

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 1 of 38
Client: LARSNEL PROPERTIES			

MANAGEMENT ANALYSIS

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February 10th, 2019

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 2 of 38
Client: LARSNEL PROPERTIES			

Contents:

	Page
Section I - Introduction to Management Plan	
1.1 OVERVIEW	4
1.2 MANAGEMENT PLAN	4
1.3 IDENTIFICATION OF PROJECT	4
1.4 DESCRIPTION OF PROPERTY	4
1.5 Client's Name	5
1.6 Intended Use and User	5
1.7 Reasons for completion of Plan	5
1.8 Owners Objective	5
1.9 Summary of recommendations	5
Section II - Property Description	
2.1 Statistical summary	6
2.2 Economic condition (jobs, unemployment, etc.)	6
2.3 Major employers in region	7
2.3 Average income level	8
2.4 Future planned developments	8
2.5 Schools	9
2.6 Hospitals and healthcare	13
2.7 Transportation	13
2.8 Neighborhood Data	14
2.9 Closest Employers in St. Paul Area	15
3.0 Physical Description of Property	15
3.1 Date property was built	15
3.2 Type of construction (wood-frame, concrete, etc.)	16
3.3 Total acreage	16
3.4 Number of buildings	16
3.5 Total number of units	16
3.6 Unit mix	16
3.7 Vacancy detail	16
3.8 Property layout (provide plan/map)	17
3.9 Apartments	19

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 3 of 38
Client: LARSNEL PROPERTIES			

3.10 Common areas (interior)	
3.11 Grounds/Exterior common areas	19
3.12 Building exterior	19
3.13 Mechanical areas and systems	19
3.14 For each unique floorplan, provide	19
3.15 Total square footage	19
3.16 Description of the positives and negatives	19

Section III - Human Resources Analysis

4.1 Analysis of current organizational structure	20
4.2 Recommendation of changes to structure	20
4.3 Organizational chart	20
4.4 Job descriptions for each on-site position	20
4.4.1 RESIDENT MANAGER JOB DESCRIPTION AND AGREEMENT	20
4.4.2 CARETKER JOB DESCRIPTION AND AGREEMENT	23

Section IV - Market Analysis

5.1 Marketing and leasing process/program	27
5.2 Leasing Process with Diagram	28
5.3 Current advertising	30
5.4 Model apartment	30
5.5 Deposits and fees	30
5.6 Pet policy	30
5.7 General property policies	31
5.8 Lease renewal process	33
5.9 Resident retention efforts	33

Section V - Budget

6.1 Summary of property's current financial performance	33
6.2 Current Financial Statement & Budget	34

Section VI - Problem Identification and Recommendation

7.1 Problem Identification/Recommendation #1	35
7.2 Problem Identification/Recommendation #2	36

CONCLUSION	37
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	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 4 of 38
Client: LARSNEL PROPERTIES			

MANAGEMENT ANALYSIS

Section I - Introduction to Management Analysis

1.1 OVERVIEW

The purpose of this Management Analysis is applicable to the Management but also assists the Property Managers in providing material applicable to property owners. This Management Plan not only assist Property Managers, is resourceful to Property Owners and can be used as a guide to take key decisions while purchasing properties.

1.2 MANAGEMENT PLAN

The primary responsibility of a real estate property manager is to understand and implement the owner's goals and objectives. In order to accomplish this and to develop a short term and long term "game plan" for the property, the manager needs to formulate a **Management Plan**. The plan describes in detail the subject property's current use along with its physical condition, fiscal projections, and any operational issues. It also includes an analysis of the market (both regional and neighborhood), the competing properties, as well as potential improvements or alternative uses for the subject property. These items will be discussed further in this section.

Property managers have a variety of organizational and educational programs available to assist in enhancing their knowledge, identifying resources to resolve issues, and expanding their business network. Among these organizations are:

- The Minnesota Multi Housing Association (MHA) www.mmha.com offers educational courses that lead to a Certified Resident Manager (CRM®) designation.
- National Property Management Association (NPMA) www.npma.org Designation is NPMA Certification

1.3 IDENTIFICATION OF PROJECT

LarSnel Management has been considered for this project report. Currently they own 60 units in the name of **LarSnel** in Twin Cities area and managing them. Property is located at: 1472 & 1486 Larpenteur Ave W, Falcon Heights, MN 55113.

1.4 DESCRIPTION OF PROPERTY

The subject property represents a market rate apartment development that was originally constructed in 1960 and as of the date of inspection was considered to be in average overall condition. The municipal address of the property is 1472 & 1486

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 5 of 38
Client: LARSNEL PROPERTIES			

Larpenteur Ave W, Falcon Heights, Ramsey County, MN. The property totals 60 units that was 100.0% occupied and is set on a site totaling 1.98 acres or 86,613 square feet.

1.5 Client's Name

According to Ramsey County Assessment office records as of date 02/09/2019, the subject property is currently owned by Action Equities LLC.

1.6 Intended Use and User

This Management Analysis is prepared by Divya Gogineni, 6452 Pheasant Hills Dr, Lino Lakes, MN 55038 Phone# (651) 333-0897, a Certified Analyst. The intended use is exclusively by Divya Gogineni & authorized personal.

1.7 Reasons for completion of Plan

The Twin Cities is experiencing a growth in its international populations, with residents moving there from countries like Mexico, India, Laos and Somalia. Plus, the area offers a range of worship options, including a great number of churches, synagogues and mosques. There is a need to provide complete details to enthusiastic investors, hence came up with detailed management plan with relevant data to guide Investors & Property Managers.

1.8 Owners Objective

As noted above, it is the owner's goals and objectives that should determine all of the recommendations and decisions related to the property. For example, the manager prepares an annual budget, including staffing levels, marketing plans, and capital expenditures, but it is the owner who accepts or modifies the budget. The manager can make recommendations to renovate a building or to change common area finishes, but the owner makes the final decision. Similarly, when it becomes time to sell a property, the manager can make suggestions to enhance its appeal, but the owner decides which, if any, improvements will be made prior to sale.

1.9 Summary of recommendations

A strong job market has kept the economy on sound footing in Minneapolis–St. Paul, sustaining one of the lowest unemployment rates in the country, at 3.5%. The healthy economy and strong multifamily fundamentals should continue to attract investors and developers to the metro.

The education and health services sector is leading growth, having added 20,000 jobs year-over-year. The area's health-care industry—led by Fortune 500 companies that include powerhouse UnitedHealth Group, as well as St. Jude Medical, which Abbott recently acquired—is bound to remain a constant source of new employment. World-renowned Mayo Clinic is the anchor partner in the \$5.6 billion Destination Medical Center project in Rochester.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 6 of 38
Client: LARSNEL PROPERTIES			

At the same time, the University of Minnesota and the University of St. Thomas enroll more than 60,000 students, feeding a deep talent pool.

Multifamily demand remains strong—especially for market-rate apartments—and has led to rising rental rates and the highest occupancy rate among major U.S. metros, at 97.7%. However, the roughly 6,500 units slated to come online this year are bound to alleviate some of that demand in the short term. In the 12 months ending in July, rents in the metro rose 4.0%, well above the 2.6% national average. As property rental market is highly encouraging, it is strongly recommended to invest in Twin Cities rental apartments in consultation with MHA experts.

Section II - Property Description

2.1 Statistical summary

Demographics

Affordability

- The median home price has been rising steadily over the past five years, reaching a cycle high of \$219,039 in 2016. However, owning continues to be the more affordable option, as the average rent accounts for roughly 18% of the metro's median income. Meanwhile, the average mortgage payment comprises only 13%.
- Last year, The Greater Minnesota Housing Fund launched the NOAH Impact Fund, which aimed to raise \$25 million to preserve the affordable status of 1,000 units for another 15 years. It managed to raise \$32 million, of which \$3 million is coming from Hennepin County. The initiative aims at buying Hennepin County housing units to keep them affordable, thus protecting low-income residents from involuntary displacement.

