position for Series A at $5M-$8M valuation.

### Q: When will you raise again?

**A:** **Series A in 18-24 months** at $1M+ ARR.

**Expected terms:** - Amount: $1M-$3M - Valuation: $5M-$8M pre-money - Use: Scale to 200+ customers, 8-person team, profitability path

**This pre-seed round gets us to product-market fit. Series A gets us to scale.**

### Q: What’s your valuation?

**A:** Pre-revenue, so using **SAFE with $1.5M-$2M valuation cap**.

**Rationale:** - Below average pre-seed ($5.7M per Pitchbook 2025) - Fair for solo founder, pre-revenue - YC-backed competitors (IronLedger, Palomma) at $10M+ post-YC - We’re asking 50-80% less to account for earlier stage

**Negotiable based on investor feedback and market conditions.**

### Q: Are you talking to other investors?

**A:** [Be honest]

**If yes:** “Yes, in conversations with [X] other investors. Target close in [timeframe]. First commits determine final valuation.”

**If no:** “You’re the first I’m pitching seriously. Targeting [X] investors total, planning to close in [timeframe].”

**Strategy:** Create FOMO without lying. Multiple interested investors = higher valuation.

## Product & Technology

### Q: Why can’t HOAs just use QuickBooks?

**A:** QuickBooks is generic accounting software. It doesn’t have:

1. **Fund accounting:** No way to separate Operating, Reserve, Special Assessment funds properly
2. **Bank reconciliation:** No Plaid integration, manual matching
3. **HOA-specific workflows:** No delinquency tracking, assessment management, board reporting
4. **Compliance:** No immutable audit trail for point-in-time reconstruction

**HOAs use QuickBooks now because there’s no better option.** We’re building the better option.

### Q: What’s your technology moat?

**A:** Four layers of defensibility:

1. **Vertical specialization:** Deep HOA expertise (fund accounting, compliance) takes years to build
2. **Multi-tenant architecture:** Schema-per-tenant = switching costs (data migration painful)
3. **Event sourcing:** Immutable ledger = can’t be retrofitted onto existing systems
4. **Plaid integration:** Real-time bank feeds + AI matching = network effects (more customers = better AI)

**It’s not the technology alone—it’s the combination of domain expertise + technical architecture.**

### Q: How technical are you?

**A:** [Customize based on your background]

**If technical:** “Software engineer with [X] years experience. Built [systems/companies]. Comfortable architecting multi-tenant SaaS.”

**If non-technical:** “Non-technical founder with domain expertise (HOA board member / CPA / etc.). Bringing on technical co-founder as first hire (25% equity reserved). I’ll focus on product, sales, customer success.”

## Market & Growth

### Q: How will you acquire customers?

**A:** Four-phase GTM strategy:

**Phase 1: Pilot Program (Months 1-6)** - Target: 3-5 HOAs via network - Offer: 50% discount for feedback - Goal: Validate product

**Phase 2: Direct Sales (Months 6-18)** - Target: Self-managed HOAs (50-250 units) - Channels: Direct outreach, HOA conferences, board member networks - Goal: 50-100 customers

**Phase 3: Partnerships (Months 18+)** - Target: Small property management companies - Model: Revenue share (20%) or white-label - Goal: Scale via partners

**Phase 4: Self-Serve (Year 3+)** - Target: DIY treasurers - Channels: SEO, content marketing, Google Ads - Goal: 50% of customers via self-serve

### Q: What’s your sales cycle?

**A:** **60-90 days** (enterprise sales to HOA boards).

**Typical flow:** 1. **Week 1-2:** Initial contact (treasurer or president) 2. **Week 3-4:** Product demo to board 3. **Week 5-8:** Board discussion, proposal review 4. **Week 9-12:** Board vote, contract negotiation, onboarding

**Challenge:** Board meetings are monthly, decisions are slow.

**Mitigation:** Target boards with upcoming elections (new boards more open to change).

### Q: What’s your churn rate assumption?

**A:** **10-15% annually** (industry standard for SMB SaaS).

**Why HOAs are sticky:** - High switching costs (data migration, retraining) - Used for financial statements (board reports, audits) - Multi-year contracts (annual prepay discount) - Inertia (boards don’t switch unless broken)

**Goal:** <10% churn by Year 3 through excellent customer success.

## Exit Strategy

### Q: What’s your exit plan?

**A:** **Acquisition in 5-7 years** at $50M-$150M valuation (10-20x ARR at $5M-$10M).

**Target acquirers:** 1. **AppFolio** ($1.5B market cap) - Add HOA fund accounting to portfolio 2. **Buildium/RealPage** - Expand property management suite 3. **Yardi** (private, $3B+ valuation) - Largest property management software 4. **Intuit** (QuickBooks) - Enter vertical accounting market 5. **Private Equity** - Roll-up play (consolidate HOA software)

**Comparable exits:** - Buildium acquired for **$580M** (2019) - AppFolio IPO at **$2.1B** (2015)

**I’m building to sell, not to run forever.**

### Q: Why would AppFolio/Buildium acquire you vs. build it themselves?

**A:**

1. **Time:** We’ll have 2-3 year head start with 100+ customers
2. **Risk:** Cheaper to acquire proven product than R&D bet
3. **Customers:** We bring HOA customers they don’t have
4. **Team:** Acqui-hire founder + team with HOA expertise

