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REstack: A Capital Repair Platform for North Brooklyn Multifamily

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REstack acquires small multifamily buildings in North Brooklyn by identifying early capital stack distress through a proprietary platform, enabling negotiated transfers at a discounted basis.

Key Facts

Strategy	**Acquire small multifamily buildings from owners facing financial distress, before they reach foreclosure**
Target Market	**North Brooklyn** Bushwick initial focus; Expansion to adjacent neighborhoods
Asset Type	**Market-rate pre-war rental buildings; 4–20 units**
Acquisition Approach	**1. Negotiated purchases from distressed owners** **2. Followed by financial repair** **3. Refinance once the building is stabilized**
Sourcing Advantage	**Proprietary platform that tracks early financially distressed buildings**
Structure	**Programmatic JV Partnership**
Initial Capitalization	**$4M across 5–6 buildings** ~ $700K equity per asset
Leverage	**50% LTC at acquisition @ 12% I/O; 60% LTV at stabilized refinance at 7%**
Deployment Timeline	**24–36 months**
Target Returns	**20–25% LP IRR** **2.0x–2.2x LP equity multiple** over 5-year hold **15% preferred return** **30/15 promote**

Capital stack resolution first. Acquisition second.

REstack is built for a specific market dynamic: in North Brooklyn, rental demand is strong and competition for stabilized buildings is high — which makes traditional rent-growth and renovation strategies hard to underwrite.

Instead, we focus on small multifamily buildings where ownership transfers are blocked by tax arrears, maturing loans, or refinancing constraints. Resolving these issues allows otherwise stable properties to be acquired at lower prices through negotiated workouts before they reach foreclosure or auction — surfaced by REstack's proprietary platform, which tracks municipal lien filings, mortgage assignments, and code violation data to identify capital-stack distress before it reaches public enforcement.

The buildings we target are typically occupied pre-war rentals that require limited physical upgrades but face solvable financial constraints, creating a repeatable entry strategy by correcting capital issues rather than repositioning the real estate itself.

Investment Objective

To partner with a strategic capital partner to build a programmatic acquisition platform focused on negotiated ownership in small multifamily housing across North Brooklyn. The platform combines proprietary early-distress detection with relationship-driven acquisitions, creating a repeatable sourcing advantage that scales across the portfolio.

Investment Team

REstack's five-person team combines the skills this strategy demands: capital stack underwriting, multifamily asset management, and — critically — licensed architecture and construction project management with experience delivering complex projects from entitlement through closeout. Execution risk is contained by the team itself.

Valentina Gil
has worked in multifamily development projects in Miami, overseeing construction and execution. Has managed commercial assets driving leasing strategy and financial performance.

Ian Huang
has worked in hotel underwriting for assets around the continental US across various chain scales and product types.

Cong Huynh
has worked in design and branding for real estate clients in New York City and managed ground-up construction. Interested in applying design thinking to urban development and placemaking.

Saranya Kanagaraj, RA
has worked as an architect & construction project manager in NYC and Northern NJ. Has managed projects up to $40M from entitlement through closeout.

Taylor Lowery
has worked as an architectural designer in New York City for 5 years. Working on zoning, permitting, planning, and construction.

The platform is designed to engage buildings during the transition from ownership stress to enforcement visibility—when solutions are still collaborative rather than adversarial. In this window, owners and lenders are still open to working toward solutions, which allows REstack to acquire properties earlier and more consistently across similar situations.

In Bushwick's small multifamily, financing distress is routinely mispriced as asset distress — capital that can resolve the constraint acquires operationally sound buildings at negotiated prices, before the market sees them.

The Opportunity

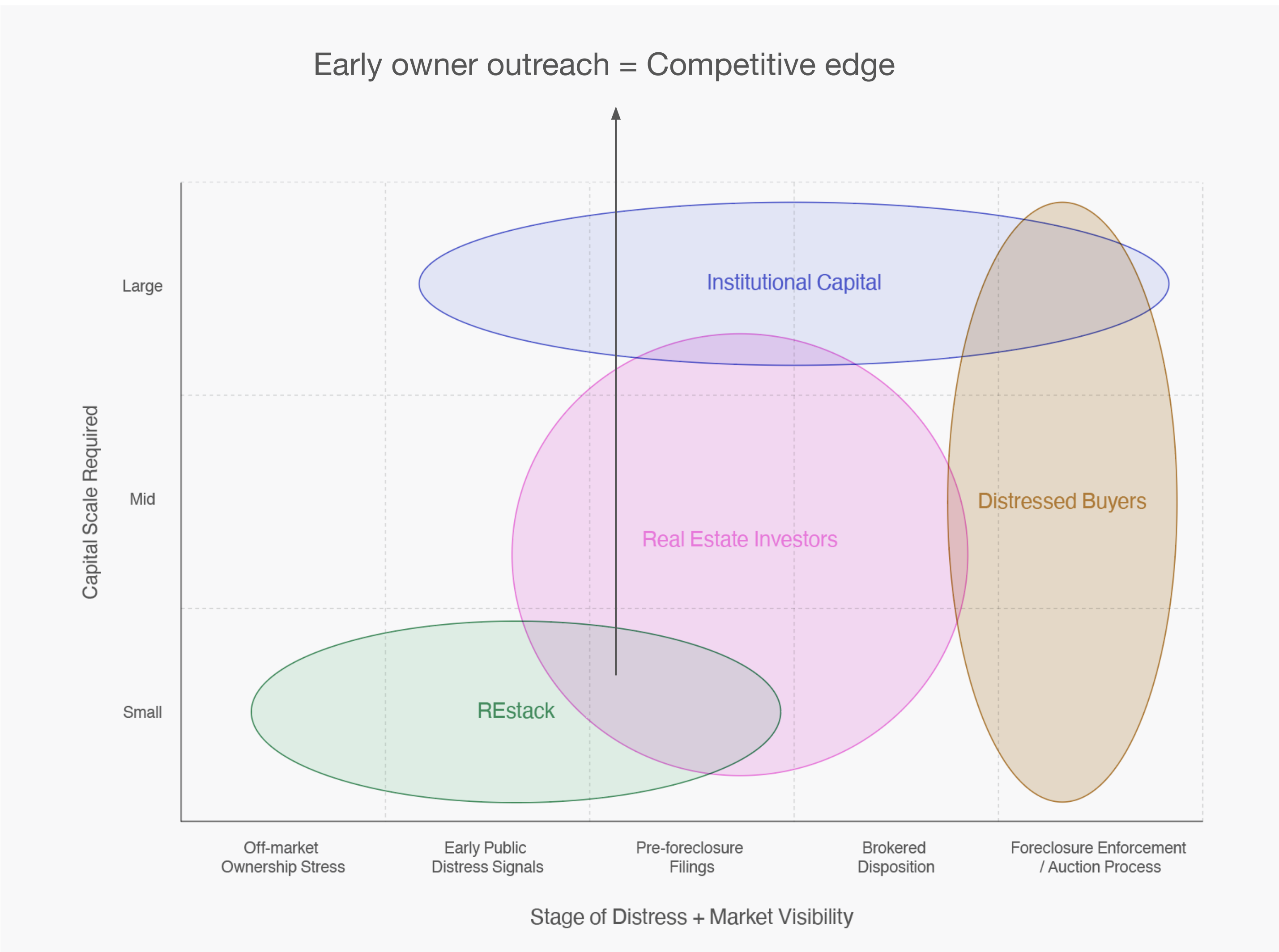
In Bushwick's 4–20 unit multifamily, the problem is usually the financing — not the housing.

Most of these buildings remain occupied and supported by strong rental demand. What stalls them are tax arrears, municipal liens, or loans that cannot be refinanced. These constraints create a window to acquire buildings before they reach the open market.

Early Entry

We transact during the early resolution window — before brokered sale or auction.

Because we engage owners and lenders before the open market does, pricing is set through negotiation rather than competition. Value is created at acquisition itself, rather than relying on construction timing or future rent growth.



Lower Execution Risk

Stabilization restores compliance and financeability — not the asset itself.

Traditional value-add strategies depend on renovations, lease-up assumptions, and market timing. REstack instead focuses on buildings already operating but temporarily blocked from refinancing or sale. The work is administrative and financial, not physical — which removes the largest sources of execution risk from the underwriting.

