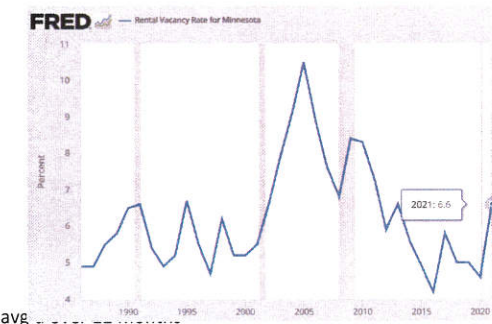


Rate of Return

Invested Amounts	Units	Inherited			With +15%, \$1.3k max		
		(no incr) 2022	With +15% 2022	2023	(no incr) 2022	With +15% 2022	2023
2/28/2022 50,000	1 2 BR	940	1,081	1,243			
4/1/2022 50,000	2 2 BR	950	1,093	1,256			
4/7/2022 55,000	3 2 BR	945	1,087	1,250			
4/8/2022 42,949	4 1BR	985*	985*	1,000			
4/11/2022 35,500	5 2 BR	945	1,087	1,250			
4/15/2022 15,946	6 2 BR	995	1,144	1,300			
249,395	7 2 BR	975	1,121	1,289			
	8 2 BR	1,045	1,202	1,300			
	9 2 BR	975	1,121	1,289			
	10 2 BR	975	1,121	1,289			
	11 2 BR	1,105	1,271	1,300			
	12 2 BR	975	1,121	1,289			
	Total	11,810	13,434	15,057			
Market = \$1,300	Avg 2BR Rent	\$984	\$1,132	\$1,278			

	2020	2021	Inherited (no incr) 2022	With +15% 2022	With +15%, \$1.3k max 2023
Monthly					
Gross Rent	11,810	11,110	11,810	13,434	15,057
Vacancy (6.6%)			-779	-887	-994
Net Rent	11,253	11,110	11,031	12,547	14,063
Advertising	23	34	20	20	20 average of 2020 and 2021
Cleaning/Maint.	70	126	100	100	100 discussed with cleaner
Gas/Electric	382	401	150	150	150 we will start billing nat gas back to units
Insurance	423	489	388	388	388 we got better pricing
Lawn	122	101	120	120	120 current rates from Rogers Lawn and Snow, avg
Mgmt Fees	879	879	-	-	- self managing to control costs
Taxes	2,147	2,267	2,351	2,351	2,351 2022 taxes and same yr over yr growth rate for 2023. Both 2021 and 2022 taxes are assessed higher than the building purchase price.
Repairs/Maint.	544	3,360	2,400	2,400	2,400 200/unit/month average - based on our experience
Snow Removal	157	159	191	191	191 current rates from Rogers Lawn and Snow, averaged over 12 months
Trash	199	239	180	180	180 \$264 is average of last 2 bills. We are quoting this out but expect to land around \$180
Water/Sewer	372	357	-	-	- we will start billing units for water
Misc	8	12	50	50	50 average of 2020 and 2021
Expenses	5,325	8,423	5,950	5,950	5,950 decrease in expenses coming from mainly self management
Principal/Interest	-	-	6,890	6,890	6,890
Net ROI	5,928	2,688	(1,809)	(293)	1,223
			-9%	-1%	6%



1029 Raymond Ave St Paul, MN

Your rent seems to be a good deal!

Unless your rental is in poor condition or has fewer amenities than most.

AVERAGE RENT	\$1,682	MEDIAN RENT	\$1,800
25th PERCENTILE RENT	\$1,381	75th PERCENTILE RENT	\$1,982

Results based on 77, 2-bedroom rentals seen within 12 months in a 1.00 mile radius.

This is a Zillow 2BR rental search in the neighborhood as of 5/31/22. I would note that all of these units are considerably smaller than the 2BR units at Raymond (900sqft+)
 Average Rent: \$1,288 (\$989, 23% discount to occupied unit avg rents)
 Average SQFT: 774 (about ~20-25% smaller)

Sustainable 2BR rents are needed the St. Anthony Park neighborhood!! The lower priced options I saw on 5/31 are all gone now.
 The red circle is a 1bedroom mislabeled
 This is as of 6.26.22

Construction Budget

1. Construction Budget
2. Source of Funds

Renovation Budget - When we initially put this list together, we were on an expedited closing schedule. We did not have time to get quotes for all of these line items, so we relied on a mix of quotes, past costs provided by the property manager, renovation costs at our other buildings, and my father's 40+ years of construction experience.



Renovation Budget (costs include installation)		120,021	We expect the repairs to occur over three years or about \$40k/year. We've already spent \$18k and have \$11k saved up. The rest of the \$ for this year's renovations will be through our savings.
Cabinets	7	1,000	7,000 in 7 of the units the kitchens were in disrepair, specific units below
Countertops	7	500	3,500 in 7 of the units the kitchens were in disrepair, specific units below
Closet Doors	35	225	7,875 2 double doors and one single door per 7 unrenovated units
Bedroom Carpet	7	2,000	14,000 in 7 of the units the bedrooms were in disrepair
Fridge/Stoves	2	2,000	4,000 3 units need upgraded fridges/stoves
Dishwashers	11	1,100	12,100 We anticipate adding dishwashers to every unit assuming the tenant wants one
Flooring	7	4,000	28,000 \$4k = \$5/sqft installed x 800 sqft units
Hardware		3,000	3,000 Miscellaneous construction costs needed for cabinets/countertops/closets
Demo + Dumpster	7	750	5,250 Needed for construction
Complete Reno of Unit 4		18,351	Spent
Overages/Misc (such as paint, etc; 20%)		16,945	

Unit #	Renovated	
Unit 1	No	10,904
Unit 2	No	10,904
Unit 3	No	10,904
Unit 4	We Renovated	18,351
Unit 5	No	10,904
Unit 6	No	10,904
Unit 7	Yes	1,100
Unit 8	Yes	1,100
Unit 9	Semi	1,100
Unit 10	No	10,904
Unit 11	Yes	1,100
Unit 12	No	14,904
All Units/General	NA	16,945
Total		120,021

These costs would only occur as tenants moved out and we had the ability to do longer term projects in the units. We anticipate doing the renovation over ~3 years depending on current tenants' desires for amenities (like a dishwasher), urgency of the repairs needed that were identified by my father and I during our walk through, and unit availability (when tenants move out).

