**Investor FAQ**

Frequently Asked Questions from Investors

Multi-Tenant HOA Accounting System (saas202509)

# 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).

# 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.

# 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)

# 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: 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.

# 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.*

# 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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