

Impact
Report

2025

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MANAGER'S NOTE



John Green

Managing Principal

At Blackstar Stability, we believe that homeownership remains one of the most powerful pathways to economic opportunity and long-term wealth creation. Yet for many families seeking to purchase lower-cost homes, access to fair and affordable mortgage financing remains frustratingly out of reach. Too often, hardworking families find themselves navigating alternative financing arrangements that limit their ability to build wealth, achieve financial stability, and fully participate in the benefits of homeownership.

Our mission is to help change that.

While our work is frequently discussed in terms of capital, lending, and investment performance, we remain grounded in a simple reality: behind every loan is a family seeking security, stability, and a better future. Every family we serve represents a household striving to put down roots, create opportunity for the next generation, and achieve the promise that homeownership has long represented. Keeping those families at the center of our work continues to guide every decision we make.

“
... behind every loan is a family seeking security, stability, and a better future.”

The national housing conversation has gained renewed momentum, with policymakers considering what could become the most significant housing legislation in decades. Efforts to increase housing supply and improve affordability are encouraging and necessary. However, even as new housing opportunities emerge, unequal access to traditional mortgage financing will continue to persist; particularly for families seeking lower-cost homes. We believe addressing this financing gap represents one of the most important opportunities for mission-driven capital to create lasting economic impact.

For Blackstar Stability, 2025 was a year of growth, investment, and institution-building. A key milestone was the expansion of our operations through the vertical integration of critical functions, including enhanced loan servicing capabilities. We view servicing as more than an administrative function; it is a critical touchpoint in the homeowner experience. By bringing these capabilities closer to the core of our organization, we are building a stronger foundation to support families throughout the life of their loan while creating the operational capacity needed for future growth.

MANAGER'S NOTE

We also established a strategic partnership with NFM Lending, one of the nation's leading mortgage lenders. Partnerships matter. They allow us to leverage experience, expertise, and scale while remaining focused on our mission. This relationship strengthens our ability to expand access to sustainable financing solutions and accelerates the growth of our platform.

In addition, we broadened the range of lending solutions available to families, recognizing that successful homeownership often requires flexible and tailored approaches rather than one-size-fits-all products.

As we look ahead, we remain focused on the work of building. Building stronger systems. Building deeper partnerships. Building greater access to fair and sustainable homeownership. And ultimately, building an institution capable of delivering meaningful impact at scale while generating attractive outcomes for our investors.

The opportunity before us is substantial, and so is the responsibility. We approach both with discipline, humility, and purpose.

Thank you for your continued partnership and trust.



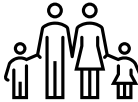
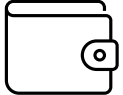


John Green
Managing Principal



Who We Are

Blackstar Stability is committed to helping historically overlooked communities obtain access to fair and equitable homeownership. By converting CFDs into traditional mortgages for families, since the Fund’s inception, we have unlocked over **\$15.6 million** in homeowner equity, transferring over **\$70k per family**. This transfer has resulted in:

1	2	3	4
Stronger, more resilient communities	Economic Empowerment and Mobility	Financial benefits and generational wealth building	Lower Monthly Housing Costs
Equity Transferred	Average Increase on Net Assets	Families Supported	Payment Reduction
			
\$15.6 Million	35.7x Increase	219 Total	18% Average Reduction

With an innovative business model and strategic partnerships, we have transitioned more than **200 families** to mortgage-financed homeownership. These families have realized, on average, a **35.7x increase** in their net assets, creating meaningful, enduring impact. In 2025, we increased acquisition activity significantly, expanding the Fund’s portfolio by more than **1,000 loans**. Blackstar seeks to work with each of these families to support their pursuit of homeownership.

BLACKSTAR'S MISSION



Expand Equitable Homeownership

Transfer equity to homeowners when available, significantly reduce principal and interest payments, and help homeowners maintain their homes.

Reduce monthly payments.



Confront Mortgage Alternatives that Disadvantage Borrowers

Work with individuals who are unlikely to secure financing with a traditional lender and relieve them of burdensome terms that only benefit the lender.

Issue mortgages at a fair market rate.

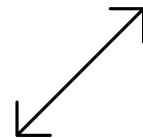
Generate significant benefits for vulnerable low- and moderate-income families through investments that address market failures, which limit their options to secure market-rate home financing. We do this by restructuring contracts for deed (CFDs) and other similar debt instruments into traditional mortgages with fair terms.



Focus on a subset of the population that has been underserved

Aid populations that struggle to obtain credit and have historically had difficulty building wealth through homeownership, therefore creating more equitable and stable communities.

Build generational wealth.



Expand Product Offering

Provide broader array of mortgage products to families including direct agency loan, debt consolidation loan as well as loans for needed repairs.

More families get a fresh start.



THEORY OF CHANGE

Problem

Barriers to accessing traditional mortgage financing for lower-cost homes disproportionately affect low- and moderate-income families, exposing them to more expensive alternatives that promote disinvestment in their communities.



Action

Purchasing and converting CFDs/LTOs to traditional mortgages to provide a pathway to homeownership

Metrics: Interest rate reductions, loan-to-value, arrearages forgiven, debt-to-income ratio, housing ratio

Immediate Outcomes

Path to equitable homeownership, creation of equity, relief of financial burdens

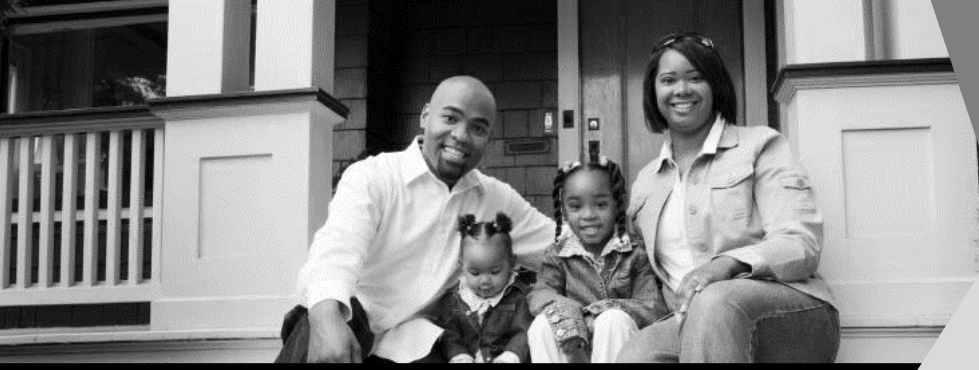
Metrics: Equity transfer, payment reductions, principal reductions, deferred maintenance, net asset gain, debt consolidation



Long-term Outcomes

Reduce the volume of seller-financed alternatives, create equitable housing opportunities, uplift and support vulnerable populations and families through helping to facilitate stable neighborhoods and communities

Metrics: Demographics, families supported, long-term stability, financial outcomes, child outcomes, employment outcomes, aging in place



PROBLEM STATEMENT

The single-family mortgage financing gap has made working class housing markets far less liquid, depressed homeownership, robbed communities of hard-earned equity, and diminished both the capital and incentive to reinvest in those communities.

Homeownership remains a critically important step to establishing financial security and embarking on a path toward generational wealth for most Americans. It is by far the most effective mechanism to reduce intergenerational poverty and increase economic mobility. However, affordable homeownership is unattainable for many. **According to the National Low Income Housing Coalition, there is currently a shortage of more than 7 million affordable homes for the nation’s 11 million plus extremely low-income families.** In 2024, entry-level home affordability reached a 40-year low, with first-time homebuyers comprising the lowest percentage of purchases since 1981.

Much of the naturally-occurring affordable housing market is less accessible for buyers, even though Freddie Mac estimates over 40 million Americans are “mortgage-ready.”

While lawmakers are set to pass the most significant bills in decades to address the housing shortage with a priority on expanding mortgage access for small balance mortgages, the unequal access to traditional mortgages will continue to persist, particularly for families seeking to buy homes valued at less than \$150,000. The absence of available traditional mortgages gives rise to expensive alternatives like CFDs. This financing gap has made working class housing markets far less liquid, depressed homeownership, robbed communities of hard-earned equity, and diminished both the capital and incentive to reinvest in those communities.

Property Sales Financed with a Mortgage	
Sale Price	% with Mortgage
Less than \$150k	26%
More than \$150k	71%



PROBLEM STATEMENT

Nationally, the challenge of financing properties valued below \$150,000 is evident, with fewer than 30% of these purchases financed through traditional mortgages. In the years between 2004 and 2021, Pew estimates a staggering 70% decline in small mortgage lending, while mortgage lending for higher-priced homes increased by 52%. The shift is attributed to increased home appreciation and banks favoring higher balance mortgages, creating a gap that CFDs are uniquely positioned to fill, offering a risky, alternative avenue for aspiring homeowners.

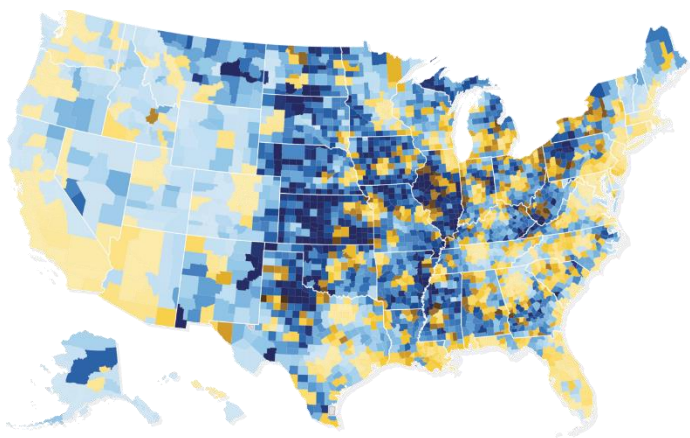


Less than
30%

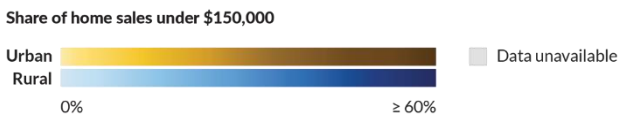
Traditional Mortgages

Less than 30% of home valued below \$150K are financed with traditional mortgages

Most Low-Cost Home Purchases Do Not Involve a Mortgage



Source: Pew Charitable Trusts' analysis of Home Mortgage Disclosure Act data, 2018-23.