Population

- The Twin Cities added 32,784 residents in 2016, a 0.9% increase, above the 0.7% national growth rate.
- The metro grew by more than 128,400 residents since 2012. This marks a 3.8% increase, 90 basis points over the U.S. rate.

2.2 Economic condition (jobs, unemployment, etc.)

A strong job market has kept the economy on sound footing in Minneapolis–St. Paul, sustaining one of the lowest unemployment rates in the country, at 3.5%. The healthy economy and strong multifamily fundamentals should continue to attract investors and developers to the metro.

2.3 Major employers in region

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 7 of 38
Client: LARSNEL PROPERTIES			

Following are 25 Largest employers in Minnesota.

#	Employer	City	Number of Employees
1	Mayo Paluminary	Rochester	30,000
2	Mayo Clinic St Mary's Hospital	Rochester	28,144
3	University of MN-TWIN Cities	Minneapolis	18,000
4	3M Co	St Paul	11,000
5	Target Stores Inc	Minneapolis	10,000
6	Pharmacy At Park Nicollet	St Louis Park	9,000
7	Park Nicollet Methodist Hosp	St Louis Park	8,200
8	Park Nicollet Clinic	St Louis Park	8,000
9	University-Mn Med Ctr-East Bnk	Minneapolis	8,000
10	University-Mn Health Masonic	Minneapolis	7,658
11	Thomson Reuters Legal Sltns	St Paul	7,500
12	Ameriprise Financial Inc	Minneapolis	7,000
13	Park Nicollet Urgent Care	Plymouth	7,000
14	Regents of the University Mn	Minneapolis	6,800
15	Essentia Health	Duluth	6,500
16	St Mary's/Duluth Clinic Health	Duluth	6,500
17	Best Buy Co Inc	Minneapolis	6,000
18	Park Nicollet Clinic	Minnetonka	6,000
19	Thomson Reuters	St Paul	6,000
20	Piper Breast Ctr	Minneapolis	5,300
21	Andersen Corp	Bayport	5,000
22	General Mills Inc	Minneapolis	5,000

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 8 of 38
Client: LARSNEL PROPERTIES			

#	Employer	City	Number of Employees
23	Hennepin Healthcare System Inc	Minneapolis	5,000
24	Target Corp	Minneapolis	5,000
25	Hennepin County Med Ctr Red	Minneapolis	4,90

2.3 Average income level

When it comes to Minnesotans' income, "average" can mean two very different things.

The mean income is calculated by adding up all the household incomes and dividing by the number of households. The median is the value in the middle of the dataset; it represents the exact middle of your population.

Income means are often distorted by a few very high household incomes. In Minnesota, the mean household income is \$75,432. The median income is much less at \$58,476 — it may be a better measure of income for most of the state.

This matters to anyone seeking to understand how families are faring — and how family situations vary, including by geography. It also matters when it comes to accessibility to higher education. About a quarter of Minnesota college students at public and private institutions, come from families with incomes less than \$50,000.

As shown in the chart below, median household incomes in Minnesota counties range from \$35,000 to \$83,000. Three counties — Washington, Carver and Scott — have median incomes that are greater than the state's mean income. Together they help push up the mean income for the state.

2.4 Future planned developments

St. Paul wants and needs to grow, and to do that, city planners have pinpointed 56 intersections where denser new housing, retail, transit stops and other important services could happily co-exist. That may mean lifting zoning and density restrictions, or taking advantage of zoning that already exists, to incorporate these future "neighborhood nodes" into local planning.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 9 of 38
Client: LARSNEL PROPERTIES			

2.5 Schools

Saint Paul Public Schools (SPPS) is one of Minnesota's largest school districts with more than 37,000 students. Highly trained and deeply dedicated staff, cutting-edge academic programs, and strong community support are among the district's hallmarks. Our student population is diverse, with students who speak more than 125 languages and dialects.

Bethel College

Bethel College is a four-year, liberal arts institution committed to a distinctly evangelical Christian philosophy of education. The integration of faith and learning is encouraged in curricular and co-curricular ways. Biblical perspectives are applicable and enriching to the entire range of academic inquiry. The college model for student development rests upon Christian assumptions regarding the nature of the self, interpersonal relationships, values, and life purposes.

Century College

Century College is a learning-centered community committed to providing quality lifelong educational opportunities for a diverse citizenry. Century College, a Community and Technical College, was formed in 1996 by uniting Lakewood Community College and Northeast Metro Technical College. Through the Consolidation, the colleges became a comprehensive community and technical college with an established track record of success. The college offers a solid liberal arts and sciences program designed for transfer to four-year institutions and over 60 challenging technical and occupational programs. In addition, Century College's Continuing Education and Customized Training Division, the largest in Minnesota, serves more than 20,000 individuals each year.

Concordia University

Concordia University, St. Paul is a private, four-year liberal arts university of The Lutheran Church-Missouri Synod and one of 10 schools that comprise the Concordia University System. Established in 1893, Concordia offers a variety of liberal arts majors; programs in education, church professions and business; master's degrees in education, school-age care and Christian

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 10 of 38
Client: LARSNEL PROPERTIES			

outreach; and degree-completion programs for adults. Concordia is also a member of the Minnesota Private College Council. Visit Concordia University online at www.csp.edu.

Hamline University

In 1854, Methodist pioneers founded Minnesota's first university to prepare people to make the world a better place. Hamline University continues its tradition as a "new American university" today by pioneering innovative programs that prepare people to meet society's needs. Hamline University is a high-quality, nationally ranked, private liberal arts university with over 3,000 degree-seeking students in the College of Liberal Arts, School of Law, and Graduate Schools.

Inver Hills Community College

You'll find that Inver Hills is a lot like a small private college: a great campus setting where it's easy to get around, average class size is under 30; skilled faculty focused on teaching and learning; plenty of opportunities to meet other students; a full menu of activities and services; fully accredited programs and transferable courses; career and job services; scholarship opportunities; and the list goes on!

Macalester College

Macalester College is a private undergraduate liberal arts college which emphasizes academic excellence in the context of internationalism, diversity, and a commitment to service. Since its founding in 1874, Macalester has sought to be an academic institution with standards for scholarship equivalent to those of the finest colleges in the country and to emphasize high ethical standards and social concerns.

Metropolitan State University

At Metropolitan State University, our name doesn't just describe where we are, but also who we are, who we serve, and how we approach education. One of Minnesota's seven state universities, Metro State is a comprehensive urban public university, serving nearly 9000 people throughout the metropolitan region. The university provides flexible and affordable

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 11 of 38
Client: LARSNEL PROPERTIES			

bachelors and graduate education at convenient locations in a richly diverse urban environment.

McNally Smith College of Music

McNally Smith College of Music is the Midwest's leading center for higher education in the field of contemporary music. Featuring experienced faculty, advanced technical facilities and uniquely personalized instruction, McNally Smith prepares students for success in the contemporary music industry by offering degrees in Music Performance, Recording Technology and Music Business.

Saint Paul College

Saint Paul College is located in the heart of the capital city of Minnesota. The student body is truly multicultural with representatives from many different nationalities and countries. The college offers a wide range of AAS, diploma, and certificate programs that lead to full-time employment.

University of Minnesota

While only partially located in Saint Paul, the University has an extensive presence in the Saint Paul area. The University of Minnesota is one of the most comprehensive universities in the country and ranks among the top 20 in the United States. It is both a state land-grant university, with a strong tradition of education and public service, and a major research institution, with scholars of national and international reputation. Its four campuses are located in the Twin Cities, Duluth, Morris, and Crookston.

University of Minnesota Adult Education

Adult education is a part of the Department of Work, Community, and Family Education in the College of Education and Human Development at the University of Minnesota, on the Saint Paul Campus. The core of the department's mission is to improve theory and practice and to prepare professionals concerned with education and training that enable youth and adults to carry out responsibilities of their vocations in the workplace, the family, and the community.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 12 of 38
Client: LARSNEL PROPERTIES			

College of Saint Catherine

The College of St. Catherine is the largest and most comprehensive Catholic college for women in the country. Through a diversity of programs, the college offers the intimacy of a four-year liberal arts college and the opportunity to complete baccalaureate, associate and master's degrees in a variety of health-care specialties, liberal arts and professional programs. Committed to meeting the educational needs of women of all ages, St. Catherine's offers many of its bachelor's and master's degree programs in both traditional and weekend formats. With beautiful campuses in St. Paul and Minneapolis, the college has a total enrollment of 4622.