Stakeholder Alignment

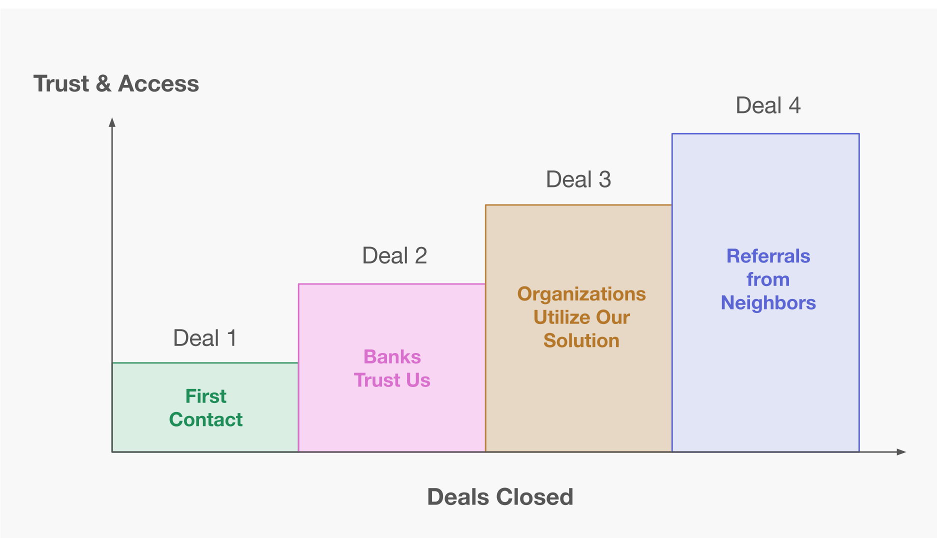
Transactions are structured as solutions to existing problems — not enforcement-driven transfers.

Owners gain a path forward, lenders reduce enforcement exposure, and municipal obligations are resolved. Lenders often preserve their relationship with the asset and may participate again at stabilization through refinancing — recovering value through future fee income rather than enforcement proceedings.

Returning Capital Early and Compounding Advantage

Once constraints are cleared, buildings are eligible to refinance — and capital redeploys.

A significant portion of invested capital is typically recovered within 2–3 years, supporting repeat execution across multiple acquisitions in the same deployment window. Each completed resolution also deepens relationships with owners, lenders, and municipal stakeholders who encounter similar situations across nearby buildings — a sourcing advantage that compounds as the platform grows.



Rather than competing through auctions or note purchases, REstack functions as a resolution intermediary that helps lenders, owners, and municipalities reach structured outcomes before enforcement becomes necessary.

REstack acts as a resolution intermediary, coordinating with owners, lenders, and municipalities to clear capital-stack constraints and enable a structured transfer of control.

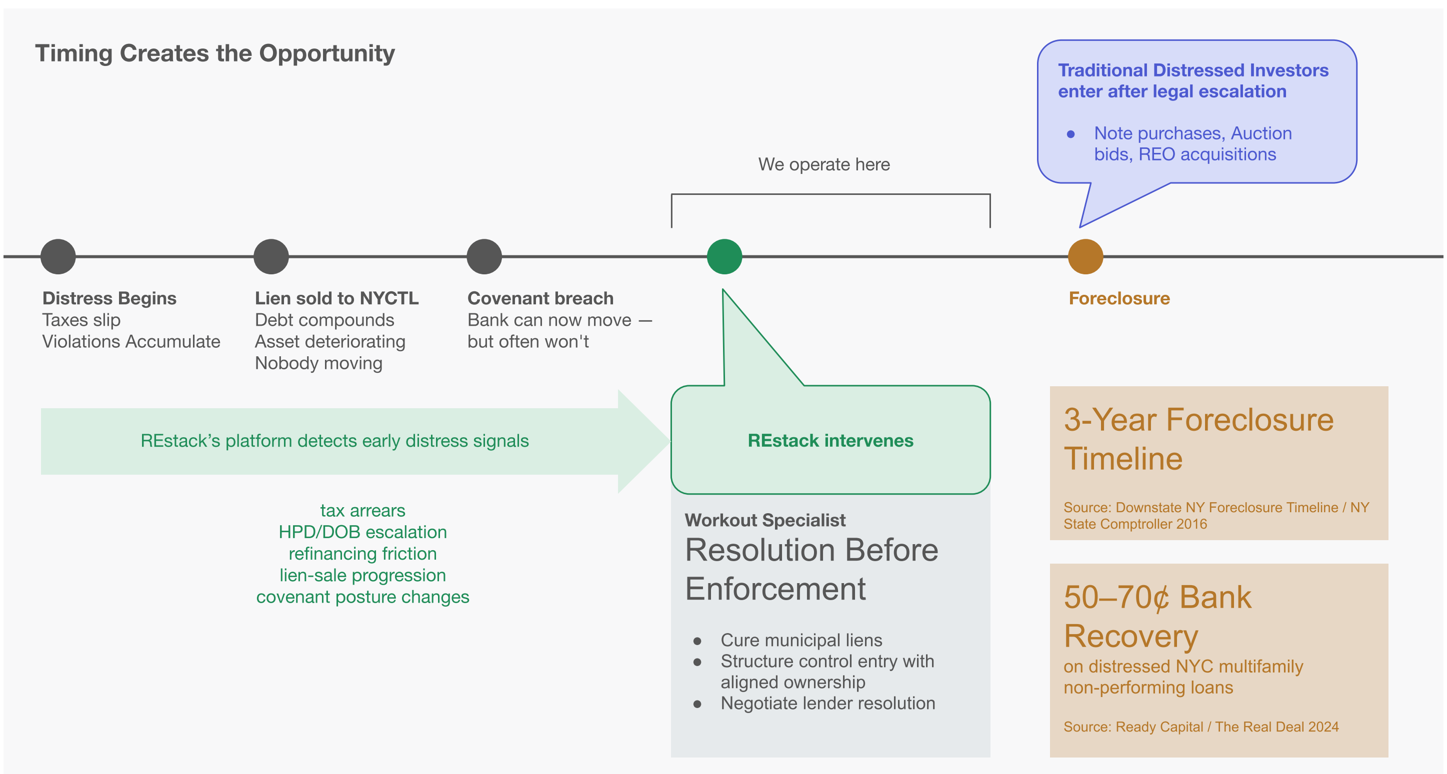
01. Sourcing Signals

We screen for capital-driven distress — not operational distress.

Target buildings show stable rental demand and adequate physical condition, but exhibit observable financial constraints:

- Property tax arrears or accumulating municipal liens
- Senior debt blocking refinance, or loans approaching maturity without a refinance path
- Layered subordinate debt that complicates payoff
- Ownership structures that delay sale or refinancing decisions

These signals indicate buildings where value can be created through capital repair rather than redevelopment.



02. Resolution Toolkit

Each transaction is structured around the specific constraint, drawing from a defined set of instruments across both the creditor and owner sides of the capital stack.

Depending on the situation, REstack may:

On the creditor side

- Negotiate lender resolutions, including discounted payoff agreements that let lenders avoid enforcement timelines
- Facilitate negotiated payoff agreements with subordinate lenders
- Clear outstanding municipal arrears at closing
- Support deed-in-lieu transitions when foreclosure is imminent

On the owner side — for owners who remain economically tied to the building but lack the capital to self-resolve

- Provide structured equity alongside existing ownership where the owner's continued involvement is valuable
- Structure **cooperation fees** calibrated to offset cancellation-of-debt (COD) tax exposure the owner would otherwise incur from a discounted payoff, preserving deal economics by making the resolution actually close
- Offer **Hope Notes** — junior participation instruments that convert part of the owner's exit into deferred upside, allowing the transaction to proceed as an installment sale and spreading the taxable event across multiple years

The mix is selected per deal — most resolutions combine two or three of these instruments rather than a single mechanism.

03. Owner Continuity, Not Displacement

Most distressed acquisitions end in displacement. Ours don't have to.

Traditional foreclosure and note-purchase strategies treat the existing owner as a counterparty to be cleared. REstack treats them as a resolution participant — someone whose cooperation shortens the timeline, reduces litigation exposure, and often produces a better outcome for every party at the table.

This isn't sentiment; it's economics. A cooperative owner closes faster, transfers clean title without contest, and in many cases unlocks deal structures an adversarial posture would foreclose.

04. The Resolution Sequence

The path from identified opportunity to refinance eligibility follows a consistent sequence.

1

Negotiate settlement or restructuring with the existing lender and owner

2

Pay off unpaid taxes and municipal charges at closing

3

Take ownership and bring in new capital to stabilize the building

4

Complete repairs needed to clear code violations

Post-closing work is limited to stabilization tasks — typically boiler and mechanical system replacements needed to clear violations, remediation of open HPD and DOB items, common area repairs, and unit refreshes completed as leases turn. Major renovation programs and gut rehabs are not part of the execution model

Bushwick concentrates the conditions our strategy requires: a large stock of aging small multifamily under financially exposed ownership, with strong underlying demand.