This mortgage financing gap is a ubiquitous issue in the United States that extends into rural, urban and suburban markets, spanning red and blue states alike, while disproportionately affecting working-class, low- and moderate-income communities.



PROBLEM STATEMENT

Low-to-moderate income borrowers experience 2x the denial rate compared to high income earners. Key barriers for these borrowers include but not limited to the following:

1

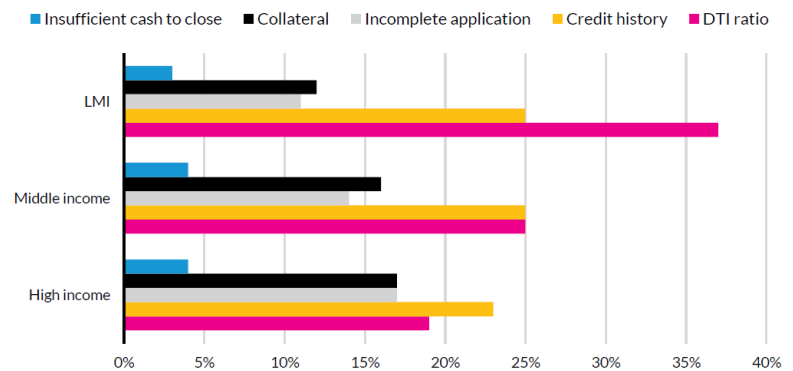
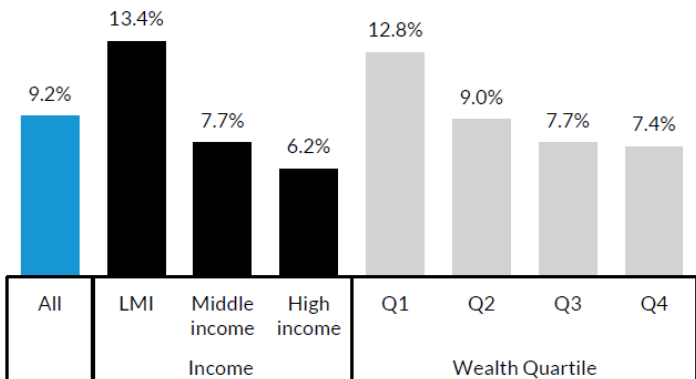
Insufficient capacity for a down payment

2

Low debt-to-income ratio (lower income and few assets)

3

Lender perception that a borrower will likely miss payment or be challenged in being consistent in monthly payment



Source: An Innovative Approach to Expanding Homeownership in Underserved Communities, Urban Institute (2026).



WHAT ARE CFDs

CFDs are alternative arrangements for the purchase of a home that are made between a buyer and seller. In a CFD, the buyer agrees to make regular payments to the seller over a specified period until the home's total purchase price is paid in full. Unlike traditional mortgages, the buyer does not immediately assume ownership of the property; instead, they gain an interest in the home, and the legal title remains with the seller until the final payment is made.

CFDs are often utilized in situations where traditional mortgage financing may be challenging to obtain, particularly for households in the 30-60% Area Median Income (AMI) range, providing an alternative, less compelling path to homeownership for individuals with lower incomes or limited access to credit.

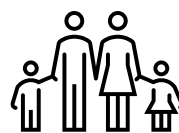
Today, CFDs stand as a relic of redlining practices that remain a relevant alternative in the absence of available traditional mortgages for small balance borrowers whereby access to credit, banking infrastructure, and income levels are limited.



“

“...a predatory agreement that combined all the responsibilities of homeownership with all the disadvantages of renting - while offering the benefits of neither.”

- Ta-Nehisi Coates, 2014



30% - 60%
AMI

Target Households

CFDs are concentrated with households in the 30%-60% AMI range providing a less compelling path to homeownership.



WHAT ARE CFDs

CFDs: Built to Fail

Illusion of Ownership

- Residents often believe they own the property, even though they are not on the title.
- Many take on significant repair and maintenance costs to make the home livable, which are expenses that should have been the seller’s responsibility. Some also invest additional funds for upgrades or improvements.
- If a buyer misses a payment, they can be treated similarly to a renter – the contract can be canceled, and the seller retains both the property and the money the buyer has already paid.

Above Market Pricing

- Contract prices often exceed the property’s actual value.
- Interest rates are often significantly higher than traditional mortgage rates.

Obligation Without Benefits

- Buyers don’t gain access to equity until the contract is fully paid off and cannot sell, lease or transfer the property.
- They are also not always eligible for mortgage interest rate tax deductions.
- Still, they are fully responsible for property taxes, repairs, and insurance.

Few Customer Protections

- These contracts often bypass basic protections: homes are sold without inspections or appraisals, and truth-in-lending laws are frequently ignored.
- Since the seller remains on title, they can take out mortgages on the property, putting buyers at risk of foreclosure, even if they have made every payment on time.



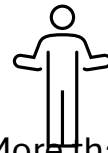
IMPACT OF HOMEOWNERSHIP

The benefits of homeownership manifest beyond individual households. Homeowners are less likely to live in physically inadequate homes, contributing to neighborhood property values and mitigating negative health outcomes. Greater investment in properties and greater wealth accumulation among homeowners drive investment in local economies from property taxes, consumer spending, and business ownership.

As Blackstar continues to better understand the outcomes experienced by families, the annual survey was conducted for households that successfully transitioned into traditional mortgages. The questions, designed to evaluate the impact of stable, secure housing on key Social Determinants of Health were for two distinct groups served by Blackstar – “seasoned mortgages” holders (greater than 1 year) and “recent mortgages” holders (less than 1 year). The goal of the survey was to get a better understanding of how families have or expect to benefit from homeownership.

It should be noted that the seasoned mortgages stem from earlier CFD acquisition pools that had a higher concentration of sub-

performing borrowers while more of the recent mortgages stem from CFD pools acquired in 2025 with strong performing borrowers who consistently paid over an extended period.



More than
2/3rd

Lack of Awareness

67% of all respondents were not aware their CFDs had not conveyed homeownership.

While more than two-thirds of all survey participants did not realize that their previous CFD did not convey homeownership, 85% of the recent mortgage respondents were under the impression that they had all the rights of homeownership under the CFD alternative. Given the strong payment history over an extended period of the CFDs for the more recent mortgages, this line of thinking is not surprising. Seasoned mortgage respondents reported higher knowledge of their contract than recent mortgage respondents (45% vs. 15%).



IMPACT OF HOMEOWNERSHIP

The reduction in monthly payments is having an immediate impact with more than 70% of all respondents stating monthly payment reduction has provided some benefit to their families. Seasoned mortgage respondents have a higher percentage (80%) of the benefit; this is stronger indicator than recent mortgage respondents because they have realized savings over a long period versus recent mortgage respondents where only 54% perceive the benefit. According to the CDC, “Social determinants of health (SDOH) are the nonmedical factors that influence health outcomes.” SDOH are grouped into five categories:

1	Economic Stability	Support people in securing steady incomes so that they can afford their health needs.
2	Education Access and Quality	Expand access to quality education for children and adolescents to help them succeed academically.
3	Healthcare Access and Quality	Amplify access to comprehensive, high-quality health care services.
4	Neighborhood and Built Environment	Ensure that where people live, work, and gather is safe and healthy .
5	Social and Community Context	Improve social and community networks, increase community engagement.

“

“SDOH have been shown to have a greater influence on health than either genetic factors or access to healthcare services.”

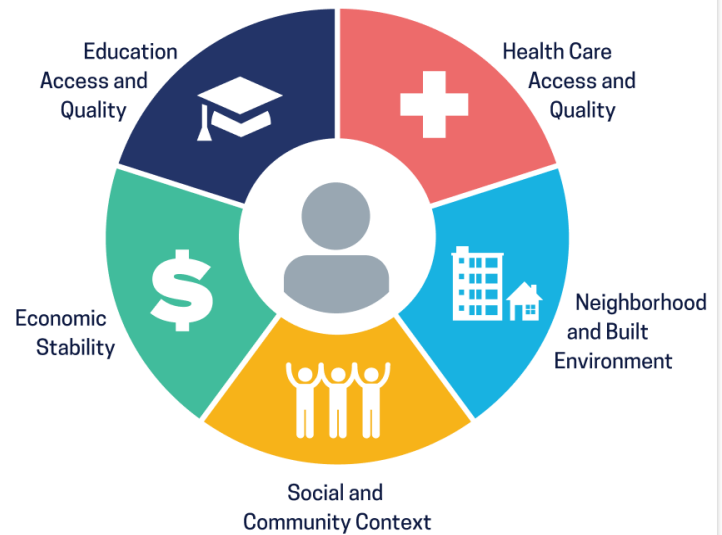
-Center for Disease Control



IMPACT OF HOMEOWNERSHIP

While the financial markets may not be able to invest directly in social outcomes, they can invest in housing: an area closely linked to many of those outcomes. Research consistently shows that homeownership leads to improvements in key SDOH. By helping families secure traditional mortgages, Blackstar Stability opens doors to greater stability and opportunity. This body of research adds important context for understanding how homeownership is reshaping the lives of families served by Blackstar Stability. The following sections use this supplemental evidence to reinforce and deepen the insights gained from Blackstar’s 2025 Homeowners Survey.

