

Investor Offering Summary
17-Property Portfolio (St. Paul, MN)

Opportunity at a Glance

Asset: 17-property / 35-unit residential portfolio

Location: St. Paul, Minnesota

Program: Neighborhood Stabilization Program (NSP) proposed ending August 2028

Current Rent Basis: 50% Area Median Income (AMI)

Future Rent Profile: Rents may increase through an anticipated transition to 60% AMI, at the end of NSP in August 2028.

Portfolio Scale: 36,960 total rentable square feet across 35 residential units (approximately 1,056 SF per unit). The portfolio consists primarily of duplex homes with a concentration of larger family-sized units, including multiple four- and five-bedroom residences.

Investment Rationale: This portfolio generates cash flow under a rent structure that adjusts annually according to HUD Area Median Income guidelines rather than market volatility. Because operating expenses are largely fixed, increases in allowable rents tend to translate directly into higher net operating income. The properties benefit from reduced property taxes under the 4D Affordable classification during NSP participation, and those 4D taxes will remain in place for so long as the properties continue to operate at affordability levels of 60% AMI. The City of Saint Paul has indicated its support for continued operation of the portfolio within the NSP framework under new ownership, reducing regulatory and transition risk.

Neighborhood Stabilization Program (NSP): Operating Mechanics & Economics

Program Structure (Current, In Force): The portfolio operates under the **Neighborhood Stabilization Program (NSP)**, a federal affordable housing initiative administered locally by the **City of Saint Paul**. NSP participation requires **recorded affordability covenants** to remain in place for the duration of the program, ending proposed August 2028

City & Seller Alignment: The City has expressed a preference for **program continuity under new ownership**, and the sellers intend to **transfer their partnership interest**, preserving the existing NSP framework.

Exhibit A — NSP Economics in Practice

Feature	Financial Impact
Rent setting	Annual HUD AMI reset (formula-based)
Current Rent Basis	50% AMI
Future Rent Basis (August 2028)	60% AMI (subject to approval)
Property taxes	Reduced via 4D Affordable classification
Rent regulation	Exempt from St. Paul Rent Stabilization Ordinance

Exhibit B — Program Term

Item	Detail
NSP maturity	August 2028
Extension option	By mutual agreement with City of Saint Paul at 60% AMI

Financial Picture for Investors

This portfolio is currently operated as a stabilized affordable housing platform with predictable income tied to AMI limits and a well-documented operating history. Financial performance and forward expectations are supported by trailing operating statements, adopted budgets, and a portfolio-level sale analysis.

Exhibit C — Tenant Income Eligibility (50% AMI, 2025)

AMI Charts are published annually by HUD and increase an average of 3% annually.

Household Size	Maximum Income
1	\$46,350
2	\$53,000
3	\$59,600

4	\$66,200
5	\$71,500
6	\$76,800
7	\$82,100
8	\$87,400

Once a household is initially qualified and placed, recurring income re-verification is not currently required, reducing administrative friction and turnover risk.

Exhibit D — Rent Caps (50% AMI) 2025

Unit Type	Monthly Rent Cap	Notes
1 BR	\$1,058	Utility adjustment may apply
2 BR	\$1,267	Utility adjustment may apply
3 BR	\$1,465	Utility adjustment may apply
4 BR	\$1,597	Utility adjustment may apply

These estimates reflect anticipated HUD and City guidance and are presented for underwriting purposes only; final limits will be established by formal publication.

Exhibit E — Operating results, budgets, and valuation context

Trailing twelve-month operating results demonstrate consistent rent collections and expense control under the NSP framework. Budgeted 2026 operating assumptions reflect normalized maintenance, management, and tax expenses consistent with recent history. A portfolio-level sale analysis contemplates a gross sales price of approximately \$6.1 million, existing public financing payoffs, and resulting net proceeds, providing context for valuation and capital structure without altering day-to-day operations.

Exhibit F — Operating performance and pro forma support

Portfolio revenue, expenses, and NOI reflected in the pro formas are derived from:

- Trailing 12-month operating results (2025 income statement)
- 2026 operating budgets (expense normalization)

- Forward-looking forecast assumptions (2029 draft forecast)
- Portfolio-level sale and financing assumptions

