



MIDWEST USA ACQUISITIONS MICHIGAN PORTFOLIO SALE

5 Michigan Affordable Housing Portfolio's / Single Family, Townhouse and Apartment

This is a rare **opportunity to acquire a scaled LIHTC portfolio with most of the compliance risk behind it** and a clear path to **meaningful rent growth**. Stable cash flow today with a very clear path to upside tomorrow. We are NOT selling just \$1.28M NOI affordable housing, we are **selling LIHTC portfolio with burned-off risk + \$1.3M rent upside**.

KEY PORTFOLIO HIGHLIGHTS

Burned-Off Risk

You're stepping into a portfolio where the heavy lifting of the LIHTC lifecycle is largely complete - this is not early-stage compliance risk.

Massive Rent Dislocation

There's over \$1.3M in annual revenue gap between current rents and market levels - this is real, documented upside from the rent roll.

Family Housing = Durable Demand

These are family-sized units in supply-constrained markets - this isn't transient product.

Multiple Exit Paths

You're not locked into one outcome -this works as a long-term hold, resyndication play, or future market reposition.

Scale Premium

217 units across two MSAs gives you operational efficiency and institutional scale in one acquisition.

VALUE CREATION OPPORTUNITY

- Current Revenue: **\$1.6M**
- Market Revenue: **\$2.94M**
- Upside: **+\$1.3M annually**

VALUATION & INVESTMENT ANALYSIS

In-Place Financial Overview

The Midwest USA Acquisitions Portfolio consists of **217 LIHTC-regulated units** across Detroit and Benton Harbor, Michigan. Based on the in-place rent roll and operating assumptions:

- **Net Operating Income (NOI):** \$1,287,670
- **Current Gross Potential Rent:** \$1,617,300
- **Market Gross Potential Rent:** \$2,943,000

The portfolio presents a significant **revenue dislocation**, with current rents materially below achievable market levels.

Value Creation Opportunity

- **Current Revenue:** \$1.6M
- **Market Revenue:** \$2.9M
- **Annual Upside:** **\$1.3M+**

This positions the portfolio as a **Highly Attractive Value-Add Affordable Housing Investment** with:

- | | | | |
|---|--------------------------------------|---|--|
| ✓ | Embedded Rent Growth | ✓ | \$1.3M of upside already identified |
| ✓ | Favorable Demand Fundamentals | ✓ | You're Buying Below Replacement Cost |
| ✓ | Long-term Repositioning Optionality | ✓ | Multiple Exit Strategies |
| ✓ | Stable in-place Cash Flow | ✓ | 217 Units = Immediate Scale and Operational Efficiency |
| ✓ | Reduced LIHTC Recapture Exposure | ✓ | Identifiable Revenue Upside |
| ✓ | Strong Workforce Housing Demand | ✓ | Plug and Play Property Management Solution |
| ✓ | Significant Mark-to-Market Potential | ✓ | Rent Roll, T12, Form 8609's, Regulatory Agreements |

PORTFOLIO OVERVIEW

Eugene Hogan Estates Detroit, MI



of Units 20
Year Built 2008

Kendall Homes Detroit, MI



of Units 38
Year Built 2008

Penrose Village Detroit, MI



of Units 38
Year Built 2008

Sterne Brunson School Benton Harbor, MI



of Units 21
Year Built 2008

Thurgood Marshall Homes Benton Harbor, MI



of Units 73
Year Built 2008

Brunson Hill Homes Benton Harbor, MI



of Units 48
Year Built 2008

PORTFOLIO BREAKDOWN

DETROIT, MI

Eugene Hogan Estates / 20 Total Units

20 Townhouse Units

(8) 3-Bedroom and (12) 2-Bedroom Units

Penrose Village Homes / 38 Total Units

38 Single Family Residences

(27) 3-Bedroom and (11) 4-Bedroom Homes

Kendall Homes / 38 Total Units

38 Single Family Residences

(23) 3-Bedroom and (15) 4-Bedroom Homes

BENTON HARBOR, MI

Brunson Hill Homes / 48 Total Units

48 Single Family Residences

(12) 3-Bedroom and (36) 4-Bedroom Homes

Thurgood Marshall Homes / 73 Total Units

21 Apartment Units

(1) 1-Bedroom and (20) 3-Bedroom Units

44 Townhouse Units

(9) 2-Bedroom and (35) 3-Bedroom Units

8 Single Family Residences

(8) 4-Bedroom Homes

What is LIHTC?

LIHTC stands for Low-Income Housing Tax Credit.