College of Saint Scholastica

The College of St. Scholastica's Accelerated Degree Evening Program (ADEP) offers an excellent education at a reasonable cost. It's conveniently located in downtown St. Paul. ADEP is education that fits into your schedule. It takes only two nights of classes a week, and weekends are free.

University of Saint Thomas

The University of St. Thomas, founded in 1885, is an independent Catholic, liberal arts, diocesan university that emphasizes a value-centered, career-oriented education. Currently with over 10,000 students, St. Thomas is the largest independent university in Minnesota.

Mitchell Hamline College of Law

William Mitchell College of Law, founded in 1900, offers juris doctor (J.D.) and master of laws (LL.M.) in taxation degrees through day, evening, full-time, and part-time enrollment. Its students have extensive professional experience in science and technology, accounting and financial services, marketing, government, education, health care, and other fields. Its academic program is theoretical, practical, innovative, rigorous, and ethics-centered.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 13 of 38
Client: LARSNEL PROPERTIES			

2.6 Hospitals and healthcare

There are **144 hospitals** in the state.. There are **78** are critical access hospitals in Minnesota, which means they receive cost-based federal payments to preserve access to care in rural areas. There are many world class hospitals located in St. Paul which includes Children's hospitals.

2.7 Transportation

Falcon Heights has near by transit station located in Harmar Mall & RoseDale

Connecting routes serve Minneapolis, St. Paul and the surrounding suburbs. There is a small indoor waiting area for passengers. There are several Connecting Bus routes throughout Metro.

Connecting bus routes:

32 - serves north Minneapolis, Robbinsdale

65 - serves downtown St. Paul

84 - serves Rosedale, HarMar Mall, Snelling Ave. Station (METRO Green Line), Midway Shopping Center and Highland Park

87 - serves Falcon Heights, St. Paul

223 - serves Roseville High School, Little Canada Transit Center, St. John's Hospital, Maplewood Mall

225 - serves Shoreview, Arden Hills, Roseville

227 - serves Arden Hills, Shoreview, Roseville

264 - serves downtown Minneapolis

801 - serves Roseville, St. Anthony, Columbia Heights, Brooklyn Center

METRO Blue Line

The METRO Blue Line offers fast, quiet light-rail service to 19 stations between downtown Minneapolis and Mall of America.

Dozens of bus routes are timed to connect with trains at Blue Line stations, making it easy to get to work, to shopping or wherever you need to be. The Blue Line shares five downtown Minneapolis stations with the new [METRO Green Line](#), with service to the University of Minnesota and St. Paul.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 14 of 38
Client: LARSNEL PROPERTIES			

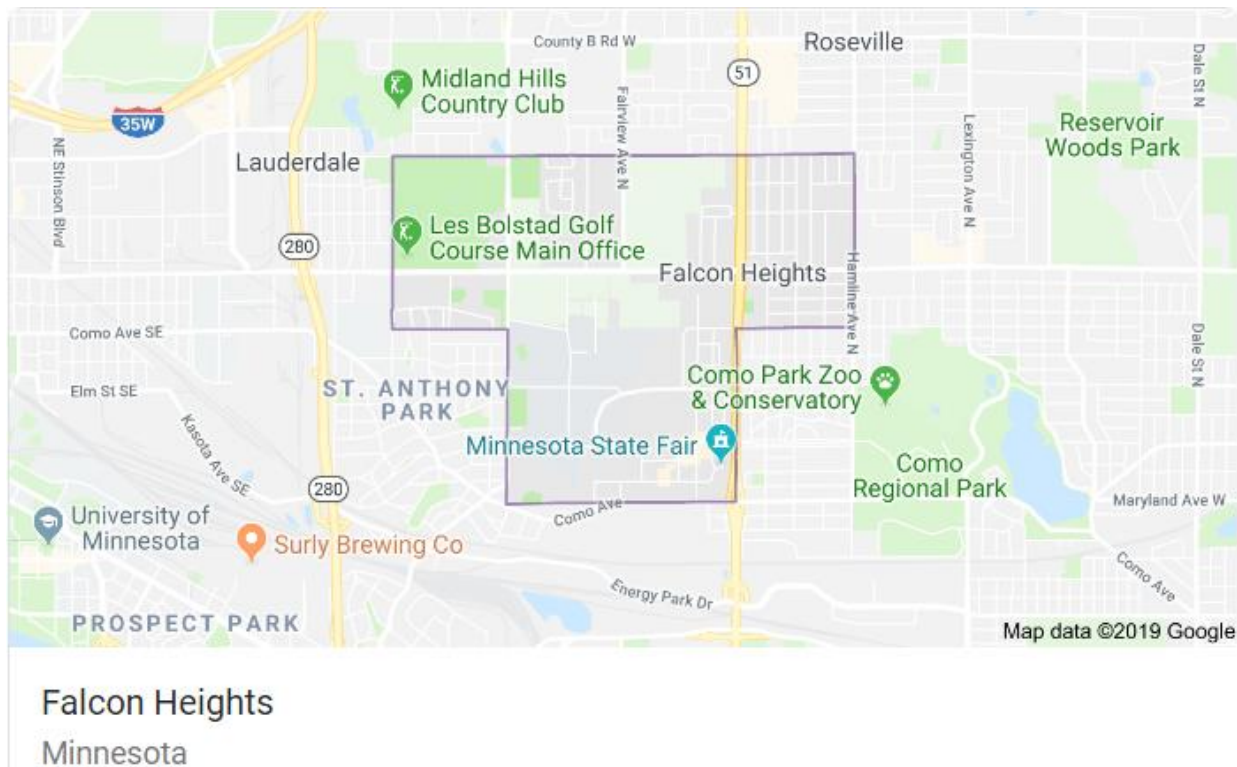
2.8 Neighborhood Data

For population 25 years and over in Falcon Heights: High school or higher: 99.1% Bachelor's degree or higher: 73.6% Graduate or professional degree: 40.4% Unemployed: 2.3% Mean travel time to work (commute): 19.8 minutes For population 15 years and over in Falcon Heights city: Never married: 36.1% Now married: 52.0% Separated: 0.7% Widowed: 5.2% Divorced: 6.1%. Median real estate property taxes paid for housing units with mortgages in 2016: \$3,399 (1.1%)

Read more: <http://www.city-data.com/city/Falcon-Heights-Minnesota.html>

Read more: <http://www.city-data.com/city/Falcon-Heights-Minnesota.html>

Identify location (city or area of city):



Summary of neighborhood (commercial v. residential, etc.)

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 15 of 38
Client: LARSNEL PROPERTIES			

2.9 Closest Employers in St. Paul Area

- Travelers: 2,500 employees.
- **Securian Financial Group**: 2,450 employees.
- **U.S. Bancorp** Information Services: 2,112 employees.
- **Ecolab**: 1,300 employees.
- **Allina Health**/United Hospital: 1,200 employees.
- **Lawson Software**: 800 employees.
- St. Paul **Pioneer** Press: 660 employees.
- CenturyLink: 593 employees.

Lifestyle and community amenities

More than 540,000 Minnesotans make their homes in Ramsey County. Located in the heart of the seven-county Twin Cities metropolitan area, it is the second-most populous county in Minnesota with about 10 percent of the state's residents. Ramsey County was established on October 27, 1849, one of the original counties of the Minnesota Territory.

Predominantly urban, Ramsey is Minnesota's smallest and most densely populated county, spanning 170 square miles. Ramsey County communities are nationally known as attractive, livable places rich in history, diversity and opportunity.