Property-Level Schedule

Exhibit G — Complete property and unit detail

#	Property	Units	Unit mix (BR)	Total SF	Avg SF/Unit	Unit details (BR, SF)
1	49 Manitoba St, 55130	2	3 / 3	1,900	950	1st: 3BR 900; 2nd: 3BR 1,000
2	89 Atwater St, 55130	2	3 / 2	1,745	872	1st: 3BR 960; 2nd: 2BR 785
3	1003 Woodbridge Ave, 55130	2	2 / 2	1,360	680	1st: 2BR 750; 2nd: 2BR 610
4	765 Edgerton St, 55130	3	2 / 5 / 4	3,935	1,312	LL: 2BR 895; 1st: 5BR 1,495; 2nd: 4BR 1,545
5	599 Reaney Ave, 55130	2	3 / 3	2,235	1,118	1st: 3BR 1,085; 2nd: 3BR 1,150
6	500 Hopkins Ave, 55130	2	3 / 4	2,655	1,328	1st: 3BR 1,380; 2nd: 4BR 1,275
7	402 Hope St, 55106	2	3 / 3	1,850	925	1st: 3BR 940; 2nd: 3BR 910
8	947 Minnehaha Ave, 55106	2	2 / 5	1,960	980	1st: 2BR 930; 2nd/3rd: 5BR 1,030
9	856 Burr Ave, 55130	2	3 / 3	2,040	1,020	1st: 3BR 975; 2nd: 3BR 1,065
10	982 Burr Ave, 55130	2	3 / 3	2,105	1,052	1st: 3BR 1,035; 2nd: 3BR 1,070
11	686 Bradley St, 55130	2	2 / 3	1,710	855	1st: 2BR 790; 2nd: 3BR 920
12	732 Jessamine Ave, 55106	2	2 / 2	1,825	912	1st: 2BR 900; 2nd: 2BR 925
13	698 E Hawthorne Ave, 55130	2	3 / 3	2,240	1,120	1st: 3BR 1,110; 2nd: 3BR 1,130

14	697 Cook Ave, 55106	2	3 / 3	2,315	1,158	1st: 3BR 1,125; 2nd: 3BR 1,190
15	993 E Wakefield Ave, 55106	2	2 / 2	2,110	1,055	1st: 2BR 1,030; 2nd: 2BR 1,080
16	991 Hudson Rd, 55106	2	3 / 3	2,225	1,112	1st: 3BR 1,095; 2nd: 3BR 1,130
17	242/244 Maria Ave, 55106	2	3 / 3	2,750	1,375	244 North: 3BR 1,375; 242 South: 3BR 1,375

Portfolio totals: 17 properties • 35 units • 36,960 SF.

In addition to residential square footage, multiple properties include garages, off-street parking, and private porches. Parking availability ranges from single-car garages to multi-stall lots, supporting tenant retention and long-term usability, though parking is not separately monetized under current operations.

Exhibit H — Summary 2026 Income Statement/Budget Projection

2026 Income Statement	2026 Year Total
Operating Income & Expense	
<i>Income</i>	
Rental Income	435,954
Section 8 Rent (or Subsidized rent)	72,264
Vacancy Loss	-12,756
Rental Income Garage	2,400
Total Income	497,862
<i>Other Income</i>	
Application Fee	528
Late Fees Income	1,800
Liability to Landlord Insurance	2,904
NSF Fee	960
Renters Insurance Admin Fee	1,248
<i>Total Other Income</i>	7,440
Total Operating Income	505,302
Expenses	
<i>Wages & Taxes</i>	
Wages Resident Manager	31,200
Wages Maintenance	0
Employee Benefits	4,680
Payroll Tax Expense	3,120
Total Wages & Taxes	39,000
<i>Administrative Expenses</i>	

Accounting Fees	24,000
Bank Charges	2,400
License-Permit-Inspections	1,800
Mileage/Gas Reimbursement	2,400
Postage	0
Software/Compliance	16,800
Unlawful Detainer Fee	1,010
Total Administrative Expenses	48,410
<i>Repairs & Maintenance</i>	
Appliance Repairs/Supplies	3,000
Cleaning Apartment	1,200
Cleaning Common Area	2,400
Exterminating	1,800
Flooring Repairs	3,000
Grounds Maint-Landscape	21,000
HVAC Labor/Supplies	1,800
Lock/Key Repair	1,800
Plumbing Labor/Supplies	2,400
Repairs/ Maintenance Labor/Supplies	60,000
Snow Removal	21,000
Total Repairs & Maintenance	119,400
<i>Utilities</i>	
Electricity House Meter	1,200
Electricity Units	3,600
Gas	1,440
Refuse	9,600
Telephone Land/Fax/Elevator/Cell	3,000
Water & Sewer	25,200
Total Utilities	44,040
<i>Other Operating Expenses</i>	
Insurance Property	24,000
Real Estate Tax	42,000
Total Other Operating Expenses	66,000
Total Operating Expenses	316,850
NOI - Net Operating Income	188,452
Other Income & Expense	
<i>Other Expense</i>	
Non-Operating/Owner Expenses	
Interest Expense - Note I	4,458
Interest Expense - Note II	6,808
Interest Expense - Note IV	26,766
Total Non-Operating/Owner Expenses	38,032
Total Other Expense	38,032
<i>Net Other Income</i>	
Total Income	505,302
Total Expense	354,882
Net Income	150,420

Considerations for Investors

From an operating perspective, the portfolio benefits from cash flow stability because rents are governed by AMI resets rather than short-term market conditions. There is a clear path for incremental revenue growth if allowable rents move from the current 50% AMI level to 60% AMI, with the majority of that increase expected to flow to net operating income. The 4D Affordable property tax classification lowers the operating expense ratio relative to conventional multifamily assets, while exemption from the St. Paul rent stabilization ordinance provides regulatory clarity. Finally, investors retain flexibility to operate the properties through the NSP maturity in August 2028 or, subject to City approval, extend the program to preserve its tax and regulatory benefits.