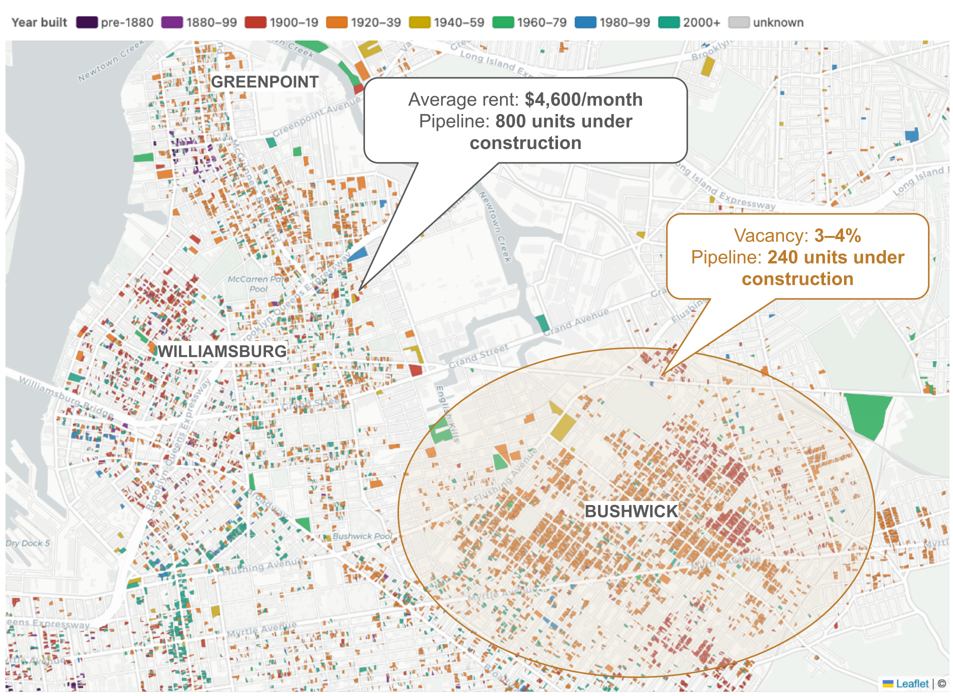
Bushwick holds a large concentration of aging small multifamily buildings under less sophisticated ownership, in contrast to Williamsburg and Greenpoint where institutional capital is more firmly established. The neighborhood's stock is dominated by small pre-war multifamily walk-ups [2], with observed patterns of elevated municipal lien accumulation and housing code violation activity relative to surrounding submarkets [3].

Many of these assets remain in the hands of individual and small family operators — consistent with Bushwick's 16% homeownership rate, half the citywide average [3]. With smaller balance sheets than institutional owners, they are more exposed to capital-driven stress — and more likely to engage in negotiated resolutions when they cannot self-cure.

The dislocation is in the capital stack, not the asset. Underlying demand remains durable: Bushwick carries a 3.2% rental vacancy rate [4], in line with the citywide market-rate vacancy of 3.4% [5], with approximately 240 units currently under construction [6]. Williamsburg and Greenpoint, by comparison, average $5,000–$5,600 per month [7] with roughly 800 units in the pipeline [6] — a level of institutional saturation Bushwick has not yet reached.

North Brooklyn building age by lot — Bushwick, Williamsburg, Greenpoint.

Source: NYC MapPLUTO 2025—Building class C and D multifamily. Colors represent year built by tax lot. CoStar Multifamily Submarket Report Bushwick, Greenpoint + Williamsburg, 2026.



[2] Citizens Housing & Planning Council, Taking Stock: NYC's Housing Stock Visualization, based on 2023 NYC Housing and Vacancy Survey. [3] Furman Center, Bushwick Neighborhood Profile; REstack platform analysis of HPD violations and DOF municipal lien filings. [4] Furman Center, Bushwick Neighborhood Profile, 2023. [5] CoStar via Matthews, New York Multifamily MarketReport Q3 2025. [6] REstack platform analysis of NYC DOB permit filings, 2026. [7] RentCafe / Yardi Matrix, 2025 neighborhood rent averages.

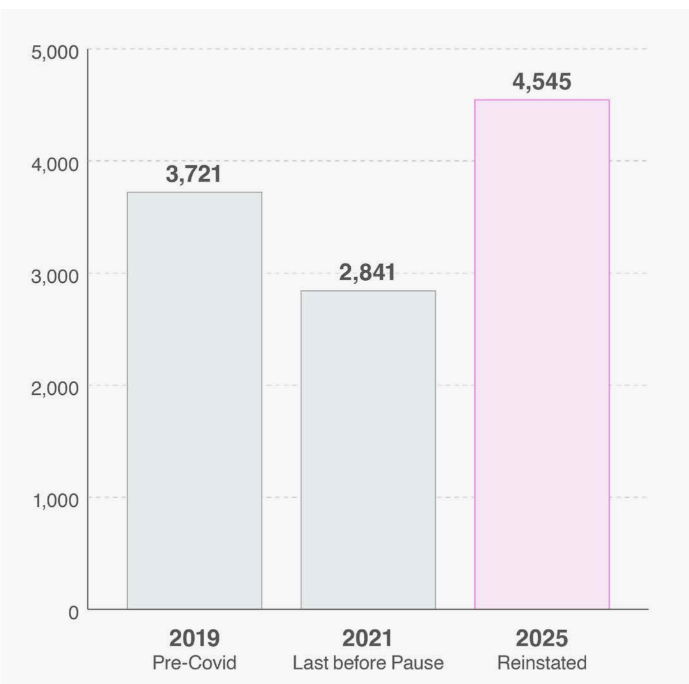
Three structural pressures are converging in North Brooklyn at the same time, accelerating the number of otherwise stable buildings entering resolution.

Because REstack targets distress that is capital-structure-driven rather than market-driven, our deal flow expands when financing constraints force resolution — not when fundamentals weaken. The same demographic and rental strength that makes Bushwick a durable investment market (3.2% vacancy) is precisely what masks the capital-side distress building beneath it: operationally healthy buildings with capital stacks that no longer work. Three pressures are now aligning to surface that distress at scale.

01. NYC tax lien enforcement resumed in 2025

After a four-year COVID-era pause, the 2025 lien sale list contained 4,545 properties — exceeding the pre-COVID 2019 baseline of 3,721 and well above the 2,841 sold in 2021, the last sale before the pause. Four years of accumulated delinquency, compounding quietly through the moratorium, re-entered the enforcement system at once.

The backlog matters more than the single-year count. Properties that should have cycled through the system in 2020, 2021, 2022, 2023, or 2024 instead sat in place, with interest and municipal charges accruing against buildings whose owners had no triggering enforcement event forcing action. In 2025, the trigger returned — creating the forced-seller dynamics REstack is positioned to resolve.



NYC Tax Lien Sale List
Properties sold into the NYCTL Trust

Source: NYC Department of Finance, Lien Sale Lists (2019, 2021, 2025)

02. A Refinancing Cliff Materializing in 2026–2027

Owners who financed multifamily acquisitions between 2019 and 2021 locked in debt at 3–4% and underwrote to those rates holding. They are now refinancing into 6.25–6.75% — an environment where the deal that worked at origination no longer pencils, and where many owners cannot provide the fresh equity that a new loan requires.

Brooklyn multifamily debt maturities nearly quadruple from $3B in 2022 to $13B in 2027. The ramp isn't new distress — it's deferred distress. "Extend and pretend" through 2024–2025 pushed maturities into the 2026 window [8], crowding a multi-year problem into a near-term one. That creates a structural shortage of refinance capacity — exactly the condition REstack's toolkit is built to address.

Brooklyn Multifamily Debt Maturities
$ Billions maturing by year

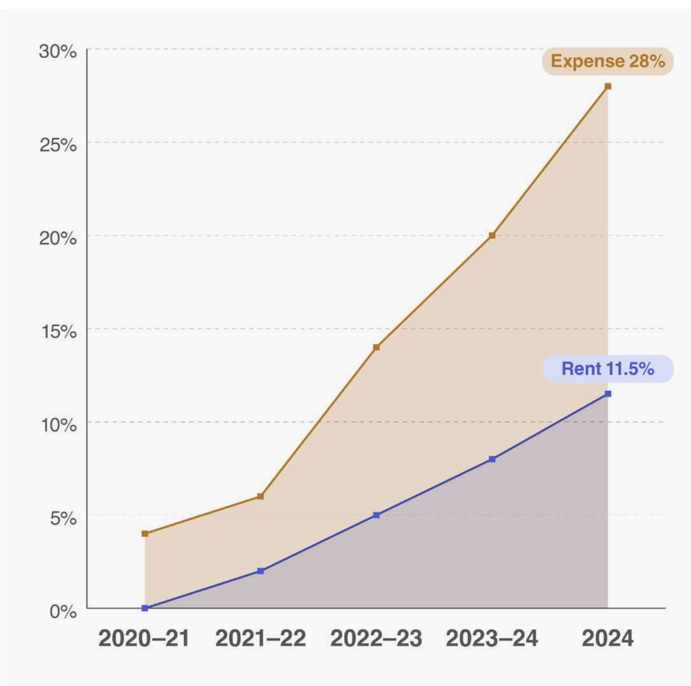
Source: CBRE Daily

03. OpEx Have Outpaced Rent Growth Since 2020

Since 2020–21, cumulative operating expenses have risen 28% while rent growth has reached only 11.5% — a 17-point spread that erodes NOI silently, without appearing as a visible distress event. Owners who entered with thin margins are now hitting refinance with buildings that look operationally stable but no longer carry enough cash flow to support new debt.