Social Determinants of Health



Social Determinants of Health
Copyright-free

Healthy People 2030

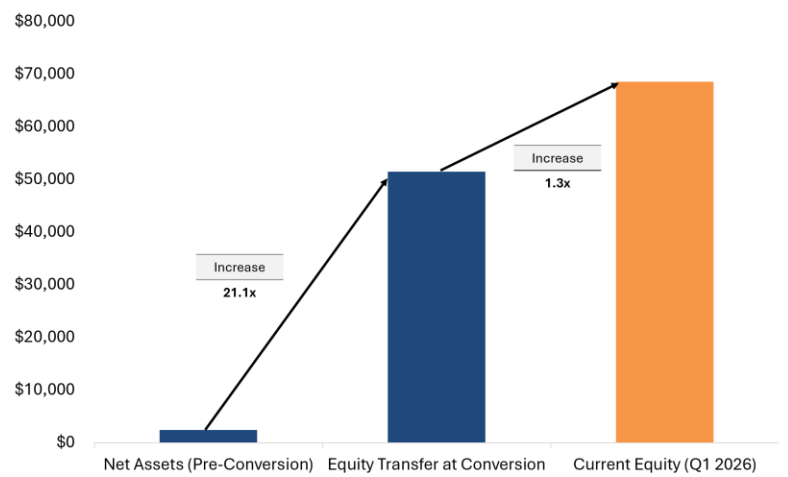
[Social Determinants of Health - Healthy People 2030 | odphp.health.gov](https://odphp.health.gov)

IMPROVED FINANCIAL OUTCOMES

Converting a CFD into a traditional mortgage can create immediate and long-term financial stability for families. According to HUD, homeownership is the primary way lower- and moderate-income households build wealth. For many Blackstar families, this critical transition into the ownership of a typically appreciating asset marks the first step on the path to generational wealth building, resulting in economic mobility.

Ownership Matters

For conversions through December 2024, borrowers' equity has continued to increase substantially



Wealth Creation & Economic Mobility



BLACKSTAR FAMILIES

WEALTH DECILE	ASSETS HELD	BLACKSTAR FAMILIES		
		Pre-Conversion	Post-Conversion	Q4 2025
First, Second & Third		184	93	83
Fourth & Fifth		1	81	82
Sixth, Seventh & Eighth		-	11	20
Ninth		-	-	-
Tenth		-	-	-
	Vehicles Transactional Accounts Primary Residence Retirement Accounts Other Financial Assets Other Properties Securities	185	185	

TYPICALLY NON-APPRECIATING

TYPICALLY APPRECIATING

Blackstar conversions improve wealth decile ranking

Source: Foundations of a New Wealth Agenda, Aspen Institute Financial Security Program (2021).

IMPROVED FINANCIAL OUTCOMES

More than half of the families served by Blackstar have moved from the bottom three to the middle four wealth deciles (i.e. 4th - 7th) where they now own appreciating assets compared to only having transitory assets prior to mortgage conversion.

One of the immediate benefits reported by homeowners is a reduction in monthly housing costs. Among all survey participants that successfully transitioned into a traditional mortgage, 40% reported an “extreme

benefit” from lower monthly payments. On average, families have seen a 25% reduction in their monthly payments. That extra income makes a tangible difference, allowing families to purchase groceries, pay for medical care, and cover unexpected expenses without sacrificing financial security.

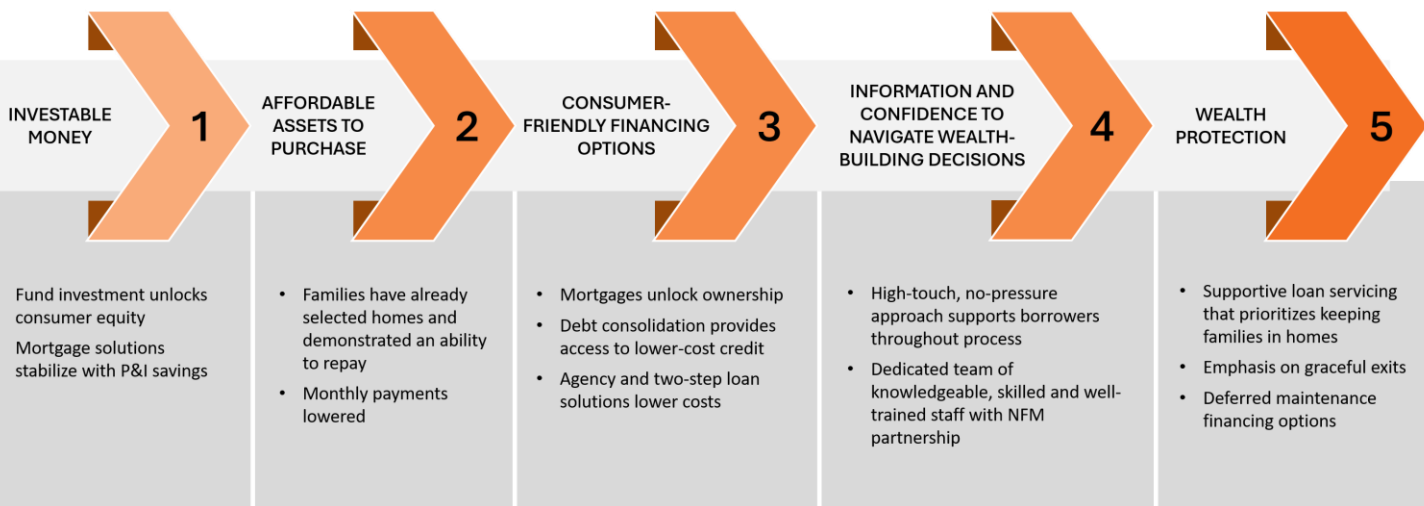
Access to a traditional mortgage also allows homeowners to reduce debt. For many, this has had significant personal and financial

Conditions to Support Wealth-Building

People need each of these conditions available – and at the right time – to build wealth

PRECONDITION:
FINANCIAL STABILITY

Blackstar
Alignment



Source: Foundations of a New Wealth Agenda, Aspen Institute Financial Security Program (2021)




IMPROVED FINANCIAL OUTCOMES

value. According to the National Low Income Housing Coalition, expanding access to affordable housing is one of the most effective ways to reduce childhood poverty and improve economic mobility. By helping families secure affordable, stable housing, Blackstar Stability is supporting closing the wealth gap.

In addition to cost savings, homeowners also benefit from the ability to build credit. Many of Blackstar’s borrowers have previously been classified as “credit invisible,” a term used to describe the 26 million adults in the U.S. who lack a credit history. Without credit, these individuals face barriers to loans, credit cards, and other financial tools. Obtaining a traditional mortgage allows families to begin establishing credit history and financial credibility.


The impact of financial stability goes beyond wealth building. Lower monthly housing costs also reduce stress, which can improve overall health and well-being. **While 39% of all respondents reported a decrease in their stress level caused by current financial state, this improvement was most significant with the seasoned mortgage respondents (45%) given longer time span to experience the benefit.** According to the National Alliance on Mental Illness, access to affordable housing is a critical social determinant of mental health. Blackstar borrowers have consistently reported that converting their CFD into a mortgage has



Neighborhood Stability

Blackstar homeowners plan on staying in their home for 10+ years


94%



Retirement Plan

Blackstar homeowners view their home as part of retirement

73%



Sustained Employment

Blackstar seasoned homeowners experiencing the effects of stable housing with sustain employment.

+90%

- References:
- [Why We Care | National Low Income Housing Coalition](#)
 - [Social Determinants of Health: Housing | NAMI](#)
 - [How Unaffordable Housing Impacts Employees and Your Business](#)



IMPROVED FINANCIAL OUTCOMES

reduced their financial stress. Reduced stress levels can lead to improvements in physical health, educational outcomes, and long-term economic prospects.

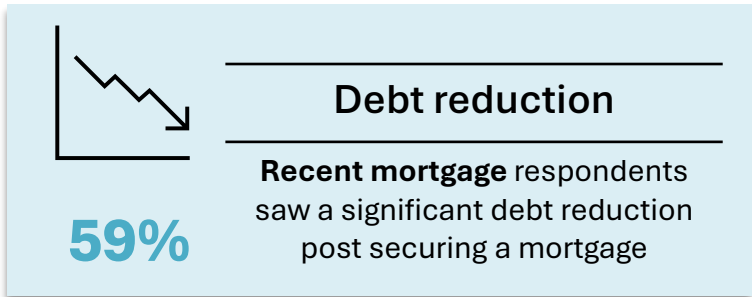
Stable housing also supports stable employment. According to WorkLife Partnership, renters who lose their housing are up to 22% more likely to lose their jobs. Employment stability not only contributes to financial security but also increases opportunities for community involvement and helps families support their children’s education. Based on the feedback of seasoned mortgage respondents, positive or no change in obtaining and maintaining employment demonstrates the effects of housing stability. Over 90% of these survey respondents confirm this inference.

Homeownership is a powerful tool for building wealth, but its impact is broader than financial gains alone. Nearly all the survey respondents (94%) plan to live in their home for more than ten years, and 73% view their home as part of their retirement plan. Many now plan to pass

their homes on to children and grandchildren (61%). These outcomes demonstrate that the opportunity provided is not only about housing access, but about long-term economic mobility and generational wealth.

Something that Blackstar Stability will continue to monitor as we survey families is how overall debt load continues to evolve as a homeowner. According to the seasoned mortgage respondents, 36% indicated slightly higher debt since becoming a homeowner, with 50% of respondents attributing this increase to needed home repairs.

A majority of recent mortgage respondents indicated that securing a traditional mortgage had a significant impact on decreasing their debt load (59%). While the responses varied for recent



IMPROVED FINANCIAL OUTCOMES: DEBT CONSOLIDATION

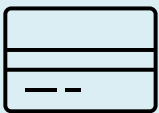
mortgage respondents on how they intend to benefit from the reduction in debt, this is something that Blackstar will track overtime to draw meaningful conclusions.