Current costs incurred/paid so far include (excluding maintenance):	April 15-June 21	Sub Total	Applicable Units
New washers and dryers for all resident use	-2,872		This is for all tenants' use
Appliances payment #2 ^^ Wash/Dry	-3,300		This is for all tenants' use
Appliances repair fee	-199	-6,371	This is for all tenants' use
REMODEL Starting \$ - DEPOSITED OR CASHED CHECK # 1002	-6,500		This is for Unit #4
REMODEL payment #2	-3,000		This is for Unit #4
REMODEL payment #3	-1,490		This is for Unit #4
Remodel management fee	-990	-11,980	This is for Unit #4
Total spent thus far	-18,351		This is for Unit #4
			15% of our original construction budget

We've added roughly \$6.4k of common area, brand new appliances.

We've upgraded a unit which was neglected to a place where people can have pride living there. \$12k investment.

Pictures of new unit (before/after):



- Cabinets----->
- Flooring----->
- New fridge----->
- New, full sized stove->
- Added dishwasher--->
- Added microwave--->
- Paint----->



Worksheet Questions

Section XXB & C in MNOI worksheet

B. Exceptional Circumstances in the Base Year. The gross income during the base year was disproportionately low due to exceptional circumstances. In such instances, adjustments may be made in calculating base year gross rental income consistent with the purpose of analyzing base year net operating income. Check which factor(s) contributed to your claim:

- (i) The gross income during the base year was lower than it might have been because some residents were charged reduced rent.
- (ii) The gross income during the base year was significantly lower than normal because of the destruction of the premises and/or temporary relocation for construction or repairs.
- (iii) The pattern of rent increases in the years prior to the base year were less than increases in the CPI.
- (iv) Base year rents were disproportionately low in comparison to the base year rents of comparable rental units in the City of Saint Paul.
- (v) Other exceptional circumstances

[Petitioners submitting a claim based on this factor may be required to pay for an independent appraisal by an appraiser approved by the City].

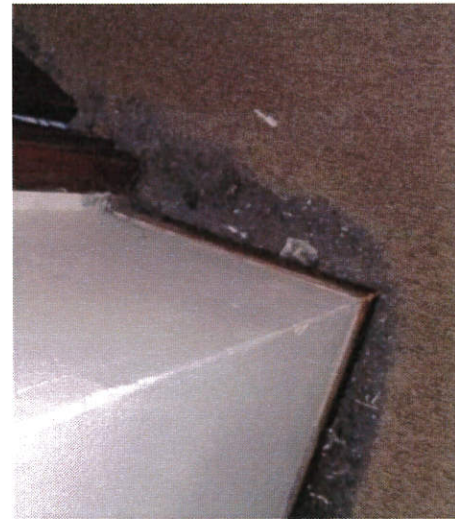
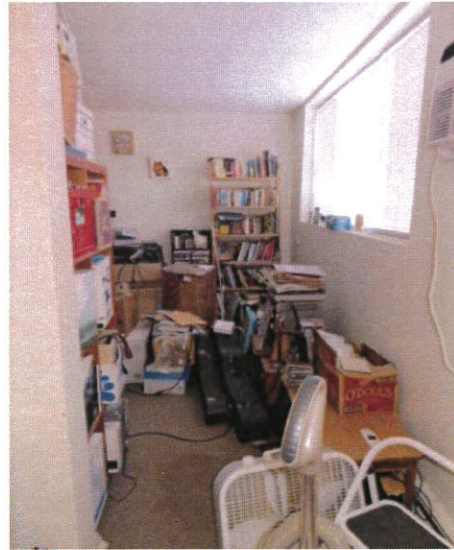
C. Explanation for Basis in Support of Claim for Adjustment of Base Year Rent.

A passive, hands off heir inherited a building debt free. For that reason the building was run poorly.

No rent increases, vacancy, general mismanagement due to no debt costs.

- i. I have provided extensive market data on the Rate of Return tab. Also there was a unit vacant.
- ii. I provided photos of what the vacant unit looked like. Other unit/garage photos----->
- iii. The 2020 to 2021 rent actually went down year-over-year. Soecific amounts below (does not include late fees, etc)
2020 \$133,798 2021 \$132,630 Year-over-year (+/-): -1%
- iv: See Tab "2. Rate of Return" photos; cells A17:N85
- v: **My dad had a St Paul two bedroom apartment for \$975 (with roommates) when he was in tech school in 1976. Our average 2 bedroom is \$986 currently, \$11 more 46 years later.**

C: The seller was a trust per the deed. The selling agent told me the building was owned free and clear. She said there was room to increase rents as the property manager didn't optimize for highest rents, only vacancy, since the property management company only charged a fraction of what they typically do. They did the bare minimum to limit time on a less-income producing building for them.



Extreme grim along the baseboards in apartment



North wall deterioration



North wall deterioration and holes present