Source Materials and Diligence Basis

All figures, limits, and structural descriptions reflected in this memorandum are derived from contemporaneous operating statements, adopted budgets, AMI guidelines effective May 2025, and a portfolio-level sale analysis prepared in connection with the contemplated transfer of ownership. These materials collectively support the income assumptions, expense normalization, valuation context, and programmatic conclusions described above.

This memorandum is intended to function as a standalone summary suitable for investment committee or advisory review.

Mortgage Assumption

Exhibit I — Existing Affordability Mortgages (City of St. Paul)

As part of the acquisition, the purchaser will assume the existing affordability-related mortgage structure associated with the Neighborhood Stabilization Program. The current outstanding balance of these affordability mortgages is approximately **\$5.03 million**, with combined monthly payments of approximately **\$3,169**. These mortgages are structured in a **subordinate (second-position)** lien status and are intended to remain in that position throughout the negotiated term. Importantly, upon satisfaction of the NSP covenant period in **2028**, the affordability mortgage balance is expected to be **reduced to approximately \$4.4 million**, consistent with the program structure and City participation. This framework allows the portfolio to benefit from below-market, long-term public financing while preserving first-lien financing flexibility and supporting stable ongoing cash flow.

Transaction Framework & Buyer Submission Requirements

Exhibit J — Summary of Letter of Intent terms

The sellers have established a transaction framework under which prospective purchasers are expected to submit a **Letter of Intent (LOI)** outlining the principal economic and structural terms of a proposed acquisition. A representative, non-binding form of LOI is incorporated herein and summarized below.

Property scope. The proposed transaction contemplates the acquisition of all properties at the multiple St. Paul addresses comprising the portfolio, subject to existing recorded covenants, including the NSP affordability covenant.

Purchase price. The illustrative LOI reflects a total purchase price of **\$6,113,300**, with an earnest money deposit of **\$10,000** to be placed with a title company upon execution of a binding purchase agreement.

Closing and possession. Possession is contemplated on or about **April 30, 2026**, or earlier by mutual agreement, with settlement to occur immediately prior to possession.

Due diligence. Following execution of a binding purchase agreement, the buyer would be entitled to conduct customary inspections, including structural, mechanical, environmental, and other inspections customary to the locality or required by law. fileciteturn1file0L30-L34

Financing condition. The illustrative LOI contemplates buyer financing in the approximate amount of **\$1,678,000**, at an interest rate not to exceed **6.5%**, amortized over **25 years or more**. \

Public financing and covenants. The transaction framework anticipates:

- Second-position financing from the **City of Saint Paul HRA** in the amount of approximately **\$4.4 million**, bearing interest at **1%**, accrued;
- Amendment of the affordability covenant to **60% AMI** upon satisfaction of the NSP covenant period; and
- Assumption by the buyer of existing affordability mortgages, which are expected to be forgiven upon satisfaction of the NSP covenant. fileciteturn1file0L46-L50

Non-binding nature. Any LOI is expressly non-binding and intended solely as a framework for negotiating a definitive purchase agreement. Neither party is obligated to proceed unless and until a formal, written agreement is executed. fileciteturn1file0L52-L59

Buyer submission requirement

As part of the seller's process, **prospective buyers are required to submit a written Letter of Intent** setting forth proposed purchase price, financing terms, timing, and any material conditions.

Submission of an LOI is intended to facilitate evaluation of buyer qualifications and alignment with the City-supported continuation of the NSP framework and does not, by itself, create any binding obligation on either party.

Exhibit K — Sample Letter of Intent

Subject: Non-Binding Letter of Intent to Purchase — BB Housing Associates Portfolio

[Date]

BB Housing Associates LLC

Dear Seller:

*The purpose of this letter is to set forth the principal business terms under which the undersigned (the **“Buyer”**) proposes to purchase from BB Housing Associates LLC (the **“Seller”**) the residential real estate portfolio located at multiple addresses in St. Paul, Minnesota (the **“Property”**). This letter is intended solely as a statement of mutual interest and to facilitate further discussions with the Seller and the City of Saint Paul. It is **non-binding** as provided below.*

1. Property

*The Property consists of multiple residential buildings located in St. Paul, Minnesota, as further described in the portfolio summary provided by Seller. The Property is subject to recorded covenants, including the **Neighborhood Stabilization Program (NSP) affordability covenant**, as well as all applicable zoning, restrictions, and easements.*

Included in the proposed transaction are all fixtures and improvements customarily conveyed with multifamily residential property, including appliances in all units, but excluding any coin-operated laundry equipment.