Our seasoned mortgage respondents have been in their homes between 1-3 years. The survey results suggest that recent mortgage respondents are likely to consider investing in their home within 12-18 months after securing a mortgage. Research supports Blackstar’s assessment that neighborhood decline becomes less of an issue when homeowners take pride and make a conscious decision to pursue home improvements.

Consolidation Results

Consolidated \$455K in debt into 34 mortgages

\$455K



34

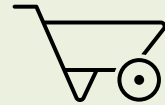


Aug '25 – Dec '25 (5 months)

Total Debt Service

The reduction in total debt service is approximately 12%.

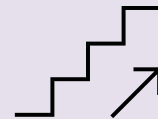
12%



Applies where data is available

Debt Consolidations

Debt Consolidations increase new mortgage amount by 16%



16%

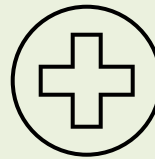
The strategic partnership with NFM Lending has allowed Blackstar to think more broadly about ways to help families that currently do not qualify for agency mortgage financing but set them up for potentially qualifying in the future by consolidating debts using a Blackstar mortgage.

INVESTING IN CHILDREN'S FUTURE

Homeownership doesn't just stabilize families, it creates meaningful improvements in children's health, education, and emotional well-being. For all survey participants with children, the shift from a CFD to a traditional mortgage has already had visible, early impact. Since child development outcomes take time to fully materialize, the fact that homeowners are already reporting improvements highlights the powerful role that stable housing plays in supporting a child's development.

One of the immediate changes reported by families is in their children's health with 46% of all survey respondents indicating that their child's health had improved since securing homeownership with 55% of seasoned mortgages and 31% of recent mortgages reporting this improvement to their children's health . Studies by the Joint Center for Housing Studies found that homeowners reported fewer doctor visits and fewer bouts of illness, highlighting the stabilizing effect of owning a home. The sense of security

provided by homeownership also improves physical health, as families are less likely to experience the stress associated with housing instability.



46%

Improved Health

Blackstar homeowners stated children's health improved since securing ownership



4X

Housing Stability

Blackstar homeowners are 4 times more likely to stay in community than average renter

INVESTING IN CHILDREN'S FUTURE

In addition to health, homeownership supports emotional and social development. Nearly 46% of all survey respondents reported improvements in their child's emotional, language, and social development. A stable home provides a consistent environment where children can grow, form friendships, and feel safe. According to the Joint Center for Housing Studies, unlike the frequent moves common in rental situations or under predatory loans, where the average stay is just 2.1 years, homeownership provides stability, with families typically staying in their homes for an average of 8.1 years. The overwhelming majority (94%) of all survey respondents say they plan to stay in their home for more than ten years. That stability helps reduce anxiety and promotes stronger social and emotional stability over time.

Academic performance is another area where Blackstar homeowners are already seeing positive signs. Over 36% of all survey respondents reported a noticeable improvement in their child's educational success since becoming homeowners. Research consistently shows that children in owner-occupied homes are more likely to succeed academically.



Emotional & Social Development

46%

Blackstar homeowners reported improvements in their child's emotional, language, and social development



Academic Performance

36%

Blackstar homeowners reported noticeable improvement in child's education

INVESTING IN CHILDREN'S FUTURE



Owner-occupied Households



25%

More likely to graduate high school

1.2x

More likely to attend college

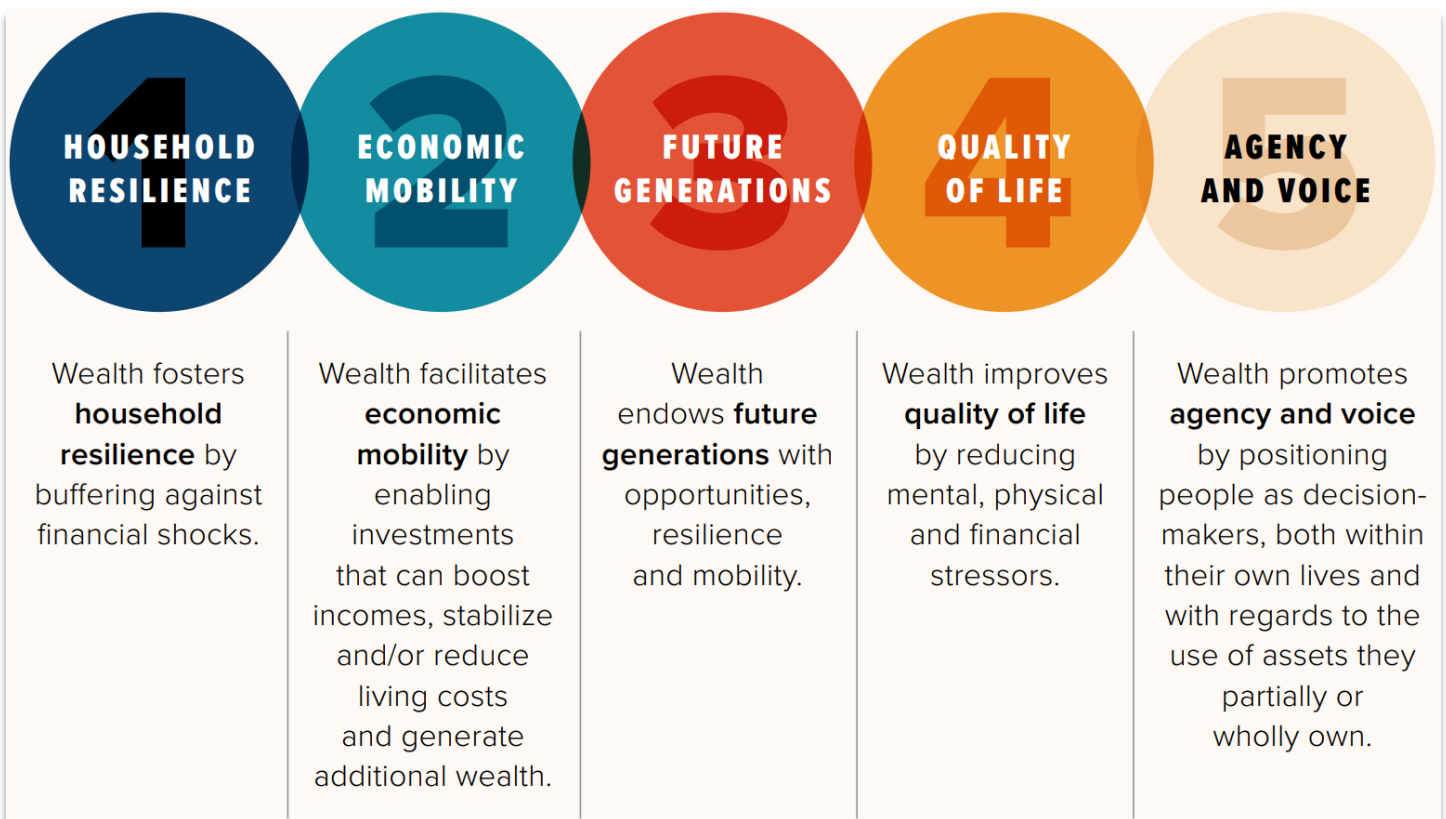
According to the Center for Disease Control, children in owner-occupied households are 25% more likely to graduate from high school and 1.2x more likely to attend college compared to children in rental households. Stability allows children to focus on their studies without the distraction or anxiety that often comes with moving or living in substandard housing.

While the full effects of homeownership on child development take time, the results reported by Blackstar homeowners show promising progress. Notably, no clients reported any negative effects of homeownership on their children.

These early outcomes reinforce what research has already shown: housing stability is a critical factor in childhood development. Homeownership gives parents the confidence and security to invest in their children's future, whether through better healthcare, school involvement, or simply the consistency that comes with staying in one place.

EXPANDING AND SHAPING COMMUNITIES

Homeownership is more than a financial milestone. It is a meaningful investment in the people and places that make up a community. When families secure stable housing, they gain the opportunity to build lasting relationships, contribute to neighborhood well-being, and engage more deeply in civic life. Blackstar’s approach to expanding access to homeownership helps families put down roots and participate in shaping the future of their communities.



Source: Foundations of a New Wealth Agenda, Aspen Institute Financial Security Program (2021).

One of the most consistent benefits of homeownership is increased neighborhood stability. Research shows that homeowners are five times less likely to move than renters.



EXPANDING AND SHAPING COMMUNITIES

This kind of long-term residence allows families to become familiar with their neighbors and surroundings, creating the conditions for community cohesion. Among Blackstar homeowners, 94% say they plan to live in their home for more than ten years. In addition, 73% view their home as part of their retirement plan. These figures reflect not only confidence in their housing situation but also a long-term commitment to their community.

Stability also supports access to relationships. When residents stay in place, they are more likely to build trust, support systems, and informal networks that improve quality of life. Nationally, low- to moderate-income homeowners have 21% more social connections than renters in the same neighborhoods. More than 36% of seasoned mortgage survey respondents reported a positive change in their level of community involvement since becoming homeowners. These connections are the foundation of strong neighborhoods.



More than
36%

Community Engagement

More than 36% of Blackstar’s seasoned mortgage homeowners reported a positive change in their level of community involvement since

Homeownership is also linked to greater civic participation. Homeowners are more likely to vote in local elections, attend public meetings, and engage in neighborhood organizations. These activities help ensure that residents have a voice in decisions that affect their community. Studies show that increasing access to homeownership can raise civic participation rates by up to 8% among disadvantaged groups. These increases in engagement contribute to better outcomes for neighborhoods, including stronger leadership, shared responsibility, and lower crime rates.

EXPANDING AND SHAPING COMMUNITIES

Blackstar’s impact strategy helps families move into secure, long-term housing where they are positioned to become active contributors to their neighborhoods. As families settle into their homes, they shape the future of their communities by building trust, participating in civic life, and working together to create places where families can thrive.