3.0 Physical Description of Property

3.1 Date property was built

The subject property represents a market rate apartment development that was originally constructed in 1960 and as of the date of inspection was considered to be in average overall condition. The municipal address of the property is 1472 & 1486 Larpenteur Ave W, Falcon Heights, Ramsey County, MN. The property totals 60 units that was 100.0% occupied and is set on a site that includes a reported land area of 1.98 acres or 86,613 square feet.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 16 of 38
Client: LARSNEL PROPERTIES			

3.2 Type of construction (wood-frame, concrete, etc.)

Foundation: Assumed poured concrete slab on grade with adequate frost footings.

Frame: Combination wood framing and CMU.

Exterior Walls: Brick/masonry exterior

Roof: 1472 & 1486 Larpenieur has a pitched, hip style roof finished with asphalt shingles. 1486 has a flat rubber membrane roof. The actual age of each roof is unknown, but reported to be in average condition with no active leaks noted or reported.

Windows: The property has adequate window fenestration for its highest and best use. Windows consist of wood framed, double hung window of typical quality/appeal and condition.

Mechanicals

Heat/AC: Each building has a gas fired boiler with radiators. The boiler in the 1472 building was replaced in the last year. The 1486 building has the original boiler.

3.3 Total acreage

Total Land area of LarSnel Properties is 1.98 acres

3.4 Number of buildings

LarSnel Property consists of 2 buildings

3.5 Total number of units

Total number of Units are 60 (Each building has 30 units)

3.6 Unit mix

All units in LarSnel Property are Single bed room units.

3.7 Vacancy detail

On an average there are 12 move-out & move-in is the trend. Apartments are never vacant due to high demand area and rents are low.

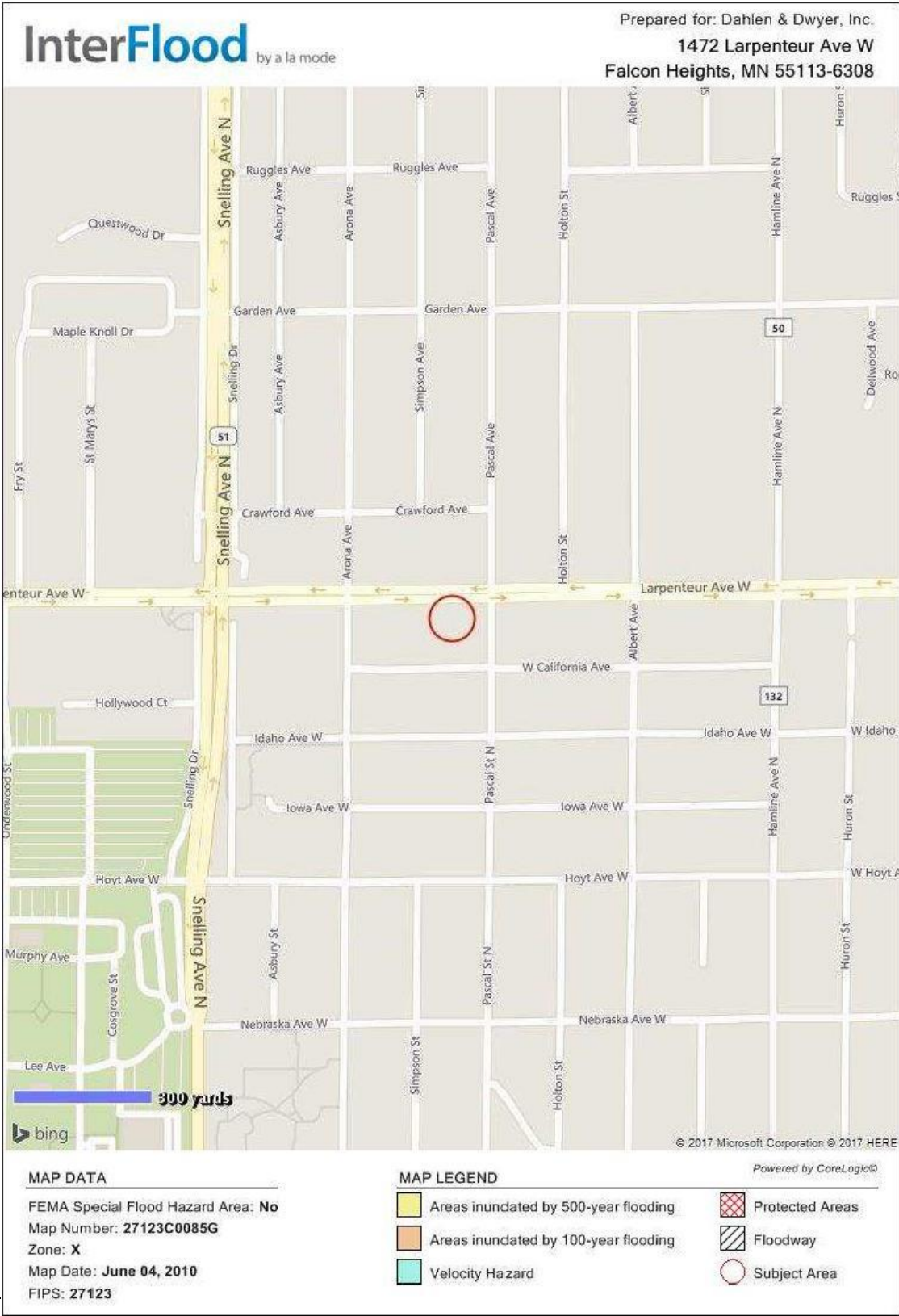
Total number of parking spaces/garages

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 17 of 38
Client: LARSNEL PROPERTIES			

There are no garages. There are 60 on site garage spots available and are clearly marked. Additional road side parking is available at the building front on Larpenteur Ave.

3.8 Property layout (provide plan/map)

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 18 of 38
Client: LARSNEL PROPERTIES			



	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 19 of 38
Client: LARSNEL PROPERTIES			

3.9 Apartments

Apartments are in excellent condition, whereas at times there are plumbing issues. We are fixing them as needed.

3.10 Common areas (interior)

Common areas have been re-designed in the year 2017 which includes stair cases, elevation, glass view, security doors etc and looks brand new.

3.11 Grounds/Exterior common areas

Grounds are well maintained by Snow plough & Grass mow vendors year round. On top of that care taker is responsible for picking up cigarette buds and any foreign materials. Around the building mulch has been spread and looks very neat and clean.

3.12 Building exterior

Building exterior is brick construction. Even though buildings are over 50 years old, due to brick construction they always look posh and elegant.

3.13 Mechanical areas and systems

There are two boilers in both buildings. One boiler is original and works perfectly fine. Another boiler has been replaced in year 2017.

3.14 For each unique floorplan, provide:

Each 1br 1ba unit includes one-bedroom w/closet, one full bath, kitchen, living room and linen closet. These units are +/- 685 sq. ft.

3.15 Total square footage

Total buildings area is 86, 613 including common areas.

Monthly rent (or rent range)

As of date monthly rents are \$839 average and have been analyzed with current market and there is a scope to increase to \$865.