The drivers are structural. Between 2020 and 2024, insurance costs rose 224%, real estate taxes rose 118%, and water and sewer rose 115% [9] — while regulated rent increases have not kept pace. For Bushwick's individual and small family owners, there is no institutional cushion to absorb the divergence.

The asset keeps running; the capital structure breaks quietly. This is the profile REstack is built to work with — operationally stable buildings where the capital stack has become the binding constraint.



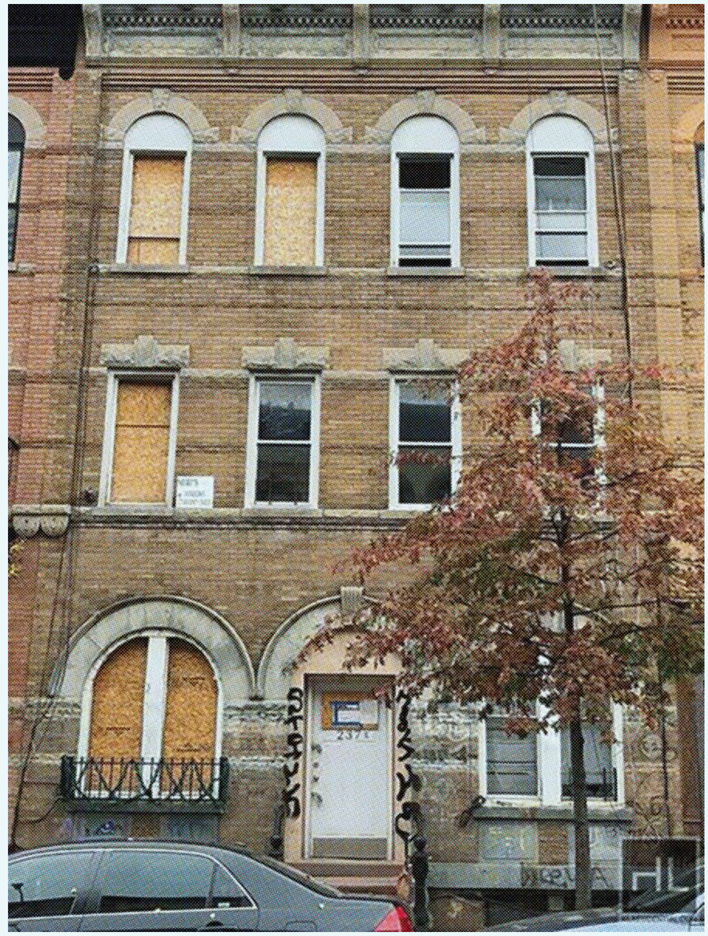
Expense and Rent Growth
Cumulative increase since '20–'21

Source: NYC Rent Guidelines Board; Ariel Property Advisors

[8] NYC Department of Finance, 2025 Lien Sale 90-Day Notice List — Brooklyn, 2025. [9] NYC Rent Guidelines Board, 2025 Income and Expense Study, March 2025.

Case Study — Stanhope Street

A walk-up in Bushwick, fully renovated, market-rate, in a submarket with near-zero vacancy. The distress is in the capital stack, not the building.



Building Overview

Stanhope Street is a well-located walk-up in Bushwick with the most in-demand unit configuration in Brooklyn, fully renovated, fully market rate, in a submarket with near-zero vacancy. In theory this building should be a stable asset.

Neighborhood	Bushwick
Property Type	C2 Multifamily Walk-up
Year Built / Reno	1931 / 2019
Zoning	R6
Stories	3
Units	6

2018	Tax lien sale certificate issued
2019	Owner acquired building
2019	Units Renovations
2020	Tax lien discharged
2021	Additional Rosenthal draw (liquidity strain)
2023	Refinance with NVE Bank ($845K) Municipal arrears persist after refinance
2025	Tax lien sold into NYCTL Trust again
Today	Transferability impaired without curing municipal obligations

NYC Tax Lien Trust	$248,098
Outstanding DOF Arrears	$131,472
DOB compliance penalties	$4,000
HPD violations	4 open
Heat Complaint Building Wide	Filed 2025

The Situation

The story of Stanhope isn't really a distress story — it's a price dislocation story. The distress is in the capital stack, not the asset.

A tax lien was sold into the NYCTL Trust in 2018, the lien was discharged in 2021, and by 2025 the lien was sold into the Trust again. This time, nothing is being paid down. The Trust accrues interest at 18% annually, and quarterly status reports show no collections. Meanwhile, current taxes are still going unpaid. The owner, and the capital stack here are stuck in a compounding cycle of distress.

At the same time, none of this distress has touched the building's fundamentals. The units are all rented at market rate. It seems that what's broken is the owner's ability to do anything about the situation they're in — and that's what creates the entry.

The Capital Stack

The insight isn't the size of any individual claim — it's that total claims exceed the building's current value. The owner has no equity to negotiate with and no conventional path out: they can't sell at a price that clears the debt, and can't refinance because the liens block title transfer.

DOF Tax Balance	NYC Tax Lien Trust	NVE Bank Loan
$131,472	**$248,098**	**$845,000**

Total Obligations $1.23M

That structural impasse is REstack's opportunity. When an owner can't self-resolve and enforcement is approaching, a negotiated solution is the best outcome for every party at the table — and REstack is positioned to offer one.

REStack Resolution

The resolution strategy treats each creditor as a separate negotiation with its own logic. The city is paid in full — municipal arrears are senior, non-negotiable, and must be cleared to transfer title. REstack pays them and moves on. The NYCTL Trust sits in a senior position ahead of the mortgage, but its enforcement timeline is long and uncertain; in practice, the Trust is not a discount counterparty, and its lien must be cleared as part of the resolution.

Must be cured in order to transfer title or refinance (non-negotiable).

DOF Tax Balance	NYC Tax Lien Trust
$131,472	**$248,098**

Negotiation layer

NVE Bank Loan	15% Haircut
$718,250	

NVE Bank is where the most important conversation happens. The bank holds a non-performing loan on a building with over $380,000 in senior municipal claims ahead of it. If the Trust forecloses, NVE risks being wiped out. If NVE forecloses first, it inherits legal fees, a multi-year process, and a deteriorating asset — while still needing to clear the tax lien to protect its collateral. REstack offers something better: a clean exit today, with bridge and permanent financing fees on the back end as the relationship continues. The discount REstack negotiates is real — but the deal was already underwritten to work without it.

REstack acquires the property at a basis well below the combined face value of the capital stack. That basis — not renovation, not rent growth — is where the returns are created.

Owner Exit Structure

The owner has no equity, but still holds title — and still faces the tax consequences of a discounted payoff. REstack's approach isn't to push them out; it's to provide a structured off-ramp sized to their situation.

The payoff ceiling was back-solved from two inputs: the maximum seller payoff that allows REstack's underwriting to clear the 15% return threshold, and the owner's anticipated cancellation-of-debt (COD) tax liability from NVE Bank accepting a discounted payoff. The owner exit is structured to offset that tax exposure, not to transfer additional equity. Two paths are offered:

Path A — Certainty. A clean cash payment at closing of **$61,230**. No strings, no future liability. The owner receives enough to cover the expected COD tax bill and closes their economic chapter on the building.

Path B — Participation. $31,230 cash at closing plus a $30,000 Hope Note — a junior equity stake with a 15% hurdle that lets the owner participate in the upside they couldn't unlock on their own. The Hope Note also converts the transaction into an installment sale under IRS rules, spreading the taxable event across multiple years.

Both paths deliver equivalent economic value, sized to clear the same tax liability. The choice is about how the owner wants to receive it.

Path A

Cash at Closing
$61,230

Path B

Cash at Closing
$31,230

Hope Note
$30,000

Installment Structure
15% Hurdle

Sources and Uses

Total capitalization of $1.54M: a $777K bridge loan (51%), $728K of LP equity (47%), and a $30K seller Hope Note (2%) representing the deferred portion of the owner's exit fee. 78% of capital resolves the existing debt stack — tax arrears, the NYCTL Trust lien, and the NVE Bank payoff. 18% funds a targeted repair and CapEx program limited to violation remediation, systems restoration, and compliance work required for refinance eligibility. The remaining 4% covers seller cash payoff, closing costs, working capital reserve, and bridge loan fees. This is a compliance and stabilization program, not a repositioning.