References:

- <https://www.jchs.harvard.edu/sites/default/files/hbtl-04.pdf>
- https://www.habitat.org/sites/default/files/documents/22-85504_USRM_EvidenceBrief-CivilSocialEng_FASH-hires%20%285%29.pdf
- <https://www.nar.realtor/sites/default/files/documents/Homeownership-Stable-Housing2016.pdf>

SAFE, STABLE HOUSING AND HEALTH OUTCOMES

Providing families with stable, affordable housing leads to measurable health benefits. A study coauthored by Enterprise Community Partners, Inc. and the Center for Outcomes Research and Education found that when low-income households moved into safe, affordable homes, they had 18% fewer emergency room visits and a 12% reduction in annual healthcare costs on Medicaid.



More than
55%

Stress Reduction

Blackstar **seasoned mortgage** homeowners have seen a “Positive Change” in their psychological stress level

Emerging evidence shows that homeownership itself may contribute to better health over the long run. A recent CDC study (using data on over 400,000 Americans) found that, even after accounting for income and demographics, homeowners had significantly lower rates of conditions like diabetes, heart disease, and asthma compared to renters. **More than 55% of seasoned mortgage respondents have seen a “Positive Change” in their psychological stress level.**

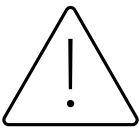


References:

- [Health in Housing: Exploring the Intersection between Housing and Health Care](#)
- [Homeownership Matters: Impact of Homeownership on the Prevalence of Chronic Health Conditions in the United States](#)

INVESTING IN REPAIRS, INVESTING IN PEOPLE

The condition of a home has a profound impact on those who live there. For example, mold and pests present in a property are strongly linked to asthma, especially in children. For seniors, exposure to extreme temperatures due to a lack of proper insulation or dated heating and cooling systems can elevate the risk of chronic illness.

Impact of Built Environment

Environmental Hazards	Lack of Safe Utilities	Structural Disrepair and Safety
		
<p>The presence of lead-based paint, lead pipes, mold, or asbestos can contribute to chronic disease and injury. Exposure to peeling lead paint or lead in plumbing can cause irreversible developmental and nervous system damage. Mold from persistent roof or plumbing leaks can trigger asthma, chronic coughing, and other respiratory illnesses.</p>	<p>Outdated or nonfunctional HVAC systems pose serious risks. Homes that are too cold in winter or too hot in summer, a common issue in under-insulated homes, are associated with higher rates of respiratory illness, high blood pressure, and even depression.</p>	<p>Failing roofs, broken steps, faulty wiring, or missing smoke and carbon monoxide detectors dramatically increase the risk of accidents and fires. Inadequate home maintenance leads to dangers like exposed nails, broken windows, or unsafe stairways. These conditions especially endanger children and older adults, who suffer higher rates of injuries in poorly maintained homes.</p>

INVESTING IN REPAIRS, INVESTING IN PEOPLE

HUD's Healthy Homes Principles

The Eight Principles of a Healthy Home

HUD's Office of Lead Hazard Control and Healthy Homes defines [Eight Principles of a Healthy Home](#).

- 1 Keep it dry:** Prevent water from entering the home through leaks in roofing systems, prevent rainwater from entering the home due to poor drainage, and check interior plumbing for any leaking.


- 2 Keep it clean:** Control the source of dust and contaminants, by creating smooth and cleanable surfaces, reducing clutter, and using effective wet-cleaning methods.


- 3 Keep it safe:** Store poisons out of the reach of children and properly label. Secure loose rugs and keep children's play areas free from hard or sharp surfaces. Install smoke and carbon monoxide detectors and keep fire extinguishers on hand.


- 4 Keep it well ventilated:** Ventilate bathrooms and kitchens and use whole-house ventilation for supplying fresh air to reduce the concentration of contaminants in the home.


- 5 Keep it pest-free:** All pests look for food, water, and shelter. Seal cracks and openings throughout the home; store food in pest-resistant containers. If needed, use sticky-traps and baits in closed containers, along with least-toxic pesticides such as boric acid powder.


- 6 Keep it contaminant-free:** Reduce lead-related hazards in pre-1978 homes by fixing deteriorated paint and keeping floors and window areas clean using a wet-cleaning approach. Test the home for radon, a naturally occurring dangerous gas that enters homes through soil, crawlspaces, and foundation cracks. Install a radon removal system if levels above the EPA action level are detected.


- 7 Keep it well maintained:** Inspect, clean, and repair the home routinely. Take care of minor repairs and problems before they become large repairs and problems.


- 8 Keep it thermally controlled:** Houses that do not maintain adequate temperatures may place the safety of residents at increased risk from exposure to extreme cold or heat.



INVESTING IN REPAIRS, INVESTING IN PEOPLE

While 52% of all survey respondents have recently made home repairs, more than 24% of respondents indicated the repairs were made to improve aging in place. Something that was alarming and needs to be understood more so that it can be addressed, is that all survey respondents indicated that their homes require varying levels of needed repairs. These range from replacing an outdated roof, updating plumbing and electrical systems, or installing suitable heating and cooling systems. Given that the majority (94%) of all respondents plan to remain in their homes for at least another 10 years, the need to address these repairs is paramount.

By helping convert CFDs into traditional mortgages, families are empowered to identify needed repairs that will allow them to stay in their homes securely. Each updated home means a healthier, safer living environment for decades to come. Removing home hazards like mold and pests improves children’s asthma and reduces medical visits, while modest home modifications result in a 30% improvement in daily functioning for low-income seniors.



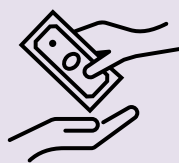
52%

Deferred Maintenance

Blackstar homeowners recently made various levels of needed home repairs

Home repairs increase household debt

Seasoned mortgage respondents indicated increase debt due to needed home repairs



50%

The combination of long-term occupancy and property repair needs highlights the immense opportunity and importance of investing in mechanical and structural upgrades.



RISKS & CHALLENGES

While Blackstar works diligently to ensure success in converting those affected by a lack of mortgage access, there are obstacles that arise throughout the process. Blackstar is constantly working to create solutions and innovative models to support future homeowners while still remaining good stewards of capital.

Deferred Maintenance

As Blackstar has become more familiar with the collateral conditions of the homes of the population served, the need to support deferred maintenance has become clearer. After a successful pilot program of creative financing solutions to address this need, the lessons learned have helped to inform Blackstar's investment strategy outlook going forward. **With more than 90% of all survey respondents unaware of any programs to help with repairs, Blackstar's role is key to connecting families with the appropriate stakeholders that can be part of addressing the need.**

Mortgage Qualification

After Blackstar goes through the process of underwriting, borrowers are sometimes not able to qualify to obtain mortgages. Blackstar continues to work on creative solutions including debt consolidation loans to improve future chance to secure agency mortgage financing.

Selling in the Secondary Market

Since Blackstar packages and sells mortgages into the secondary market, interest rates and other macro-trends may affect sale price. If Blackstar is unable to sell the mortgages at acceptable prices, less families will be able to be converted. The Management Team continues to stay abreast of market conditions including liquidity and is currently in discussions with interested buyers for a pool of Blackstar mortgages.

Regulatory Considerations and Impacts

Due to implications from federal housing bills currently being considered, uncertainty surrounding tariffs, federal spending and budget, and the scaling down or complete elimination of many federal programs and departments, high interest rates and low housing affordability continue to be exacerbated.



RISKS & CHALLENGES

Rising Costs of Homeownership

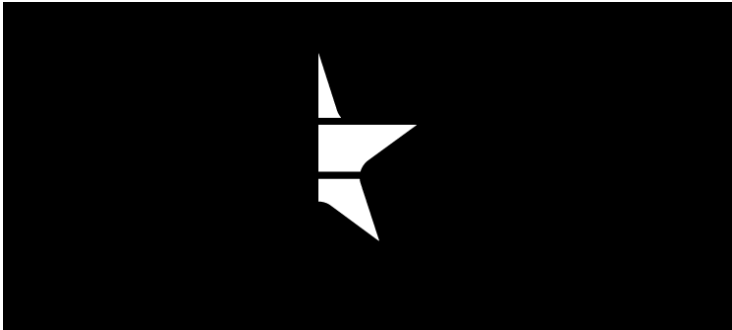
Homeowners increasingly burdened by rising costs for home insurance, property taxes, utilities and routine maintenance with the greatest burden shouldered by those with the lowest incomes. Blackstar continues to engage in discussions with policy makers on establishing creative solutions to address the overall rising costs of homeownership for the families served by the Fund.

Lack of Affordable Inventory

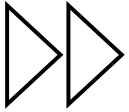
For working class families, the price of buying a home is many times what they can afford and consider themselves to be “forever renters”. Blackstar’s focus on keeping families in their homes is even more critical given current market headwinds in becoming a homeowner.

Lack of Down Payment

Low-to-moderate income families as well as first-generation homebuyers lack the needed savings to fund down payment in buying a home. Down payment assistance programs close the gap between the first mortgage and the cost of buying a home. Blackstar is working to address this issue which can be an obstacle to achieve fair and equitable homeownership.



LOOKING FORWARD



Blackstar Stability intends to continue to grow its impact in ways that benefit at-risk populations and improve financial security for future generations. Understanding the effects of housing conditions on children and senior populations will be a focus in the expanded strategy of future funds.