3.16 Description of the positives and negatives

Units are relatively smaller than comparable properties. There are no built in air-conditioners, no swimming pool & no Jim. However, due to low rent there is no vacancy loss so far which is highly promising.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 20 of 38
Client: LARSNEL PROPERTIES			

Section III - Human Resources Analysis

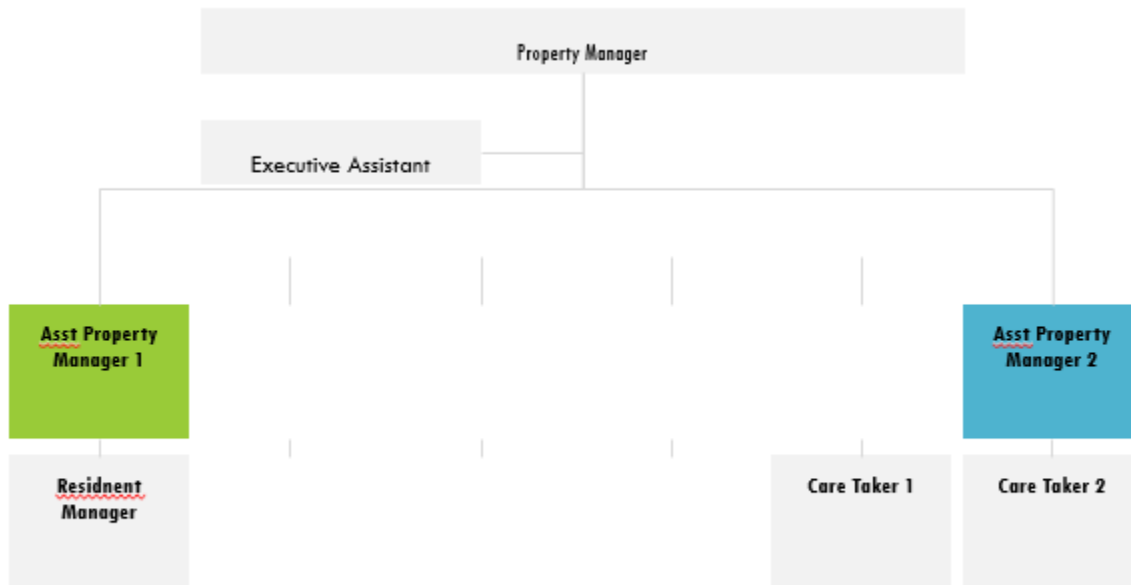
4.1 Analysis of current organizational structure

Organization is structured with one Property Manager, two Asst. Property Managers, one Resident Manager, two care takers.

4.2 Recommendation of changes to structure

Periodically we are monitoring structure and making necessary changes to improve efficiency and to show high quality results to all tenants at all times.

4.3 Organizational chart



4.4 Job descriptions for each on-site position

4.4.1 RESIDENT MANAGER JOB DESCRIPTION AND AGREEMENT

JOB DESCRIPTION:

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 21 of 38
Client: LARSNEL PROPERTIES			

The Resident Manager of 1472-86 Larpenteur Ave., West, Falcon Heights, MN 55113 is responsible for day-to-day operations. Responsibilities include those listed below in accordance with the attached Current and prospective tenant relations, Answering phones, Scheduling & conducting showings, Processing Applications, Handling resident concerns in a timely manner, Monitoring property needs, Making the calls to Handyman's or services and manage their work, co-ordination with on-site Caretaker and assigning work as needed. The Resident Manager must also observe LarSnel policies and procedures and model exceptional tenant conduct at all times. There will be required meetings scheduled throughout the year that you must attend. Meetings are typically held at the LarSnel office and we try to give at least a month's notice as to the date and time of the meeting.

A resident manager of an apartment complex lives on-site in his own apartment and oversees the management of the facility and grounds. His/her rent is often subsidized as part of his salary. He typically has set office hours in which he is available to tenants, but also has on-call and emergency responsibilities when the need arises.

Rental Agreements

The resident manager shows vacant apartments to prospective tenants, outlines rental terms, writes up rental agreements and takes necessary deposits. He/she collects the rent each month and performs a check-out inspection for vacating tenants. The manager inspects the interior condition of rental properties prior to new tenants moving in, arranging for carpet cleaning, painting and other necessary routine maintenance.

Property Management

The resident manager is responsible for ensuring the structural integrity of the apartments, including plumbing, heating and cooling systems, and appliances that are part of the rental units. In the event something breaks or needs repair, he/she handles it himself/herself or arranges for a qualified sub-contractor to fix the problem. The manager also oversees the condition of the complex grounds and facilities, arranging for landscape and swimming pool maintenance, sports courts, playground equipment, laundry rooms and picnic areas.

Trouble-Shooting

The resident manager mediates disputes between tenants when they arise. He/she is responsible for ensuring pets are kept under control and that noise and occupancy levels are

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 22 of 38
Client: LARSNEL PROPERTIES			

within legal limits. If the complex is part of a community association, the manager works in coordination with the governing board to ensure all tenants are in compliance with community rules and regulations. He/she may issue reminders and assess fines to violators if necessary.

Landlord-Tenant Laws

The resident property manager must continually stay up-to-date on landlord-tenant laws as they apply to conducting background checks and following anti-discrimination laws in leasing property.

Resident Manager Training:

- Resident Managers are required to attend all mandatory caretaking training sessions throughout the year.

You are to receive **\$600.00 per month** as compensation for performance of your responsibilities. Compensation will be credited toward your rent and any amount in excess of your rent will be paid in the current month with a taxable payroll check. You will pay your outstanding monthly rent balance, if any – each month in accordance with your Lease Agreement.

LarSnel Management may terminate your occupancy after giving proper notice and may offer your apartment to a new Resident Manager/Caretaker. You may terminate your occupancy by giving proper notice. (See your Lease Agreement for “proper notice”.)

If you have given notice to terminate and given a time of termination it is your full obligation to complete your duties/responsibilities up to that time of termination. If not you will be charged back to your rent credit in the amount of costs for us to fulfill those duties.

I, _____, have read the above information and agree to perform the duties of Caretaker of said property in accordance with this agreement.

Employee's Signature: _____ Date: _____

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 23 of 38
Client: LARSNEL PROPERTIES			

Supervisor's Signature: _____ Date: _____

4.4.2 CARETKER JOB DESCRIPTION AND AGREEMENT

JOB DESCRIPTION:

The Caretaker of 1472-86 Larpenteur Ave., West, Falcon Heights, MN 55113 is responsible for day-to-day operations. Responsibilities include those listed below in accordance with the attached Cleaning/Grounds Maintenance Schedule, as well as miscellaneous 'site-level' tasks as assigned by the Property Manager. The Caretaker must also observe LarSnel policies and procedures and model exceptional tenant conduct at all times. There will be required meetings scheduled throughout the year that you must attend. Meetings are typically held at the LarSnel office and we try to give at least a month's notice as to the date and time of the meeting.

Cleaning:

Clean interior and exterior common areas.

- "Clean" means vacuum carpets, sweep floors, mop floors, clean light fixtures, pick up litter and debris, remove abandoned property, remove personal property, wipe fixtures and surfaces, wipe appliances, wipe spills off walls, wash entry way windows, remove cobwebs and empty waste containers.
- "Common Areas" include carpets, walls, ceilings, glass, doors, light fixtures, railings, blinds and appliances... in hallways, stairways, entry areas, laundry rooms, grounds, utility rooms, storage rooms and parking lots.

Grounds Care:

- Remove snow and ice from sidewalks, steps, paths, dumpster areas and garage door areas. Removal is to be done with use of snow blower, shovel and ice scraper. Salt and sand is to be used in moderation and only when necessary.
- Mow lawn weekly at 2.5-3.0 inches, "trim" lawn weekly, water lawn and gardens as needed; rake leaves in the fall.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 24 of 38
Client: LARSNEL PROPERTIES			

- Sweep and/or blow-vacuum sidewalks weekly after each mowing.
- Pick up liter, cigarette butts, sticks and abandoned junk daily.
- Trim hedges and bushes monthly; prune and dead head flowers weekly; pull weeds weekly.
- Trimming the hedges and flowers to 2" in the late fall or after temperatures are consistently below 30 degrees at night.
- Properly maintain and store lawn/garden and power equipment.
- Fall and spring cleanup of the landscaping, watering during the summer, installation of mulch, pruning of shrubbery, application of fertilizer and insecticide to all plants, removal of vines from the building and mowing of the boulevards.

Maintenance:

- Change light bulbs in common areas and storage areas.

Resident Relation:

- Report unusual problems, conflicts and incidents to the Resident Manager.

Inspection:

- Inspect heating, plumbing, cooling and laundry systems daily and report unusual problems to LarSnel immediately.

Caretaker Training:

- Caretakers are required to attend all mandatory caretaking training sessions throughout the year.