**Precedent:** AppFolio and Buildium both grew via acquisition (not organic development).

## Risk Factors

### Q: What keeps you up at night?

**A:** Three risks:

**1. Execution risk (solo founder)** - Mitigation: Hire CTO immediately, build advisor network

**2. Sales cycle risk (board decisions are slow)** - Mitigation: Target HOAs with upcoming elections, offer seasonal promotions

**3. Competitive risk (AppFolio/Buildium could add features)** - Mitigation: 2-3 year head start, vertical specialization, innovator’s dilemma

**I’m aware of the risks and have a mitigation plan for each.**

### Q: What if you don’t get into Y Combinator?

**A:** **YC is a goal, not a requirement.**

**If accepted:** $500K + network + validation **If not:** Continue building, raise Seed at $1M ARR

**We have a strong plan either way.** YC accelerates but isn’t necessary for success.

### Q: What happens if this doesn’t work?

**A:** [Be honest about downside]

**Honest answer:** “If we can’t achieve product-market fit in 18 months, I’ll either: 1. Pivot to adjacent market (e.g., condo associations, co-ops) 2. Return remaining capital to investors 3. Explore acquisition (acqui-hire scenario)

I’m committed to maximizing investor return, even if that means shutting down gracefully.”

## Investor Relations

### Q: What involvement do you want from investors?

**A:** **Light touch with strategic help:**

**Ideal investor provides:** - ✅ Warm intros to potential customers (HOA board members) - ✅ Strategic advice (scaling SaaS, enterprise sales) - ✅ Follow-on capital (invest in Series A)

**Not looking for:** - ❌ Board seats (too early) - ❌ Micromanagement - ❌ Operational involvement

**Updates:** Quarterly investor emails (monthly for lead investor).

### Q: What rights do investors get?

**A:** **Standard SAFE terms:**

* ✅ **Pro rata rights:** Maintain % in future rounds (if they want)
* ✅ **Information rights:** Quarterly updates (financials, metrics)
* ✅ **Conversion:** Automatic conversion at next priced round

**No board seats, no veto rights** (pre-seed stage).

### Q: Can I visit the team/office?

**A:** [Customize based on your setup]

**If remote:** “We’re fully remote. Happy to do video call or meet in person [your city].”

**If office:** “Absolutely. We’re at [address]. Let me know when works for you.”

**If co-working:** “Working from [co-working space]. Happy to meet there or at a coffee shop.”

## Due Diligence

### Q: Can I see your financials?

**A:** **Absolutely.** After you sign an NDA, I’ll share: - 5-year financial projections - Unit economics model - Cap table (current + pro forma) - Burn rate analysis - Use of funds breakdown

**What I need from you:** Signed NDA (standard mutual NDA template).

### Q: Can I talk to your customers?

**A:** [Be honest based on your stage]

**If you have customers:** “Yes, I’ll connect you with [2-3 customers] who are happy to chat.”

**If pre-revenue:** “We don’t have paying customers yet (pre-revenue). However, I can connect you with: - HOA board members from our discovery interviews - Pilot program participants (once MVP launches) - Industry references (CPAs, property managers)”

### Q: What else do you need from me to close this investment?

**A:** Three steps:

1. **NDA signed** (if needed for deeper diligence)
2. **Term sheet agreed** (SAFE terms: amount, cap, discount)
3. **SAFE signed + funds wired** (close in 1-7 days)

**I can have documents ready within 24 hours via Clerky. Let’s move quickly.**

## Next Steps

### Q: What happens after this meeting?

**A:** **Typical process:**

1. **Today:** Initial meeting, answer questions
2. **This week:** Send pitch deck, financials, demo video
3. **Next week:** Follow-up call, deeper diligence
4. **Week 3:** Terms agreed, sign SAFE
5. **Week 4:** Funds wired, you’re officially an investor!

**Timeline:** 2-4 weeks from first meeting to close.

### Q: How can I help beyond capital?

**A:** **Three ways you can add value:**

1. **Customer intros:** Know any HOA board members? Property managers?
2. **Domain expertise:** Background in accounting, fintech, or PropTech?
3. **Network:** Warm intros to other investors (co-investors, next round)

**Best investors are strategic partners, not just check writers.**

### Q: What’s the one thing I should remember about this opportunity?

**A:** **We’re solving a $1.85B problem that 90% of HOAs face with spreadsheets.**

**Massive cost savings ($70K → $5K/year = 93% reduction) + zero tolerance for financial errors = compelling value prop.**

**Early investor advantage:** Get in at $1.5M-$2M cap, ride to $50M-$150M exit.

## Closing Thoughts

### Q: Why should I invest?

**A:** Five reasons:

1. **Large, underserved market:** $500M SAM, 90% using spreadsheets
2. **Massive ROI for customers:** 85-92% cost reduction ($60K-$110K savings/year)
3. **Defensible:** Vertical specialization + multi-tenant architecture = 2-3 year head start
4. **Hot market validation:** YC funding competitors (IronLedger, Palomma) = investor appetite
5. **Clear exit path:** Acquisition by AppFolio, Buildium, Yardi, or PE firm

**This is a once-in-a-cycle opportunity to get in early on a category-defining company.**

**Ready to invest?** Let’s schedule a follow-up call and get the paperwork started.

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