Impact Assets IA50

- Blackstar selected as an Emerging Impact Manager for IA50
- The distinction recognizes impact managers who demonstrate social and environmental impact
- Managers recognized for aligning impact and performance by directing capital where it builds an inclusive economy while delivering compelling returns

[ImpactAssets 50 - Impact Fund Manager Showcase](#)



Collective Action for Just Finance

- Blackstar selected for the 2026 Transformative 25 List
- Recognized for commitment in transforming finance for justice and addressing critical issues around income equity, climate change and well-being

[Home - Collective Action for Just Finance](#)

LOOKING FORWARD

Six Investment Themes

1	Contracts For Deed	CFDs are a form of seller financing, where the seller retains legal title and ownership of a home until the borrower completes the payments. The buyer accepts the obligations of ownership upfront, without the key benefits.
2	Mortgage Ready Borrowers	There are more than 41 million “Mortgage Ready” consumers across the US with a significant disparity by ethnicity. The markets where their demand is met with more affordable housing supply tend to rely more on alternative financing arrangements as traditional mortgages are less available.
3	Low Balance Mortgages	Nationally, fewer than 30% of all properties sold for less than \$150k are financed with a traditional mortgage. Unfavorable economics of loan origination drive the disparity more than any deficiencies of financial wherewithal or creditworthiness amongst qualified borrowers.
4	Manufactured Housing	Americans have difficulty getting loans to buy manufactured homes. Denial rates for these loans are more than seven times higher than for those used to purchase comparable site-built homes. Chattel and personal property loans for these homes have meaningfully worse terms.
5	Home Repairs	Borrowers with alternative financing arrangements struggle to finance predictable home maintenance and necessary aging-in-place items for the same reasons they struggle to secure traditional mortgages.
6	Closing the Wealth Gap	Homeownership is key for building wealth, with nearly two-thirds of wealth for middle-income families comprised of their principal residence.



APPENDIX I

Case Studies

You Can Go Home Again



- Problem:** *Lack of consistent income to qualify for a mortgage*
- Solution:** Pre-qualify responsible borrower for a Blackstar mortgage
- Outcome:**
- 30% decrease in monthly payment
 - \$31,000 equity transfer

Helena, AR - The borrower is 60-year-old divorced woman who is the founder and CEO of a nonprofit that works for the economic empowerment of disadvantaged women in the South. She earns \$4,375 a month. Many years ago, she had lived in a house she loved with her husband, but divorce forced a move. In 2023, she saw the same house was for lease and she moved back in, renting it from a company that offers its tenants an option to buy with a portion of monthly rent counting towards the purchase price. It was a legitimate opportunity, but she was unable to qualify for a mortgage due to her non-profit's lack of guaranteed income.

Her current landlord, who Blackstar has bought properties from before, reached out to see if Blackstar would be interested in buying the house. Given the borrower's engagement and skills, we suggested a new approach to the landlord. Rather than buy the property and then start the conversion process, we would prequalify the borrower for a Blackstar mortgage and complete both our purchase and her mortgage in one closing. The plan worked, saving time and transaction fees. Blackstar was pleased to empower this community leader who spends her time empowering others. Her payment went down by \$170 a month and \$31,000 in equity now belongs to her.

Original Option Price	Home Value 2026	Principle Balance			Interest Rate		
		Option Price at Conversion	New Mortgage	Debt Consolidation	Original	Modified	Delta (Basis Points)
\$45,500	\$75,000	\$37,600	\$43,000	\$6,000	Lease	7.75%	n/a



Monthly Principal and Interest Payment		
Original	Modified	Housing Ratio
\$595	\$425	7.90%

Term (Months)		Equity Transfer
Original	Modified	
5 yr lease	30 yr mort	\$31,000

Try, Try Again

Problem: *Inability to document steady income to qualify for a mortgage*

Solution: Lower monthly payment, arrearages forgiven & needed repairs prior to conversion



- Outcome:**
- 38% decrease in monthly payment
 - \$42,000 equity transfer

Mobile, AL - Borrower was a 41-year-old single mother when she bought her house on contract in 2012. Blackstar acquired her home in 2020 as part of the Fund’s initial acquisition. She responded immediately and jumped at the offer to convert to a mortgage, but she was working at temporary jobs and unable to document steady income. To help her as she worked to stabilize her income, Blackstar lowered the interest rate on her CFD, forgave the previous owner’s penalties and financed life and safety repairs for her home.

It took six more years, qualifying for Social Security Disability and Blackstar’s new Debt Consolidation program, but in 2026, our now 55-year-old mother of adult children converted to a mortgage and finally owns the home she has been in for 14 years. Consolidating a high interest car loan

provided \$285 a month in payment relief and made the mortgage workable.

Blackstar’s Property Management Specialist, previously worked for the CFD originator and has talked and strategized with the borrower the entire time. Her relationship with the borrower and unwillingness to give up on her is almost certainly the extra factor that led to success.



Contract at Inception		Home Value 2026
\$58,294		\$117,000
Principle Balance		
Balance at Conversion	New Mortgage	Debt Consolidation
\$51,391	\$75,000	\$23,609
Interest Rate		
Original	Modified	Delta (Basis Points)
9.99%	6.50%	349
Monthly Combined Debt Payment		
Original	Modified	Reduction
\$759	\$474	\$285
Term (Months)		Equity Transfer
Original	Modified	
360	360	\$42,000

A Solid Path Forward

Problem: *Overwhelmed by consumer debt limited ability to qualify for a mortgage*

Solution: Blackstar mortgage provided debt consolidation

- Outcome:**
- 38% decrease in monthly payment
 - \$121,000 equity transfer



Battle Creek, MI - Borrower is a single 31-year-old woman who bought her house on contract from a friend. She makes \$4,333 a month as a bartender at a chain restaurant and was pleasantly surprised when a friend offered to sell her a house on contract. She paid \$2,000 down and moved into a house that suited her with a reasonably priced CFD in an appreciating neighborhood.

She had made some mistakes with credit cards in her 20s and was hoping to rebuild her credit in part by paying her new home payments on time. Unfortunately, her friend preferred cash payments and did not use a servicer or accountant, so while her home payments were not being

reported, her credits cards were. She had minimum monthly payments of \$900 on \$22k of consumer debt. She was making no progress on the principal and living check to check without any emergency cash or credit. Blackstar was able to refinance her debt into a new mortgage that secured significant equity, in addition to saving her \$723 a month. With money now left at the end of the month, she has no plans to replace her credit cards.



Contract at Inception		Home Value 2026
\$129,000		\$250,000
Principle Balance		
CFD Balance at Conversion	Modified	Debt Consolidation
\$127,629	\$164,450	\$36,821
Interest Rate		
Original	Modified	Delta (Basis Points)
8.0%	7.75%	25
Monthly Combined Debt Payment		
Original	Modified	Reduction
\$1,901	\$1,178	\$723
Term (Months)		Equity Transfer
Original	Modified	
360	360	\$121,000

A Fix For Fixed Income



Problem: *Becoming disabled and loss of job limited ability to secure a mortgage*

Solution: Blackstar mortgage provided debt consolidation

- Outcome:**
- 33% decrease in monthly payment
 - \$75,100 equity transfer

Cedar Lake, MI - The borrowers are a married couple in their late 50s with one 18-year-old child. They have been happy in a home they bought on contract in 2017, though it has been a rollercoaster ride. The contract had a five-year balloon at which the full balance was due. Despite being employed at the time and having equity on top of the contract, they were unable to secure refinancing to pay the balloon and ended up negotiating a modification with the owner. It was a long-term CFD that they could afford until he became disabled and she lost her job. His application for disability was successful but took several years to process, during which they accrued some expensive credit card and consumer debt. With a monthly fixed income of \$2,375 and debt payments of \$643 a month before the \$898 housing cost, they were hanging on but had no possible escape.

Blackstar stepped in with help from our strategic partner, NFM Lending. The family converted their CFD to a Blackstar mortgage

and consolidated all but \$7k of their debt into a combined \$1,260 a month payment that saved \$415 a month. NFM advanced a \$7k second mortgage to cover their medical bills at zero interest and no payment, due at sale or refinance. Money is still tight, but their 18-year-old can pursue the future knowing his parents have a home and life they can afford.

Contract at Inception		Home Value 2026
\$89,900		\$165,000
Principle Balance		
Balance at Conversion	Modified	Debt Consolidation
\$74,054	\$120,500	\$46,446
Interest Rate		
Original	Modified	Delta (Basis Points)
8.50%	7.75%	75
Monthly Combined Debt Payment		
Original	Modified	Reduction
\$1,260	\$845	\$415
Term (Months)		Equity Transfer
Original	Modified	
360	360	\$75,100



Home Room – Room At Home



- Problem:** *Outstanding balance of CFD callable after 5-year period*
- Solution:** Blackstar mortgage extinguished callable CFD
- Outcome:**
- 26% decrease in monthly payment
 - \$152,000 equity transfer

Gables, MI - Gobles, MI: Borrowers are a married couple in their early-40s with 5 teenage children in the home, a state she is accustomed to as the principal of the local elementary school. He is an Account Manager. Perhaps it was their three-year old triplets, who followed two other children, that inspired them in 2015 to buy a home on 2.31 acres. They entered a contract that gave the family an affordable payment and plenty of space, but the contract could be called due any time after five years. They were not able to pay it off and while the threat of losing the home lurked in the background, the seller was friendly and had no intention of pushing them out.

Things changed when the seller sold the house and contract to a larger company that would not make any commitments. The land had also appreciated dramatically from when they purchased it. When Blackstar offered the couple a mortgage, they were relieved to finally own their place in the world as well as \$152,000 in equity, a good start towards the costs of college for five teenagers.