You are to receive **\$600.00 per month** as compensation for performance of your responsibilities. Compensation will be credited toward your rent and any amount in excess of your rent will be paid in the current month with a taxable payroll check. You will pay your outstanding monthly rent balance, if any – each month in accordance with your Lease Agreement.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 25 of 38
Client: LARSNEL PROPERTIES			

LarSnel Management may terminate your occupancy after giving proper notice and may offer your apartment to a new Resident Manager/Caretaker. You may terminate your occupancy by giving proper notice. (See your Lease Agreement for “proper notice”.)

If you have given notice to terminate and given a time of termination it is your full obligation to complete your duties/responsibilities up to that time of termination. If not you will be charged back to your rent credit in the amount of costs for us to fulfill those duties.

I, _____, have read the above information and agree to perform the duties of Caretaker of said property in accordance with this agreement.

Employee’s Signature: _____ Date: _____

Supervisor’s Signature: _____ Date: _____

Section IV - Market Analysis

Market Analysis and comparison study has been done with 2 comparison to derive the subject property rent comparison. Details like Physical description, Amenities, Rent Schedule etc has been incorporated in the grid details.

Analysis of/Recommendation for changes to market rents (of subject property)

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 26 of 38
Client: LARSNEL PROPERTIES			

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Apartment Size Prepared By: Divya Gogineni Software Verification Test	Larsnel - 685 SFT	Signature: _____	Page 27 of 38

Client: LARSNEL PROPERTIES	SUBJECT PROPERTY	Town Square (Comp#1)	Falcon Arms (Comp#2)
Monthly Rent	\$865	\$1,083	\$950
Average Sq. Feet	685	723	600
Price Per Sq. Foot	1.26	1.50	1.58

For each line item, give a description including type, condition, applicable extra cost, etc. for your property and each competitor.				\$ +/-	\$ +/-
Location	Good	Good to Excellent	\$10	Good	\$0
Age of Property	1960	2005	(\$30)	1960	\$0
Overall Condition	Good	Excellent	(\$10)	Good	\$0
Parking	Good	Underground Parking	\$30	Good	\$0
Curb Appeal	Good	Good	\$0	Good	\$0
Layout/Floorplan	Good	Good	\$0	Good	\$0
Flooring	Carpet & Wood	Carpet & Wood	(\$10)	Carpet & Wood	\$0
Window Coverings	Regular Blinds	Roller Shades	(\$5)	Regular Blinds	\$0
Appliance Package	Stainless Steel	Stainless Steel	\$0	Stainless Steel	\$0
Patio/Balcony	No	Some	\$0	No	\$0
Number of Baths	1 Full Bath	1 Full Bath	\$0	1 Full Bath	\$0
Fireplace	N/A	N/A	\$0	N/A	\$0
Washer/Dryer	Pay per use	In home Washer	(\$10)	Pay per use	\$0
Elevator	No	No	\$0	No	\$0
Storage	Yes - No Extra Charges	Yes	\$20	Yes	\$0
Community Room/Clubhouse	No	No	\$0	No	\$0
Fitness Center	No	No	\$0	No	\$0
Pool	No	No	\$0	No	\$0
Electricity	Not Included	Not Included	\$0	Not Included	\$0
Gas	Not Included	Not Included	\$0	Not Included	\$0
Water/Sewer/Trash	Rubs	Included	(\$40)	Included	\$0
Cable/Internet	Not Included	Not Included	\$0	Not Included	\$0
Pets	Cats - No Monthly Charge	Cats	\$25	No Monthly Charge	\$0
Air Condition	Not Available	Available	(\$10)		
Dishwasher	Not Available	Available	(\$5)		
Others					
Others					
Others					

RENT ADJUSTMENTS	#1	#2
(+ OR -)	(\$35)	\$0
ADJ. P.S.F.	-0.05	0.00

INDICATED RENT	
COMP #1	\$1,048
COMP #2	\$950

Marketing and Leasing

5.1 Marketing and leasing process/program

Property management systems includes a proactive marketing strategy. Marketing should be much more than a "for rent" sign on the street corner. By taking marketing online and into the communities where we work, can use a wide array of strategies to rent your property. Target

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 28 of 38
Client: LARSNEL PROPERTIES			

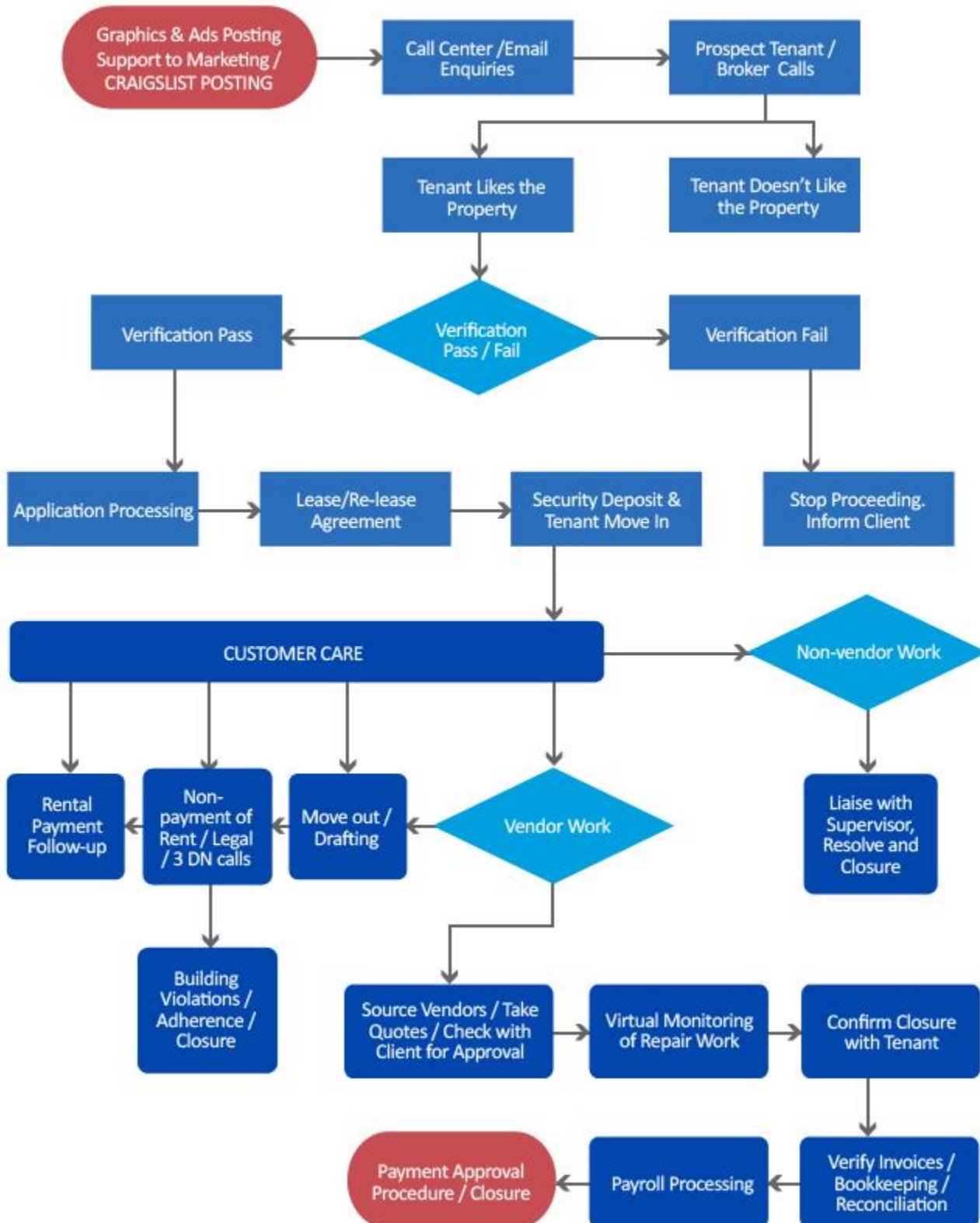
audience, target marketing, Get Social, Use word of mouth, Develop interest before we need to market, Connect with the community & Market a community, not a property are the best strategies for marketing.