Sources and Uses

Sources	Total
Bridge Loan Proceeds	$777,474
Hope Note Equity	$30,000
Equity	$727,870
Total Sources	**$1,535,344**

Uses	Total
DOF Tax Arrears	$131,472
NYCTL Trust	$248,098
NVE Bank Payoff	$718,250
Seller Cash Payoff	$61,230
Repair & CapEx	$281,750
Closing & Legal	$40,000
Working Capital Reserve	$25,000
Bridge Loan MRT	$13,995
Bridge Loan Origination Fee	$15,549
Total Uses	**$1,535,344**

CapEx + Compliance Budget

Buidling Systems	**Assumptions**	**Timeline**	**Cost Amount**
Boiler Replacement (LP)		Month 1-2	$65,000
Boiler Piping & Distribution		Month 1-2	$15,000
Boiler Violation Remediation		Month 1-2	$4,000
Class C Violation Remediation		Month 1	$5,000
Class A Violation Remediation		Month 1-3	$5,000
Bed Bug Treatment (full bldg)		Month 1	$8,000
Common Area Rehab		Month 2-4	$25,000
Roof Inspection & Repair		Month 2-3	$15,000
Electrical Panel Upgrade		Month 2-3	$12,000
Fire Safety / Smoke Detectors		Month 1	$5,000
Exterior / Facade		Month 3-4	$40,000
Window Replacement/Repair		Month 3-4	$12,000
Unit Refreshes	$5,000 / unit	Month 3-6	$30,000
HPD Charges & Penalties		Month 1	$4,000
Contingency (15%)	15%		$36,750
Total Capital Repair			$281,750

Financing		
Phase 1: Bridge Loan (Acquisition + Invest)		
Distressed EGI	15%	$195,728
Distressed Opex Ratio	45%	($88,078)
Distressed NOI		$107,650
Distressed Cap Rate	9%	
As-Is Property Value (est.)		$1,196,114
Bridge Loan LTV		65%
Bridge Loan Amount (I/O)		**$777,474**
Interest Rate		12%
Loan Term (months)		18
Monthly Interest Payment		$7,775
Total Bridge Interest (holding period)		$139,945
Bridge Loan Mortgage Recording Tax	1.80%	$13,995
Bridge Loan Origination Fee	2.00%	$15,549
Phase 2: Perm Refi (at Stabilization)		
Refi Year		2
Refi Year NOI		$150,360
Stabilized Cap Rate		6%
Capitalized Value		$2,506,005
Perm Loan Sizing		
LTV / LTC	70%	$1,754,203
DSCR	1.25x	$1,506,686
Debt Yield	9%	$1,670,670
Perm Loan Amount		**$1,506,686**
Annual Debt Service		$120,288
Interest Rate		7.00%
Amortization (years)		30
Perm Loan Origination Fee	1.00%	$15,067
Perm Loan MRT	1.80%	$27,120
Perm Loan Legal Fees		$45,000
Cash-on-Cash (Refi Year)		85.93%
Equity Remaining After Refi		**($1,342)**
Cash Returned at Refi		**$625,448**
Phase 3: Exit		
Sale Year		5
Forward NOI		$160,904
Exit Cap Rate		6%
Sale Price		**$2,681,732**
Sale Price / Unit		$446,955
Selling Costs	3.0%	$80,452
Submarket Sale Comp		$2,504,409
Submarket Sale Comp / Unit		$417,401

Capital Program and Timeline

The sequencing of capital deployment is deliberate. Debt resolution comes before construction. Construction comes before stabilization. Stabilization comes before refinancing. Each step unlocks the next.

Phase 1: Resolution and Repair (Mo. 1-18)
Funded by a bridge loan at 12% interest-only, Phase 1 clears the capital stack and executes the repair scope: boiler replacement, violation remediation, common area work, and unit refreshes as leases turn.

Phase 2: Refinance and Return of Capital (Yr 2)
With violations cleared and the rent roll stabilized, the building qualifies for permanent financing. The bridge loan is retired, and approximately 86% of invested LP equity is returned at this milestone. The asset transitions from distressed collateral to a cash-flowing investment.

Phase 3: Hold and Exit (Yr 3-5)
The building operates as a stabilized cash-flowing asset, with distributions accruing to investors while the remaining equity position continues to compound. A selective exit in Year 5 captures the remaining return when market conditions support it.

Key Return Metrics	
Total Invested Capital	$1,505,344
Stabilized NOI (Yr 1)	$150,360
Cash Returned at Refi (Yr 2)	$625,448
Net Sale Proceeds	$2,601,280
Unlevered Cash-on-Cash (Yr 1)	10.0%
Unlevered IRR	24.26%
Unlevered Profit	$1,759,620
Unlevered Equity Multiple	2.17x
Levered IRR	38.42%
Levered Profit	$1,071,105
Levered Equity Multiple	2.33x

Return Metrics

The returns in this deal are driven by what happens in Phase 1, not Phase 3. A favorable acquisition basis, combined with a capital program that restores value without speculating on rent growth, produces a deal where approximately 86% of invested LP equity is returned at the Year 2 refinance — before the building is ever sold.

The unlevered IRR of 24.3% shows the deal works on its own merits, without relying on financing to manufacture returns. The levered IRR of 38.4% and 2.33x equity multiple show what the same deal produces when financed conservatively.

The value was created at the negotiating table. The refinance proves it. Everything after is upside.

	Downside	Base Case	Upside
NVE Bank Discounted Payoff	0%	15%	20%
Avg Monthly Rent (post-CapEx)	$3,200	$3,350	$3,800
Vacancy Rate	7%	5%	3%
CapEx Budget	$300,000	$281,750	$260,000
Exit Cap Rate	6.5%	6%	5.5%
MAX SELLER PAYOFF DRIVEN BY RETURN THRESHOLD			
Min levered IRR	**15%**	Cleared	Cleared
Seller Payoff	**MAX - $90,000**	$60,000	$0
Gross Profit	**$462,899**	**$1,071,105**	**$2,102,125**
Levered IRR	**15%**	**38.42%**	**85.94%**
Levered Equity Multiple	**1.47x**	**2.33x**	**4.10x**

1. **Entry Basis Sensitivity**
   Paying in the outstanding debt in full is still a viable deal
2. **Return Thresholds Discipline**
   The deal is driven by our downside.

Risk is frontloaded at acquisition, NOT execution. Our return threshold back-solves the maximum we can pay the owner. If they don't accept it, we walk

Stanhope Street illustrates one application of REstack's capital stack resolution approach. The structure described here is illustrative, not prescriptive — future transactions will be structured to the specific constraints of each capital stack.