Contract at Inception		Home Value 2026
\$68,000		\$220,000

Principle Balance		
Balance at Conversion	Modified	Debt Consolidation
\$39,381	\$50,620	\$11,239

Interest Rate		
Original	Modified	Delta (Basis Points)
5.00%	7.75%	-275

Monthly Combined Debt Payment		
Original	Modified	Reduction
\$488	\$363	\$125

Term (Months)		Equity Transfer
Original	Modified	
Ballon	360	\$152,000

Out From Under The Table

Problem: *Lack of stable income to qualify for a mortgage to exercise the option*

Solution: Blackstar honored option until financial condition improved



- Outcome:**
- 12% decrease in monthly payment
 - \$22,400 equity transfer

Gulfport, MS - Borrower is a now 68-year-old single woman who moved into her home seven years ago with a lease option. She has worked her whole life at low paying jobs and never owned her home. She thought she had found that place – a small newer home, built in 1984 on a beautiful lot with mature trees on the outskirts of Gulfport and not too far from the beach. The option to buy was good for two years and affordable even at her then earnings of \$2,200 a month working as a waitress at the local seafood restaurant. Unfortunately, the restaurant primarily paid in cash that was not reported, leaving her W-2 income too small and seasonal to secure a mortgage.

When Blackstar bought the home in 2021, we offered to honor the option to buy but still could not qualify her for the loan. Two years

ago, she took a job as a kitchen worker at a senior living facility and shortly thereafter, began receiving Social Security benefits. She qualified for the mortgage and chose the 15-year option as she intends to pay it off.



Original Option Price		Home Value 2026
\$51,000		\$73,400

Principle Balance		
Option Price at Conversion	Modified	Debt Consolidation
\$45,550	\$45,550	\$0

Interest Rate		
Original	Modified	Delta (Basis Points)
Lease	6.50%	n/a

Monthly Combined Debt Payment		
Original	Modified	Housing Ratio
\$450	\$396	15.15%

Term (Months)		Equity Transfer
Original	Modified	
Lease	30 yr mort	\$22,400

The Cost Of Alternative Credit

Problem: *High interest rate CFD that made covering debt service a challenge*

Solution: Blackstar qualified borrower for a lower rate mortgage

- Outcome:**
- 28% decrease in monthly payment
 - \$100,000 equity transfer



Indianapolis, IN - Borrower is a 48-year-old married man who has been successfully self-employed for many years working in sales and owning a local hospitality business. He makes a solid living with an average income of \$15k a month. It has, however, been a volatile few years, particularly for the restaurant and hospitality sector. As a result, his 3-to-5-year average earnings fluctuated more than a traditional lender could tolerate.

He and his wife had their eye on a new home in the range of \$375k, well within their means and likely a solid investment in the reasonably priced Indianapolis market. He found a company willing to finance him though the price was steep. The financing company bought the new home, added 20 percent to the price and sold it to him on a 20-year contract at 10.25% interest. Not

surprisingly, the monthly payment was too high and when Blackstar bought the CFD, the borrower requested that he be allowed to sell the house and keep the equity as he could not afford to stay. He was very surprised when Blackstar was not only willing to accommodate such a sale, but also offered an actual 30-year mortgage at 7.25%. He saved \$958 a month in principal and interest and can now relax in his beautiful, recently built home.



Contract at Inception		Home Value 2026
\$340,000		\$470,000
Principle Balance		
Balance at Conversion	Modified	Debt Consolidation
\$346,415	\$370,000	\$23,585
Interest Rate		
Original	Modified	Delta (Basis Points)
10.24%	7.25%	299
Monthly Combined Debt Payment		
Original	Modified	Reduction
\$3,490	\$2,532	\$958
Term (Months)		Equity Transfer
Original	Modified	
240	360	\$100,000

Unwinding A Tangled Mess

Problem: *Subjected to CFD with predatory terms*

Solution: Blackstar mortgage at fair and equitable terms

- Outcome:**
- 8% decrease in monthly payment
 - \$4,600 equity transfer



Steelton, PA - Borrower is a 42-year-old, single mother of three kids, aged 15, 12 and 6. She is a Permanent Resident Alien from the Dominican Republic legally living and paying taxes on the \$4,941 monthly salary she earns as a forklift operator. She wanted her kids to have a permanent home but struggled with language barriers when trying to navigate the real estate market. She ended up buying her home on contract from a particularly scurrilous seller. The interest rate was 10%, the down payment was substantial and though it did not amortize, she had to pay the contract off within seven years or forfeit her payments.

When Blackstar bought the house, we found a large water bill that should have been paid by the seller at closing but was missed by the Title Company. When the Title changed hands, the City demanded a “rental” inspection as local law does not recognize

CFDs. The borrower had no choice but to allow this “rental” inspection of her own home. These incidents greatly alarmed the borrower to the point that she engaged an Attorney, which ended up being the key to moving forward. Once Blackstar shared our program with her Attorney, he was able to counsel her as to how unique the opportunity was. She ended up choosing a 10-year mortgage that has the same monthly payment as her non-amortizing contract. The home is now hers, the water bill caught up and in her name.



Contract at Inception		Home Value 2026
\$62,100		\$58,000
Principle Balance		
Balance at Conversion	Modified	Debt Consolidation
\$49,950	\$53,371	\$3,421
Interest Rate		
Original	Modified	Delta (Basis Points)
10.00%	7.00%	300
Monthly Combined Debt Payment		
Original	Modified	Reduction
\$667	\$619	\$48
Term (Months)		Equity Transfer
Original	Modified	
84	120	\$4,629

A Young Family Executes Their Plan

Problem: Above market lease option with unstable monthly income

Solution: Stable income allowed Blackstar to provide a mortgage

- Outcome:**
- 19% decrease in monthly payment
 - \$4,100 equity transfer



Jackson, MS – Borrower is a 24-year-old married mother of a 6-year-old who set her sights on owning a permanent home for her young family. Four years ago, just twenty years old, she entered into a lease-option on a nice ranch house with an acre lot. It was a gamble that cost the family quite a bit as the rent was substantially above market and the option only good for five years. A mortgage was not an immediate possibility as the family’s income came from temporary work arrangements.

into a permanent job earning \$2,939 a month as a medical sanitizer. That income was enough to secure a 30-year mortgage that dropped the family’s monthly housing cost by \$179 a month and secured the permanent home.

Fortunately, their timeline crossed paths with Blackstar’s. By the time Blackstar acquired the property in late 2025, she had settled

		Principle Balance			Interest Rate		
Original Option Price	Home Value 2026	Option Price at Conversion	New Mortgage	Debt Consolidation	Original	Modified	Delta (Basis Points)
\$89,900	\$90,000	\$85,000	\$85,900	\$0	Lease	7.00%	n/a

Monthly Principal and Interest Payment

Original	Modified	Monthly Savings
\$950	\$771	\$179

Term (Months)

Original	Modified	Equity Transfer
5 yr lease	30 yr mort	\$4,100



A Stable Home

Problem: *Inability to exercise lease option due to lack of down payment*

Solution: Blackstar underwrote strong rental payment history to qualify for a mortgage

- Outcome:**
- No change in monthly payment
 - \$8,800 equity transfer



Fostoria, OH – Borrower is a 34-year-old single mother with four kids aged 17, 10, 6 and 5. She has worked at a fast-food restaurant for 10 years earning \$2,275 a month. Fostoria is a very small town with a limited housing supply, so the prospects of owning a home that she could afford were not great. She was very pleased when her application for a larger single-family home was accepted in 2022. The lease was in line with market rent and gave her a five-year window to purchase the home at a set price. She did not have familiarity with the mortgage process and was not successful in finding a loan to purchase the home. Most programs would require a down payment that she would never be able to save. Blackstar

underwrote her strong rental payment record and minimal debt, which was impressive after years of living on a very low wage. Her new mortgage cost about the same as her rent but the road ahead looked entirely different as that payment was fixed and the property hers.



Original Option Price		Home Value 2026
\$89,000		\$90,000
Principle Balance		
Option Price at Conversion	Modified	Debt Consolidation
\$81,200	\$81,200	\$0
Interest Rate		
Original	Modified	Delta (Basis Points)
Lease	7.75%	n/a
Monthly Combined Debt Payment		
Original	Modified	Reduction
\$795	\$825	-\$30
Term (Months)		Equity Transfer
5 yr lease	30 yr mort	\$8,800



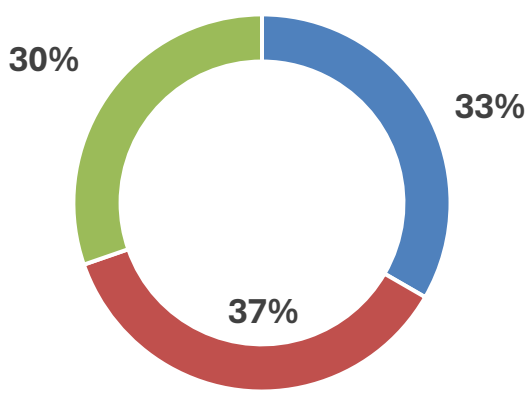
APPENDIX II

**2025
Homeowners
Survey Results**



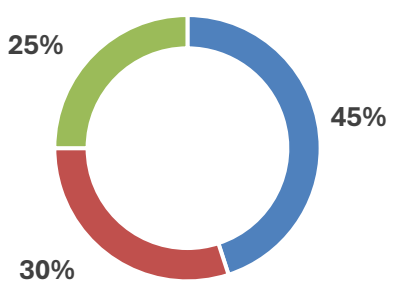
All Respondents

Prior to converting to a traditional mortgage, how aware were you that your previous contract denied you true homeownership?