5.2 Leasing Process with Diagram

Leasing process is streamlined to maximize efficiency, and allows us to provide the following value-added benefits to our clients -

- Efficiently maintaining their property according to the owner's specifications
- Closing customer complaints ensuring complete tenant satisfaction
- Delivering exceptional customer services through efficient use of technology

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 29 of 38
Client: LARSNEL PROPERTIES			



	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 30 of 38
Client: LARSNEL PROPERTIES			

5.3 Current advertising

Current advertising is taking place in multiple ways. A. Yard Signs, B. Current Tenants referral program, C. Posting in Zillow, Trulia, Apartmetns.com and also community news. In addition, post it in nearby university complain by placing advertisements in university web sites. All these advertising ideas are working out very well and there is almost no vacancy loss other than our pre-maintenance between move-out & move-in process.

Leasing office location and hours:

We currently don't have leasing office, instead we do have on site resident managers. These managers are very well trained in client relationship and on leasing process. If lease is signed, resident manager will get commission over above monthly rent deduction.

5.4 Model apartment

We don't have model apartment, but resident manager will take prior permission from the current tenant (or) if apartment is already vacated this is easy to show (or) manager's own apartment will be shown which is exactly same.

5.5 Deposits and fees

When prospective tenant is willing to fill in application, we do take pre-lease deposit of \$400 then provide on line application link for screening process. Prospective tenant has to pay application fees online which directly goes to third party screening agency. If applicant is pass in screening process, pre-deposit will be turned into security deposit, if fails in screening – pre deposit will be returned to the applicant.

5.6 Pet policy

Cats are allowed and there is one time non-refundable fees of \$200. Dogs also allowed which are under 35 pounds and there is monthly fees of \$35 per dog. Vaccination must be performed and documentation must be submitted before bringing pets into apartment.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 31 of 38
Client: LARSNEL PROPERTIES			

5.7 General property policies

Income

- a. The applicant must have a gross (before tax) monthly income of 3 times the month rent. The applicant must have verifiable, reliable, and predictable sources of income. Verification of income sources must be submitted with the application.
 - i. Exception: College Students may be able to pay additional security deposit equal to one month's rent.
 - ii. Employment: Must be employed for at least 6 months at current job or pay additional security deposit equal to one month's rent.

Housing History

- b. Each applicant must have a minimum of six months' satisfactory and verifiable housing history within the past 18 months.
 - i. First time renters pay additional security deposit equal to one month's rent.
 - ii. No unlawful detainers allowed within past 24 months.

Criminal History

- c. A criminal history, history of drug use or dealing, physical violence to persons or property, or other conduct which would adversely affect the health, safety or welfare of residents of the community or of management/owner employees will result in denial of application.
 - i. No felony records within past ten years.

Credit History

- d. Bank and credit references will be checked. An adverse credit history, high debt,

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 32 of 38
Client: LARSNEL PROPERTIES			

or the absence of a credit history may be grounds for rejection of application.

Applicants must meet criteria number one (income) and at least one of the three other criteria to be approved. Applicant will pay additional security deposit if all four criteria are not met.

Reasons for denial:

- Income is less than three times one month's rent.
- Applicant has criminal record that does not meet owner's criteria.
- Applicant has eviction record (UD) within the last 24 months, regardless if the reason was for non-payment of rent and the amount due has now been paid.
- Applicant owes money to prior landlord.
- Applicant provided false information on application.
- Unable to verify income.

Reasons for Additional Security Deposit:

- Required for one of the following reasons:
 - Rental History
 - First time renter, no verifiable rental history, borderline rental history.
 - Student that does not meet income requirement.
 - Less than 6 months at current job.
 - Credit score between 550 and 600.
- Additional security deposit to be equal to one month's rent.

Full amount is due at move-in, no exceptions.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 33 of 38
Client: LARSNEL PROPERTIES			

5.8 Lease renewal process

Lease renewal process starts 75 days in advance prior to current lease ends. An amendment letter will be sent to the tenant with next lease start period, end period and a new rental amount. Once tenant accepts, that amendment will become part of lease as other terms and conditions apply per the original lease. If there is a disagreement, tenant must give management 60 day notice to vacate apartment.

5.9 Resident retention efforts

We always thrive to maintain low rents than our competitors. Please refer our comparison chart in this document (Market Research), we are lower than other competitors. Whenever there is maintenance request our goal is to address any issue within 24 hours. We do have our onsite care-takers, handy man and manger who caters the needs of all tenants 24/7. We keep our maintenance costs low and pass it on to tenants by way of low rent on par with competitors.

Section V - Budget

6.1 Summary of property's current financial performance (income, expense, NOI)

Current Rent Roll (One Month)

Tenant Name	Unit	Unit Type	Sq.Feet	Rent	Vacancy Loss	Misc Charges	Total Charges	Rent Received	Balance
Tenant -1	1472-1	1 BR	685	839.00	0.00	70.00	909.00	987.00	-78.00
Tenant -2	1472-2	1 BR	685	939.00	0.00	0.00	939.00	939.00	0.00
Tenant -3	1472-3	1 BR	685	825.00	0.00	-209.68	615.32	615.32	0.00
Tenant -4	1472-4	1 BR	685	833.00	0.00	0.00	833.00	833.00	0.00
Tenant -5	1472-5	1 BR	685	779.00	0.00	0.00	779.00	779.00	0.00
Tenant -6	1472-6	1 BR	685	779.00	0.00	0.00	779.00	779.00	0.00
Tenant -7	1472-7	1 BR	685	849.00	0.00	-200.00	649.00	649.00	0.00
Tenant -8	1472-8	1 BR	685	779.00	0.00	0.00	779.00	779.00	0.00
Tenant -9	1472-9	1 BR	685	820.00	0.00	0.00	820.00	820.00	0.00
Tenant -10	1472-10	1 BR	685	814.00	0.00	-150.00	664.00	664.00	0.00
Tenant -11	1472-11	1 BR	685	839.00	0.00	1417.00	2256.00	2256.00	0.00
Tenant -12	1472-12	1 BR	685	945.00	0.00	0.00	945.00	945.00	0.00
Tenant -13	1472-13	1 BR	685	814.00	0.00	0.00	814.00	814.00	0.00
Tenant -14	1472-14	1 BR	685	814.00	0.00	0.00	814.00	814.00	0.00
Tenant -15	1472-15	1 BR	685	814.00	0.00	0.00	814.00	814.00	0.00
Tenant -16	1472-16	1 BR	685	839.00	0.00	26.00	865.00	865.00	0.00
Tenant -17	1472-17	1 BR	685	839.00	0.00	35.00	874.00	874.00	0.00

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 34 of 38
Client: LARSNEL PROPERTIES			