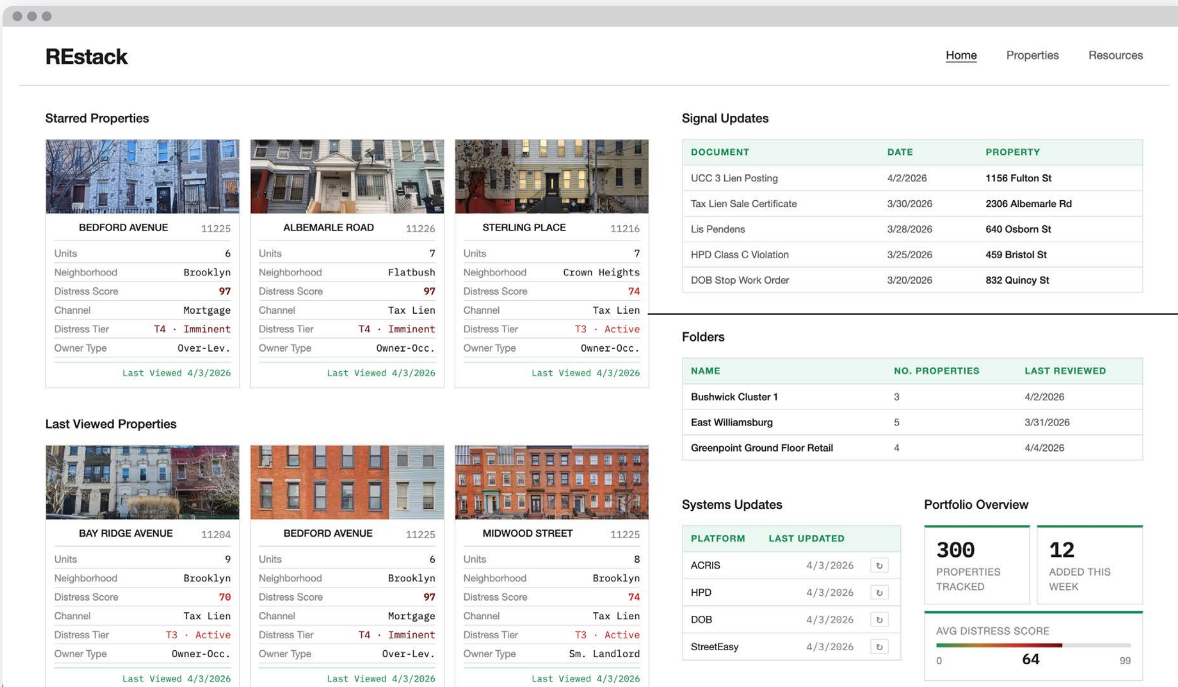
Downside Protection

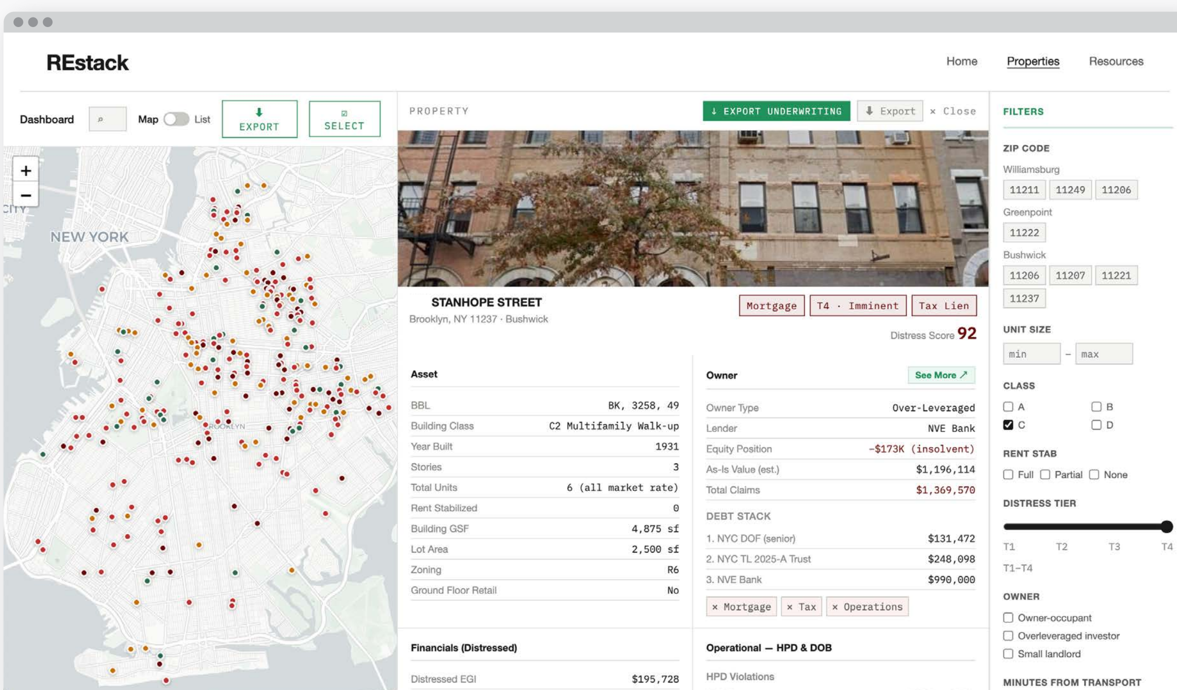
Risk in this deal sits at acquisition, not execution. The maximum seller payoff is back-solved from the 15% levered IRR hurdle, establishing a walk-away price before negotiations begin. Deals that cannot be structured within that ceiling are not pursued.

The downside case stress-tests five underwriting assumptions concurrently: NVE Bank paid at face value with no negotiated discount, monthly rents at $3,200 (vs. $3,350 base), 7% vacancy (vs. 5% base), a $300K CapEx budget (vs. $282K base), and a 6.5% exit cap (vs. 6.0% base). Under these compounded assumptions, the deal delivers a 15% levered IRR, 1.47x equity multiple, and $463K of gross profit.

The implication is straightforward. Entry basis, not execution assumptions, carries the risk in this deal. The underwriting does not require lender concessions, rent growth, or exit cap compression to clear the return threshold. Each of those outcomes is possible — and each contributes to upside — but none is required.

REstack's sourcing advantage is operationalized through a proprietary platform built to identify, track, and engage distressed small multifamily acquisitions across North Brooklyn.





01. Three-Channel Distress Detection

The platform observes each property for three categories of distress — **time pressure, physical distress, and NOI gap** — drawing on data across three channels (mortgage, tax/municipal lien, and HPD/building condition) sourced from ACRIS, NYSCEF, the Kings County Clerk, DOF, DEP, the NYC Tax Lien Trust, HPD, OATH, and DOB BIS.

The premise: distress in a single category may reflect an isolated owner problem (a bad loan, a water dispute, deferred maintenance), but distress across multiple categories reflects genuine owner-level capital exhaustion. The platform's scoring model is built around this convergence logic.

The platform's home page functions as the team's command center. Flagged properties appear as starred assets or are organized into named folders that enable structured collaboration across the pipeline.

A live signal feed, pulled cross-platform and updated in real time, notifies the team when a new distress signal is recorded against any tracked property.

02. Early Detection, Not Late Confirmation

The platform is designed to surface capital-stack distress 12 to 24 months before it becomes visible through public default filings. By the time a Lis Pendens is recorded or a building appears on a brokered auction list, the negotiating window has narrowed and competition has increased. The platform's value lies in identifying owners who are in trouble but have not yet been forced to act.

03. From Signal to Action

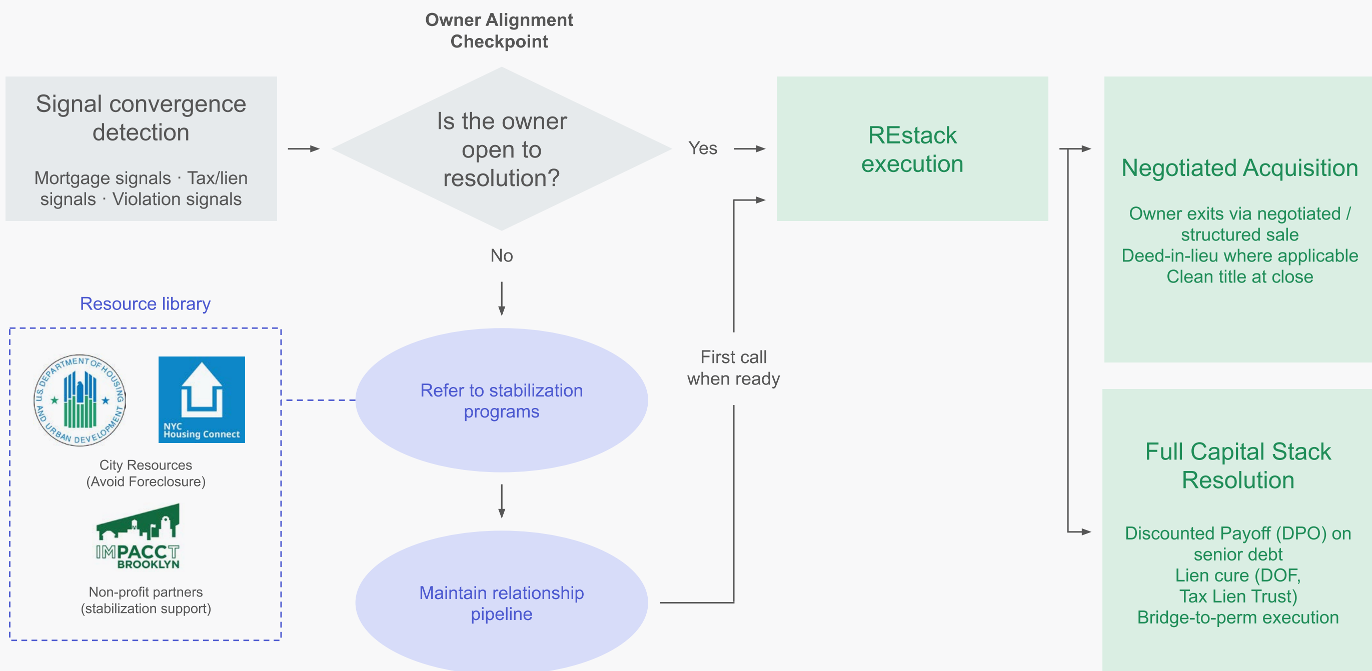
Stanhope Street workflow — from signal detection to preliminary underwriting to owner outreach — is the platform operating as designed. What the transaction validates is not the specific deal but the repeatability of the process that produced it.

