

Another Month in the Midst of a Pandemic

Another 30 days have gone by with the COVID-19 pandemic wreaking havoc on peoples' lives. **I know we are all ready to get back to normal as much as we can and get this great nation back on track.** This is just a reminder, but I write these updates a couple weeks before you read them so there's always a chance that something may change. We'll always keep you notified through email if there's something urgent to share, but luckily, that hasn't been the case.

May Rents are Slightly Affected

As we reported last month, our April numbers were affected very little by COVID-19. We expected that May would be the first month where we would see problems with renters paying late or having trouble paying at all.

Here's what the May numbers look like. From the last Tuesday in April to the last Tuesday in May, there is about a 5% difference in how much less rent we've collected in May. This doesn't mean we won't ever collect it — it just means that we'll collect as much as we can now, and we'll work out plans to collect most of it later. There may be a small portion that we can't collect due to tenants who can't pay or work out a deal with us. At that point, our only choice is to evict them if they don't leave voluntarily. It's important to note that this isn't all due to COVID-19; **these are normal property management issues we deal with every month, and we have processes in place to deal with them.**

Let's try to translate those numbers into returns. For every 10% in uncollected rent, our model shows that the return will drop by 1%. Please understand that this is a rough estimation, but it gives us an idea. After May is reconciled, we may see a half of a percentage drop in returns for the month.

Expect April Capital Statements

I keep talking about May in this update, but note that the month reflected on your Capital Statement will be

April. May numbers will be reconciled in June and will be your next month's Capital Statement. I wanted to report what we know about May at this point because I know everyone is interested in the most timely info.

Was May the worst of it?

The part of our team working directly with the tenants believes May will be the worst month and from there things will only get better. **I will take that with a grain of salt since none of us have a crystal ball, but they do have their hands on the pulse of each tenant's situation.** Our team's take is that many of the tenants are still waiting for their unemployment benefits, which will obviously solve some of the rent issues. Many are also getting back to work. **How does our team know?** They talk to the tenants with challenges all the time and work with them to plan accordingly.

Moratoriums on evictions are no longer in place, but the eviction process is still a little slower than normal.

Filling New Properties


In other good news, we are filling up the vacant rent-ready properties at a brisk pace in most of our locations, leaving that part of the portfolio unaffected. We theorize that families who are living in apartments want to get themselves into a home with more space after being cooped up for so long. **Whatever the reason, we like it and we're glad to have them.**

We are certainly not out of the woods yet. I know this seems like mostly positive news — and it is — but we don't know what else is coming down the road. Overall, one way or another, there is light at the end of the tunnel and we do know that it's not a freight train. We may still have more softening of the rents being paid, but in the big picture we're in good shape.

Until next time,



Steve Sixberry



Greg Hughes