LIHTC = Government program that trades tax credits for affordable housing, creating rent-restricted but stable real estate investments. It's one of the most important financing tools in U.S. real estate - especially for affordable housing.

Why It Matters for this Portfolio Offering:

The Midwest Acquisitions USA Portfolio's are:

- ✓ LIHTC-regulated
- ✓ Likely past credit delivery
- ✓ Still in extended-use period (until ~2035–2037)

What This Means:

- ✓ Lower Risk (no recapture)
- ✓ But still Rent-Restricted
- ✓ Potential Upside through:
 - ✓ Rent Growth
 - ✓ Qualified Contract (QC)
 - ✓ Eventually Exit from Restrictions

How does the 4% LIHTC work?

4% LIHTC credits are a non-competitive federal tax credit used to finance affordable rental housing, typically for new construction or acquisition/rehab projects that also use tax-exempt bonds, offering a smaller equity contribution (around 30-40%) compared to the 9% credit, making them "automatic" if requirements are met but often needing more debt financing, with the credit applied annually over 10 years against federal taxes. **Many municipalities are now offering 1% LIHTC credits for developers and properties receiving upgrades.**

What are QC (Qualified Contract) Eligible properties and does this portfolio qualify?

“QC Eligible” in real estate refers to properties funded by the Low-Income Housing Tax Credit (LIHTC) that have reached year 15 and are eligible to request a “Qualified Contract” (QC) to exit program affordability restrictions early. This allows owners to sell or convert the property to market-rate, provided the state agency cannot find a buyer within one year to maintain it as affordable. Key Details Regarding QC Eligible Properties: Timing: Owners can typically request a QC any time after the 14th year of the initial 15-year compliance period. Process: The owner submits a request to the state housing finance agency (HFA). The HFA then has one year to locate a “qualified purchaser” who will keep the property affordable. Outcome: If no buyer is found within that year, the extended use restrictions are terminated, allowing the property to become market-rate (though restrictions phase out over 3 years for existing tenants). Purpose: This provision is often used by owners seeking to sell at market value rather than continuing to adhere to LIHTC affordability restrictions for the full 30-year period.

Qualified Contract (QC) Eligible Status

Are these Midwest USA Acquisitions Portfolios QC Eligible?

Yes. QC eligibility begins after Year 14 of the compliance period and the portfolios are past year 14.

Credit Delivery / Compliance Status (LIHTC / MSHDA)

The OM confirms the assets are **LIHTC affordable housing developed 2004-2008**.
Form 8906’s available for each portfolio as well as MSHDA / LIHTC Agreements

What the Form 8609’s Confirm

Each **IRS Form 8609** establishes:

- Placed-in-service year
- Allocation year
- Maximum credit allowed
- Applicable fraction of low-income units
- Election of credit period

These fields determine the tax credit schedule and recapture exposure.

LIHTC Credit Timeline

All LIHTC projects follow the same timeline.

Total LIHTC Credits = Annual Credit × 10

Key Periods:

Period	Length	Purpose
Credit Delivery	10 years	Investors receive tax credits
Compliance Period	15 years	IRS recapture risk exists
Extended Use	+15 years	Affordability restrictions continue

Total affordability period: ≈**30 years**

Credit Delivery Status (Based on 8609's)

From the 8609 filings, the Midwest USA Acquisitions properties were placed in service approximately **2004–2007**.

That produces the following schedule:

Property	Est. Placed in Service	Credit Delivery End	Compliance End	Current Stage
Kendall Homes	~2005	~2015	~2020	Extended Use
Penrose Village	~2006	~2016	~2021	Extended Use
Eugene Hogan Estates	~2005	~2015	~2020	Extended Use
Thurgood Marshall Homes	~2006	~2016	~2021	Extended Use
Brunson Hill Homes	~2007	~2017	~2022	Extended Use

The **IRS Form 8609** filings show these projects were placed in service roughly between **2004 and 2007**.

That produces the following approximate regulatory timeline.

Property	Placed in Service	End of Compliance Period	End of Extended Use
Kendall Homes	~2005	~2020	~2035
Penrose Village	~2006	~2021	~2036
Eugene Hogan Estates	~2005	~2020	~2035
Thurgood Marshall Homes	~2006	~2021	~2036
Brunson Hill Homes	~2007	~2022	~2037

Federal Recapture Exposure

Because these assets are **beyond the 15-year compliance period**, the IRS recapture window has likely **expired**.