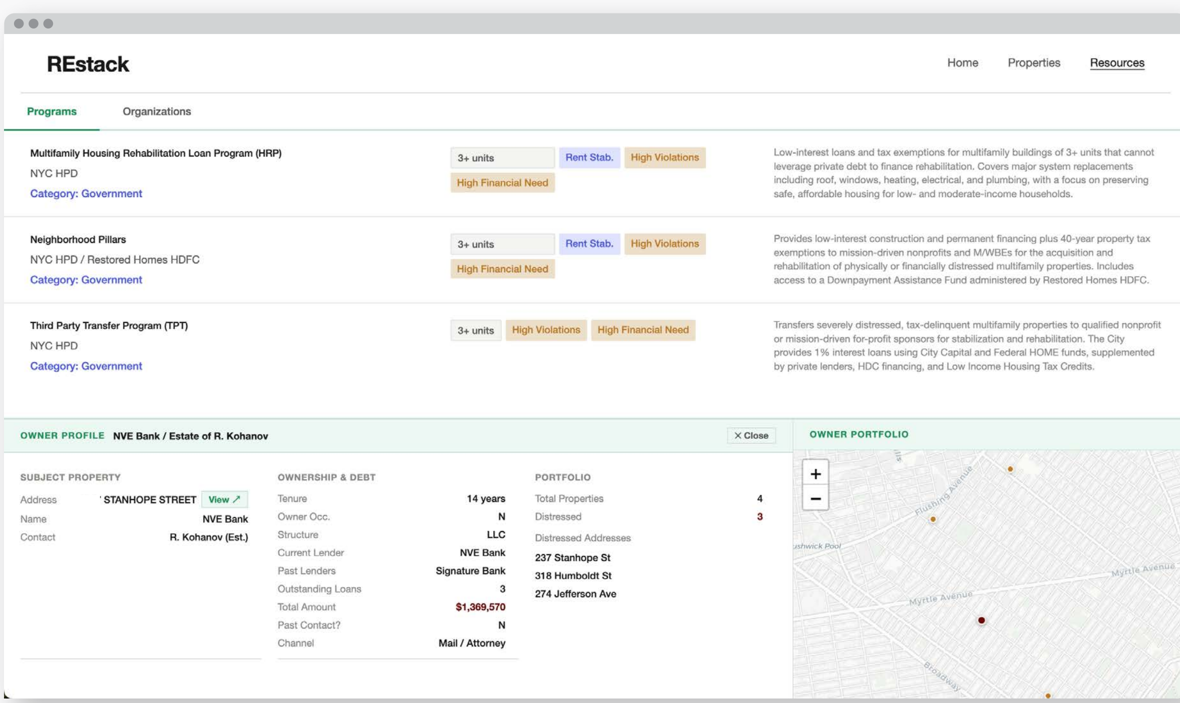
When a property surfaces as actionable, the platform consolidates the publicly available diligence information directly within the asset interface and exports preliminary inputs into the team's underwriting model. Where direct owner outreach is appropriate, the platform surfaces curated resources — including resolution pathways and support organizations — to inform engagement.

The asset itself in any single transaction is incidental. Stanhope Street demonstrates the platform's ability to systematize early distress detection, accelerate underwriting, and support resolution-oriented owner engagement at scale across a fragmented small multifamily inventory.

REstack approaches owners as resolution partners, not adversaries. That approach builds relationships across lenders, servicers, and owners — compounding into a durable sourcing advantage.

Owner Alignment, Sourcing Advantage





Counterparty network

Each transaction is underwritten and structured independently, but the platform operates within a deliberately concentrated network of lenders, special servicers, and owners. By engaging assets repeatedly within this network, REstack accumulates institutional credibility that carries forward to the next transaction. Lenders develop familiarity with REstack's underwriting standards and execution track record, reducing friction on both sides of the negotiation. Owners navigating capital-stack distress increasingly identify REstack as a known and credible resolution partner, generating proprietary deal flow through referral and recognition rather than broad-based origination.

Owner alignment workflow

Owner alignment isn't a value statement; it's a step in the workflow. Early in every conversation, REstack asks one question:

Is the owner ready to resolve?

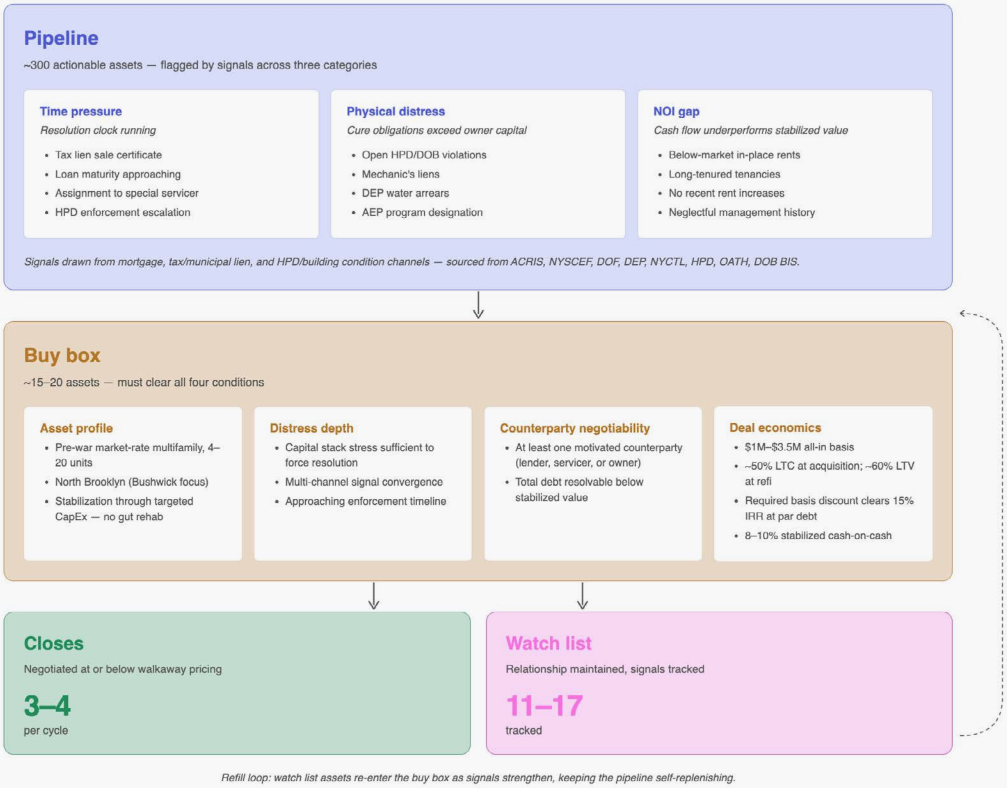
If yes, the deal moves into execution. If not, the owner is connected to stabilization programs that may help — and stays in REstack's pipeline for the future. Owners who get genuinely useful help today often become the relationships that produce a transaction six, twelve, or eighteen months later.

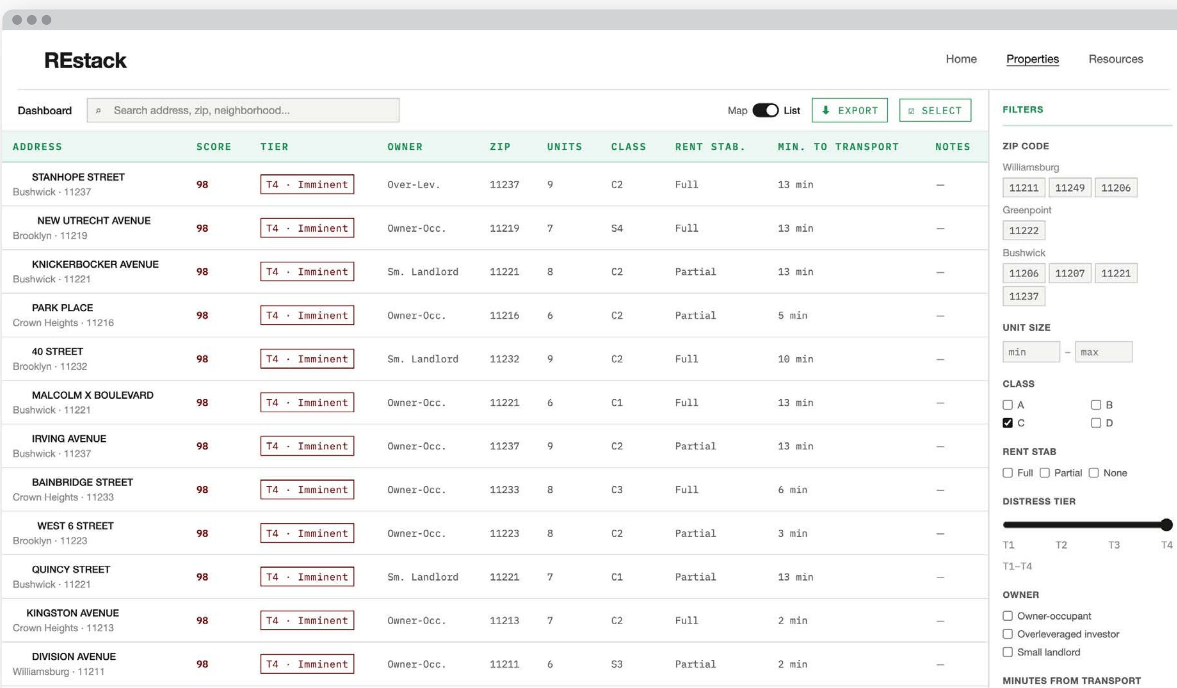
Compounding sourcing advantage

As the platform deepens its presence within this counterparty network, relationships themselves become a durable source of sourcing advantage — compressing execution timelines, improving terms, and creating a competitive position that is difficult to replicate through capital alone.