2. Purchase Price

*The proposed purchase price for the Property is **\$6,113,300**, payable in cash at closing, subject to the terms of a definitive purchase agreement.*

*An earnest money deposit of **\$10,000** would be deposited with a mutually acceptable title company upon execution of a binding purchase agreement and applied toward the purchase price at closing.*

3. Closing and Possession

*Closing and transfer of possession are contemplated to occur on or about ****April 30, 2026****, or such earlier date as may be mutually agreed by the parties, subject to satisfaction of all closing conditions.*

4. Due Diligence

Following execution of a binding purchase agreement, Buyer would be entitled to conduct customary due diligence investigations, including physical inspections, environmental review, review of operating information, title and survey review, and such other investigations as are customary for transactions of this nature.

5. Financing

*Buyer anticipates obtaining acquisition financing in an amount of approximately ****\$1,678,000****, at an interest rate not to exceed ****6.5%****, amortized over a term of ****25 years or longer****, subject to lender approval.*

6. Public Financing and Program Matters

Buyer understands and anticipates that:

- * The ****City of Saint Paul Housing and Redevelopment Authority (HRA)**** may provide approximately ****\$4,400,000**** in second-position financing at an interest rate of ****1%****, with interest accruing;*
- * Upon satisfaction of the NSP covenant period, the affordability covenant may be amended to reflect ****60% of Area Median Income (AMI)****, subject to City approval; and*
- * Buyer would assume existing affordability-related mortgages, which are expected to be forgiven upon satisfaction of the NSP covenant.*

7. Title

*Seller would convey title to the Property by ****Special Warranty Deed****, subject to permitted exceptions and existing recorded covenants. Buyer would be responsible for obtaining any title insurance, survey, and related diligence.*

8. Non-Binding Nature

*This Letter of Intent is ****non-binding**** and is intended solely to outline certain proposed terms for discussion purposes. Neither party shall have any legal obligation unless and until a definitive written purchase agreement is negotiated, executed, and delivered by both parties. Either party may discontinue discussions at any time without liability.*

9. Confidentiality

The parties agree to treat the terms of this Letter of Intent and related discussions as confidential, subject to disclosures required in connection with discussions with the City of Saint Paul, lenders, advisors, or as otherwise required by law.

If the foregoing generally reflects Seller's understanding of the proposed transaction, Buyer looks forward to continuing discussions toward a mutually acceptable purchase agreement.

Sincerely,

****BUYER:**** _____

Name:

Title:

Entity:

Date:

Acknowledged and agreed for discussion purposes only:

****SELLER:****

BB Housing Associates LLC _____

Important Notices and Qualifications

The information contained in this memorandum has been prepared solely for discussion and informational purposes in connection with a potential transfer of ownership interests in the described properties. It does not constitute an offer to sell or a solicitation of an offer to buy any securities or real estate interests, nor does it constitute legal, tax, or investment advice.

All financial projections, rent limits, estimated AMI adjustments, and forward-looking statements are based on assumptions believed to be reasonable as of the date prepared; however, actual results may differ materially due to changes in market conditions, operating performance, regulatory requirements, HUD or City determinations, interest rates, tax treatment, or other factors beyond the control of the current owners or a prospective purchaser. In particular, any potential transition from 50% AMI to 60% AMI is subject to annual approval and formal publication by the applicable governmental authorities, and there can be no assurance that such a transition will occur on the timeline anticipated or at all.

Information regarding the Neighborhood Stabilization Program, property tax classification, rent regulation exemptions, and program extension reflects current understanding of applicable rules and communications with the City of Saint Paul but may be subject to modification, reinterpretation, or termination by governmental action. Prospective purchasers are encouraged to conduct independent legal, regulatory, tax, financial, and physical due diligence, including review of all recorded covenants, financing documents, budgets, income statements, and underlying source materials.

Square footage, bedroom counts, and unit descriptions are based on owner-provided records and are believed to be accurate but have not been independently verified by survey or appraisal. No representation or warranty is made as to the completeness or accuracy of such information, and it should not be relied upon as a substitute for independent investigation.

Any transaction described herein would be subject to negotiation, execution of definitive agreements, receipt of all required governmental approvals or consents, and satisfaction of customary closing conditions. The current owners expressly reserve the right to modify the terms of any proposed transaction or to discontinue discussions at any time without notice.