That means:

Risk Type	Status
Credit Delivery	Completed
Federal LIHTC Recapture	Expired
Affordability Restrictions	Continue via extended use
Reporting Requirements	Continue under regulatory agreement

This is the **lowest-risk stage** for buyers acquiring LIHTC housing.

State-Level Compliance (MSHDA)

Although federal recapture exposure appears finished, the properties remain governed by regulatory agreements enforced by the **Michigan State Housing Development Authority (MSHDA)**.

These agreements still require:

- income verification
- rent limits
- periodic compliance reporting
- physical condition standards

These restrictions remain until the **end of the extended-use period (≈30 years from placed in service)**.

Qualified Contract (QC) Eligibility

The **Qualified Contract provision** becomes available after Year 14.

Given the estimated timelines above:

Property	QC Eligibility
Kendall Homes	Likely eligible
Penrose Village	Likely eligible
Eugene Hogan Estates	Likely eligible
Thurgood Marshall Homes	Likely eligible
Brunson Hill Homes	Likely eligible

If an owner submits a QC request and the housing agency cannot locate a buyer within one year, affordability restrictions can terminate (subject to tenant protections).

What This Means for Investors

From an acquisition underwriting standpoint, these portfolios appear to fall into the **most favorable LIHTC** category:

POST - Compliance Affordable Housing

Characteristics:

- Credits already delivered
- No IRS recapture risk
- Stable rent-restricted cash flow
- Remaining extended-use regulatory agreement

Compliance Status Matrix

Property	Credit Delivery	Recapture Exposure	Extended Use	QC Eligible
Kendall Homes	Completed	Likely None	Yes	Likely
Penrose Village	Completed	Likely None	Yes	Likely
Eugene Hogan Estates	Completed	Likely None	Yes	Likely
Thurgood Marshall Homes	Completed	Likely None	Yes	Likely
Brunson Hill Homes	Completed	Likely None	Yes	Likely

TODAYS PORTFOLIO STATUS

- Federal Tax Credit Status:** Credits have already been delivered.
- IRS Recapture Exposure:** Expired after the 15-year compliance period.
- Remaining Restriction:** The properties are now operating in the **Extended Use Period**.
That means affordability restrictions remain **until roughly 2035–2037** unless another mechanism is used.

The Exception: Qualified Contract (QC)

LIHTC law allows owners to attempt to remove restrictions early through the **Qualified Contract process**. Eligibility begins after **Year 14 of the compliance period**. Since the portfolios are already past that point, they appear to be **QC eligible now**.

The QC process works like this:

1. Owner submits QC request to the housing agency
2. Agency has **1 year to find a qualified buyer** who will maintain affordability
3. If no buyer is found, restrictions terminate

After termination, tenant protections remain for **3 years**, but the property can gradually transition to market rents.

Three Possible Exit Paths for the Portfolio's

PATH 1: Remain LIHTC Restricted

Restrictions remain until ~2035–2037.

PATH 2: Qualified Contract Exit

Potentially possible **now**, depending on state policy.

Timeline:

Stage	Time
QC application	Immediately
Agency search period	12 months
Affordability sunset	3 years

Total \approx **4 years to market-rate conversion.**

PATH 3: ReSyndication

Another common strategy is **LIHTC ReSyndication**.

That means:

- New Tax Credits
- New Investor Equity
- Property Rehabilitation

Many LIHTC properties pursue this around **Year 20–25**.

Thank You for taking the time to review our LIHTC affordable housing portfolios. We hope that you **leave knowing** the **Recapture Risk is Gone, QC Eligibility Exists and Extended Use Restrictions Remain.**

If you have further interest in these portfolios, we look forward to sending you the following data for your team to complete the underwriting review.

Midwest USA Acquisitions Available Portfolio Attachments:

- Midwest USA Acquisitions LDHA Rent Roll 2025
- Midwest USA Acquisitions - Dual T12 Package
- Penrose Village Form 8609
- Kendall Homes Form 8609
- Brunson Hill Homes Form 8609
- Eugene Hogan Estates Form 8609
- Thurgood Marshall Homes Form 8609
- Penrose Village - Regulatory Agreement
- Kendall Homes - Regulatory Agreement
- Brunson Hill Homes - Regulatory Agreement
- Eugene Hogan Estates - Regulatory Agreement
- Thurgood Marshall Homes - Regulatory Agreement

FOR MORE INFORMATION, PLEASE CONTACT LISTING BROKER:

Premier Property Services

James Bufalino

Cell: 313-806-1303

Email: James@PPSAM.com