`Resources` page recommends the programs and organizations best suited to support resolution for a given owner profile — filterable by channel and circumstance. Whether the next step is connecting an owner with a stabilization program or identifying an appropriate nonprofit referral partner, the platform consolidates relevant options alongside the owner's broader activity in the market.

REstack's pipeline produces an active buy box of 15–20 assets, with 3–4 per cycle clearing at or below walkaway pricing — supporting deployment of 5–6 buildings over 24–36 months.





ADDRESS	SCORE	TIER	OWNER	ZIP	UNITS	CLASS	RENT STAB.	MIN. TO TRANSPORT	NOTES
STANHOPE STREET Bushwick · 11237	98	T4 · Imminent	Over-Lev.	11237	9	C2	Full	13 min	—
NEW UTRECHT AVENUE Brooklyn · 11219	98	T4 · Imminent	Owner-Occ.	11219	7	S4	Full	13 min	—
KNICKERBOCKER AVENUE Bushwick · 11221	98	T4 · Imminent	Sm. Landlord	11221	8	C2	Partial	13 min	—
PARK PLACE Crown Heights · 11216	98	T4 · Imminent	Owner-Occ.	11216	6	C2	Partial	5 min	—
40 STREET Brooklyn · 11232	98	T4 · Imminent	Sm. Landlord	11232	9	C2	Full	10 min	—
MALCOLM X BOULEVARD Bushwick · 11221	98	T4 · Imminent	Owner-Occ.	11221	6	C1	Full	13 min	—
IRVING AVENUE Bushwick · 11237	98	T4 · Imminent	Owner-Occ.	11237	9	C2	Partial	13 min	—
BAINBRIDGE STREET Crown Heights · 11233	98	T4 · Imminent	Owner-Occ.	11233	8	C3	Full	6 min	—
WEST 6 STREET Brooklyn · 11223	98	T4 · Imminent	Owner-Occ.	11223	8	C2	Partial	3 min	—
QUINCY STREET Bushwick · 11221	98	T4 · Imminent	Sm. Landlord	11221	7	C1	Partial	13 min	—
KINGSTON AVENUE Crown Heights · 11213	98	T4 · Imminent	Owner-Occ.	11213	7	C2	Full	2 min	—
DIVISION AVENUE Williamsburg · 11211	98	T4 · Imminent	Owner-Occ.	11211	6	S3	Partial	2 min	—

Pipeline

The platform produces a live pipeline of roughly 300 actionable assets across North Brooklyn. Each asset is monitored across the three categories of distress described above — entering, advancing, or receding in priority as its underlying signals evolve. The pipeline is not a static list; it's the live universe that the buy box screens against.

`Properties` view ranks the live pipeline by distress score, with the highest-scoring assets surfacing first. From this view, the team filters by submarket, ownership profile, and asset characteristics to identify candidates that meet the full buy box criteria.

Buy box

The buy box screens the live pipeline against four conditions. A property advances only when all four are met:

1. **Asset profile**
- Pre-war market-rate multifamily, 4–20 units
- North Brooklyn (Bushwick focus)
- Stabilization through targeted CapEx — no gut rehab

2. **Distress depth**
- Capital stack stress strong enough to force resolution
- Distress visible across multiple channels (mortgage, tax, HPD)
- Approaching enforcement (e.g., matured loan)

3. **Counterparty negotiability**
- At least one motivated counterparty (lender, servicer, or owner facing enforcement)
- Total debt resolvable below the building's stabilized value

4. **Deal economics**

Total deal size
$1.0M – $3.5M all-in basis
$500K–$1M of LP equity per deal

Leverage
50% debt at acquisition; 60% at refinance

Required discount
Enough to hit 15% return—even at full bank payoff

Stabilized cash-on-cash
8–10% annually

Conditions 1 through 3 describe the asset. Condition 4 is the discipline — REstack does not pursue assets where the maximum payable price cannot clear the return threshold. The walkaway price is set before negotiations begin.

REstack is seeking $4M from a single capital partner to deploy across 5–6 acquisitions over 24–36 months, with majority capital return by Year 3.

Capital Structure

Total equity commitment	**$4 million**
LP commitment	**85% per transaction**
Sponsor co-investment	**15% per transaction**
Deployment window	**24–36 months**
Target acquisitions	**5–6 buildings** **~$700,000 equity per deal**
Asset-level structure	**Separate LLC per acquisition (full liability separation)**

Target Returns

LP IRR	**20–25%**
LP Equity Multiple	**2.0x–2.2x**
LP Preferred Return	**15%**
Promote Structure	**30/15**
Deal-level IRR	**25–30%**
Deal-level Equity Multiple	**2.1x–2.4x**

The Opportunity

Stanhope Street is a proof of concept, executed with friends-and-family equity to demonstrate the strategy in market. What the LP is being offered is the next 5–6 deals — sourced through the same platform, underwritten to the same buy box, and resolved through the same toolkit.

Why a Programmatic Structure

Pre-negotiated terms across the deployment window deliver three things deal-by-deal capital cannot: speed to close in negotiating windows that move in days, portfolio-level diversification across 5–6 assets rather than single-deal exposure, and the full benefit of compounding sourcing advantage as REstack's lender and owner relationships deepen with each transaction.

Liquidity Profile

The program is structured around early capital recovery, not exit-dependent returns. Years 2–3: stabilized assets are refinanced, returning the majority of LP equity while retaining cash-flowing positions. Years 4–6: selective dispositions when market conditions maximize proceeds.

The thesis — value created at acquisition through capital stack resolution — is proven by the refinance, not the exit.

REstack's risk profile is front-loaded by design. The strategy concentrates exposure at acquisition, where risks can be identified, priced, and addressed before capital is committed. The risks below are organized accordingly.

Rent stabilization discovery

The target asset profile is fully market-rate multifamily, screened at the sourcing stage and confirmed during due diligence. The risk is that stabilized units are discovered after a deal is in process. The mitigant is straightforward: rent stabilization status is confirmed during due diligence, before closing. If stabilized units are present and the underwriting no longer works, REstack walks. The return threshold disciplines the entry — there is no incentive to push through a deal that doesn't pencil.

Lender negotiation risk

The deal model assumes a discounted payoff from the senior lender. The risk is that the bank declines to negotiate. The mitigant is that every deal is underwritten to hit the 15% return threshold at full face value on the bank debt — the discount is incremental upside, not a structural requirement. If a lender won't move, REstack still has a deal. If the deal doesn't work at par, REstack doesn't pursue it.

Refinancing environment

The permanent loan is underwritten at current market rates. The deal was not structured to depend on rate compression or a more favorable future environment. If rates move higher, refinance proceeds decline and the Year 2 equity return is lower — but the deal continues to work because the value was created at entry, not projected forward. Rate movement affects the timing and size of equity returns, not whether the deal works.

CapEx and execution risk

The team includes a licensed architect and construction project manager with experience managing complex projects from entitlement through closeout — the same skills that contain scope creep and hold contractors accountable. Execution risk is further limited by the stabilization objective itself. The building doesn't need to be transformed to refinance — it needs to be compliant. That's a lower bar, and a more predictable one.

Tax lien and NYCTL Trust dynamics

The conventional read on the NYCTL Trust is that it represents enforcement risk — a counterparty with legal leverage and a foreclosure timeline that creates urgency. That framing is incomplete.

Local Law 82 of 2024, which re-authorized the lien sale and established the Temporary Task Force on Tax Liens, points to a different story [1]. The Task Force's recommendations call for the City to explore pre-foreclosure third-party buyout frameworks — structured pathways where qualified buyers resolve chronically unresolved properties before they reach auction. The report identifies properties held by the Trust over 36 months without resolution as a growing problem existing tools cannot adequately address.

REstack is positioned as a direct answer to that problem. The platform identifies distressed properties early, negotiates resolution before enforcement escalates, and provides the Trust with an outcome it cannot reliably produce on its own — a clean, fast exit on a non-performing lien. That positioning becomes more valuable as the City formalizes the Task Force's framework into policy.

[1] NYC Local Law 82 of 2024; Temporary Task Force on Tax Liens, Report and Recommendations, 2024.

Acknowledgements
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