Tenant -18	1472-18	1 BR	685	839.00	0.00	0.00	839.00	839.00	0.00
Tenant -19	1472-19	1 BR	685	839.00	0.00	35.00	874.00	874.00	0.00
Tenant -20	1472-20	1 BR	685	839.00	0.00	0.00	839.00	839.00	0.00
Tenant -21	1472-21	1 BR	685	839.00	0.00	0.00	839.00	987.00	-148.00
Tenant -22	1472-22	1 BR	685	939.00	0.00	0.00	939.00	939.00	0.00
Tenant -23	1472-23	1 BR	685	825.00	0.00		825.00	615.32	209.68
Tenant -24	1472-24	1 BR	685	833.00	0.00	0.00	833.00	833.00	0.00
Tenant -25	1472-25	1 BR	685	779.00	0.00	0.00	779.00	779.00	0.00
Tenant -26	1472-26	1 BR	685	779.00	0.00	0.00	779.00	779.00	0.00
Tenant -27	1472-27	1 BR	685	849.00	0.00	-200.00	649.00	649.00	0.00
Tenant -28	1472-28	1 BR	685	779.00	0.00	0.00	779.00	779.00	0.00
Tenant -29	1472-29	1 BR	685	820.00	0.00	0.00	820.00	820.00	0.00
Tenant -30	1472-30	1 BR	685	814.00	0.00	-150.00	664.00	664.00	0.00
Tenant -31	1486-1	1 BR	685	839.00	0.00	1417.00	2256.00	2256.00	0.00
Tenant -32	1486-2	1 BR	685	945.00	0.00	0.00	945.00	945.00	0.00
Tenant -33	1486-3	1 BR	685	814.00	0.00	0.00	814.00	814.00	0.00
Tenant -34	1486-4	1 BR	685	814.00	0.00	0.00	814.00	814.00	0.00
Tenant -35	1486-5	1 BR	685	814.00	0.00	0.00	814.00	814.00	0.00
Tenant -36	1486-6	1 BR	685	839.00	0.00	26.00	865.00	865.00	0.00
Tenant -37	1486-7	1 BR	685	839.00	0.00	35.00	874.00	874.00	0.00
Tenant -38	1486-8	1 BR	685	839.00	0.00	0.00	839.00	839.00	0.00
Tenant -39	1486-9	1 BR	685	839.00	0.00	35.00	874.00	874.00	0.00
Tenant -40	1486-10	1 BR	685	839.00	0.00	0.00	839.00	839.00	0.00
Tenant -41	1486-11	1 BR	685	839.00	0.00	85.00	924.00	987.00	-63.00
Tenant -42	1486-12	1 BR	685	939.00	0.00	0.00	939.00	939.00	0.00
Tenant -43	1486-13	1 BR	685	825.00	0.00	-209.68	615.32	615.32	0.00
Tenant -44	1486-14	1 BR	685	833.00	0.00	0.00	833.00	833.00	0.00
Tenant -45	1486-15	1 BR	685	779.00	0.00	0.00	779.00	779.00	0.00
Tenant -46	1486-16	1 BR	685	779.00	0.00	0.00	779.00	779.00	0.00
Tenant -47	1486-17	1 BR	685	849.00	0.00	-200.00	649.00	649.00	0.00
Tenant -48	1486-18	1 BR	685	779.00	0.00	0.00	779.00	779.00	0.00
Tenant -49	1486-19	1 BR	685	820.00	0.00	0.00	820.00	820.00	0.00
Tenant -50	1486-20	1 BR	685	814.00	0.00	-150.00	664.00	664.00	0.00
Tenant -51	1486-21	1 BR	685	839.00	0.00	1417.00	2256.00	2256.00	0.00
Tenant -52	1486-22	1 BR	685	945.00	0.00	0.00	945.00	945.00	0.00
Tenant -53	1486-23	1 BR	685	814.00	0.00	0.00	814.00	814.00	0.00
Tenant -54	1486-24	1 BR	685	814.00	0.00	0.00	814.00	814.00	0.00
Tenant -55	1486-25	1 BR	685	814.00	0.00	0.00	814.00	814.00	0.00
Tenant -56	1486-26	1 BR	685	839.00	0.00	26.00	865.00	865.00	0.00
Tenant -57	1486-27	1 BR	685	839.00	0.00	35.00	874.00	874.00	0.00
Tenant -58	1486-28	1 BR	685	839.00	0.00	0.00	839.00	839.00	0.00
Tenant -59	1486-29	1 BR	685	839.00	0.00	35.00	874.00	874.00	0.00
Tenant -60	1486-30	1 BR	685	839.00	0.00	0.00	839.00	839.00	0.00

6.2 Current Financial Statement & Budget

LarSnel

		Budget
Income & Expense	2018	2019
Rental Income	\$582,342	\$599,812.00

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 35 of 38
Client: LARSNEL PROPERTIES			

Laundry Income	\$5,091	\$5,244.00
Utilities Income (Water & Trash) - RUBS	\$21,306	\$21,945.00
Application Fees	\$120	N/A
Gross profit/net sales	\$608,856	\$627,001.00
Expenses		
Attorney/Tenant Check/Services	\$7,122	\$4,500.00
Association	\$444	\$444.00
Mgmt & Maint Fees	\$54,651	\$56,430.00
Utilities (electricity, gas, water, Trash)	\$58,863	\$60,040.00
Maintenance Labor	\$63,774	\$52,716.00
Maintenance Materials	\$25,455	\$21,597.00
Specialty Repairs	\$567	N/A
Property Taxes	\$81,096	\$82,718.00
Services	\$4,824	\$4,300.00
Stationery & Printing	\$1,680	\$1,500.00
Insurance	\$31,398	\$29,311.00
USPS PO BOX	\$306	\$306.00
Total expenses	\$330,180	\$313,862.00
NOI (Net Operating Income)	\$278,676	\$313,139.00
Debt Service	\$89,610	\$89,610.00
Cash Flow after Debt Service	\$189,066	\$223,529.00
Capital Improvements	\$16,372	\$25,000.00
NET CASH FLOW	\$172,694	\$198,529.00

Current Cost per unit per month: \$459 (Before Debt Service)

Current Cost per unit per year: \$5,503 (Before Debt Service)

Section VI - Problem Identification and Recommendation

7.1 Problem Identification/Recommendation #1

Summary of problem (what, why and how it impacts the property)

Summary of Problem:

One of the tenant drinks a lot in the apartment, he even not in his senses and 3 times he kept something on the stove and it over cooked/fried and lot of smoke in hallways. He unplugged

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 36 of 38
Client: LARSNEL PROPERTIES			

smoke alarms batteries inside the apartment. When we ask him to get up, he couldn't even talk. He doesn't pay rent and always over a month delay. He lost his keys couple times. He also urinates on floor some times when he is over drunken. Over all he is a problematic tenant and also there is a safety issue involved which may impact other tenants.

Recommendation for solving the problem:

Since he is within the lease period, we approached MHA hotline and we got very good suggestions. Prior to approaching attorney we thought to implement expert opinion which we got from MHA hotline. As a part of that we gave, 72 hour eviction notice prepared by us. We sent that by way of email, USPS with tracking number & physical delivery and obtaining his signature.

Implementation timetable:

We planned to send him out in 2 months' time by way of regular correspondence, asking for rental money (or) Eviction notice through Attorney.

Cost Analysis:

We budgeted \$5,000 for eviction + non payments.

Result:

We successfully sent him out of the apartment by way of our first approach by giving regular letters. Now this apartment has been rented to another tenant. But, still we need to get money from him for about \$1,400 and we will approach court for collection and I am sure we will get that amount.

7.2 Problem Identification/Recommendation #2

Summary of Problem:

One of the tenant lost her job and got temporary less paying job. She is not able to pay rent on time. She started paying weekly partial rents. No matter what, she is never able to pay full payment. Her dues are slowly increasing.

Recommendation for solving the problem:

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:		Page 37 of 38
Client: LARSNEL PROPERTIES			

Since he is within the lease period, we gave her eviction notice. Then she called us and then we came to common agreement on payments. Drafted a letter and we obtained her signature to stick to that plan.

Implementation timetable:

We planned to get full amount within 2 months' time. If payments are not proper we will approach attorney and will evict her. Right now, she is staying in apartment and paying every Friday based on agreement. However, if required we will evict her depending on the situation.

Cost Analysis:

We budgeted \$5,000 for eviction + non payments.

Result:

So far, we are successful to get rent every Friday and within 60 days she has be current. But, it looks like it may take up to 90 days to be current. Now her rent accumulation has come down from \$1,200 to \$700.

CONCLUSION

Rental market is very competitive market. In order to sustain in this market we have to continuously monitor market conditions by way of self-education, realty/rental market news, market analysis etc. and use right tools, right decisions, and right actions on time. I am sure, now I have great confidence and now I am more energetic to penetrate in this business and I am sure, I can reach greater heights.

	MANAGEMENT ANALYSIS	Doc. Number CRM-1	Revision 0
Prepared By: Divya Gogineni Software Verification Test	Signature:	Page 38 of 38	
Client: LARSNEL PROPERTIES			