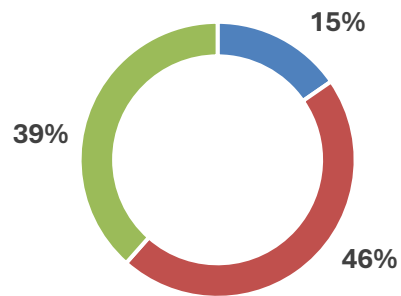
■ Fully aware ■ Not aware at all ■ Somewhat aware

Seasoned Mortgages (Greater than 1 YR)



■ Fully aware ■ Not aware at all ■ Somewhat aware

Recent Mortgages (Less than 1 YR)

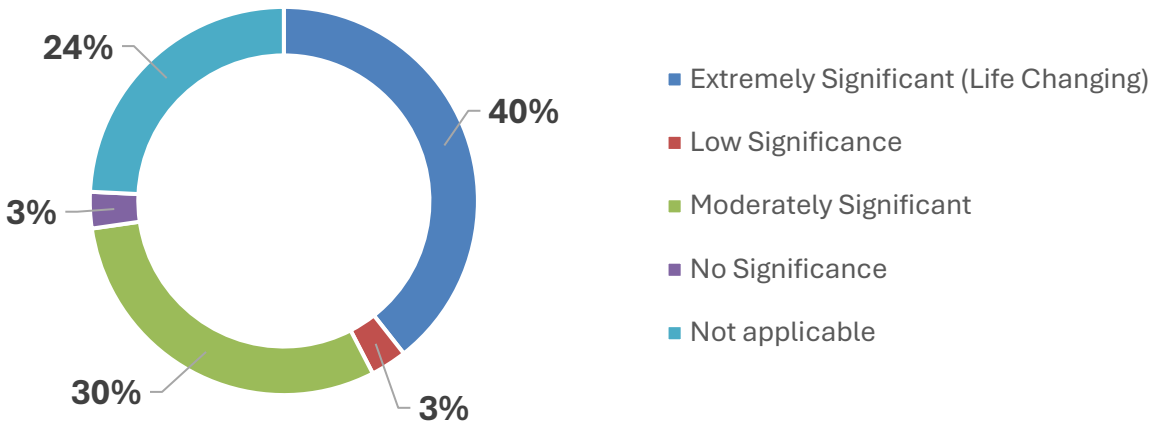


■ Fully aware ■ Not aware at all ■ Somewhat aware

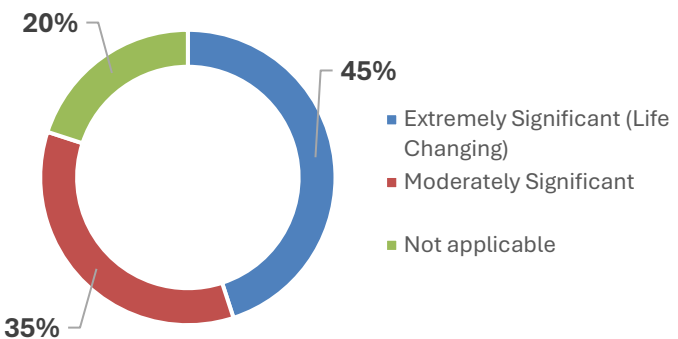


All Respondents

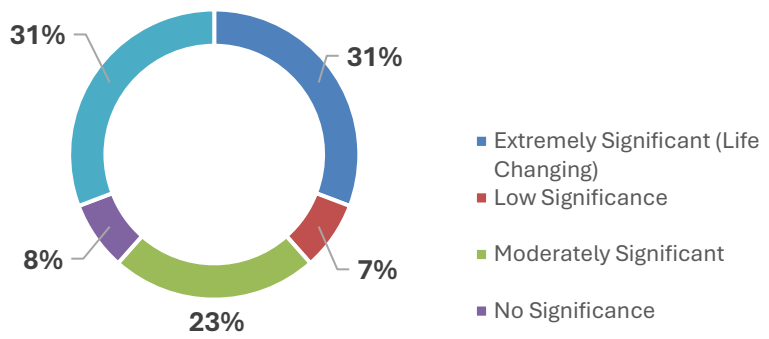
How significant has the reduction in your monthly payment benefited your family?



Seasoned Mortgages
(Greater than 1 YR)



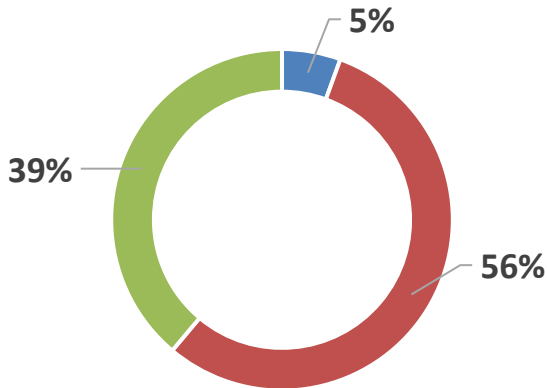
Recent Mortgages
(Less than 1 YR)





All Respondents

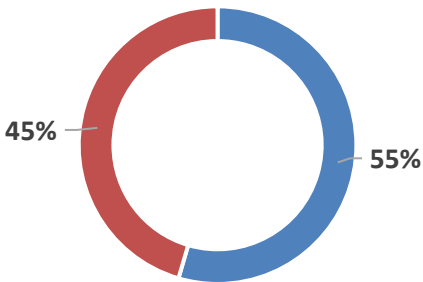
What type of change have you seen in your stress related to your overall financial situation?



■ Negative change ■ No change ■ Positive change

Seasoned Mortgages

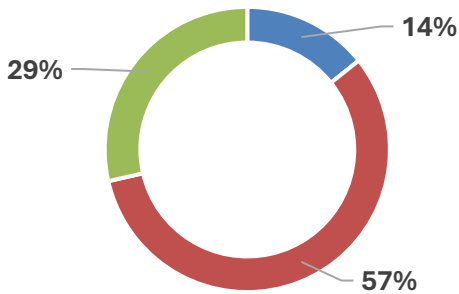
(Greater than 1 YR)



■ No change ■ Positive change

Recent Mortgages

(Less than 1 YR)

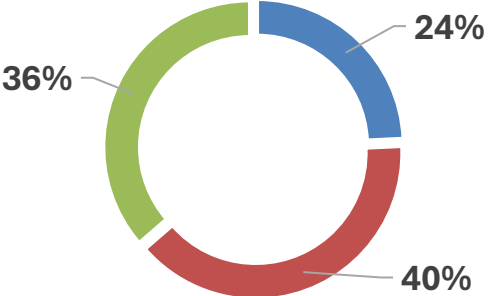


■ Negative change ■ No change ■ Positive change



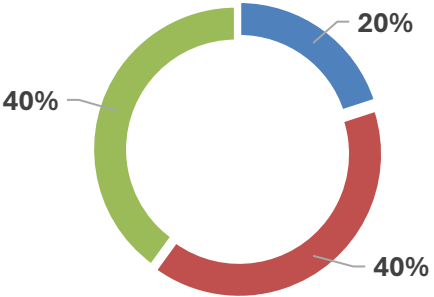
All Respondents

Have you seen a change in your children's educational success since becoming a homeowner?



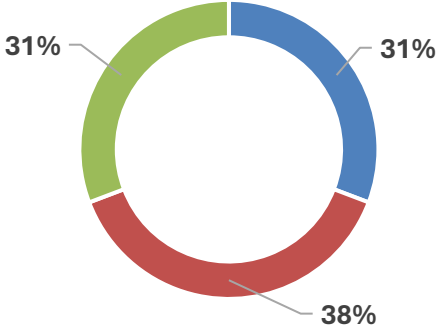
■ No change ■ Not applicable ■ Positive change

Seasoned Mortgages
(Greater than 1 YR)



■ No change ■ Not applicable ■ Positive change

Recent Mortgages
(Less than 1 YR)

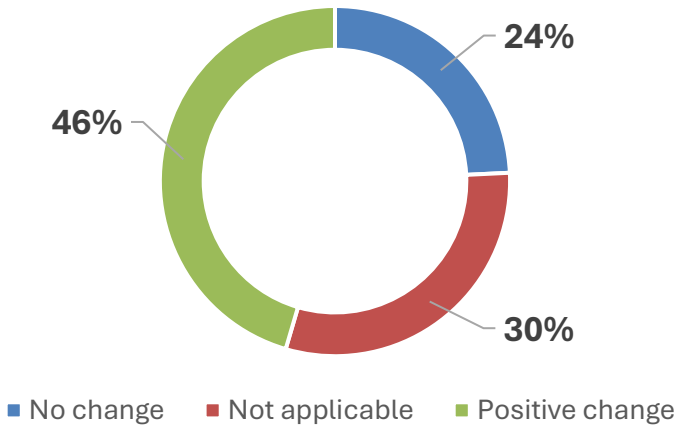


■ No change ■ Not applicable ■ Positive change



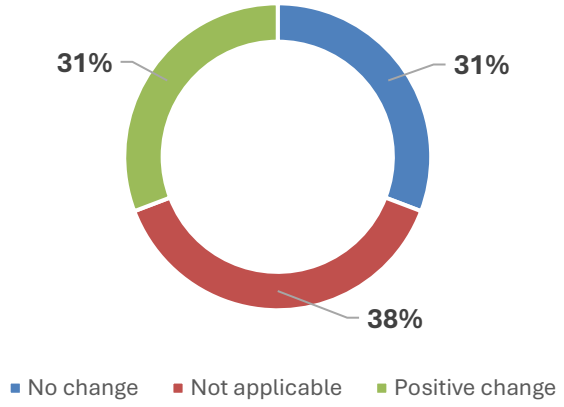
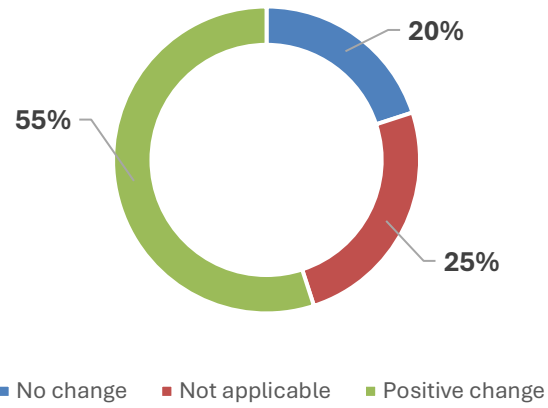
All Respondents

Have you seen any change in you or your children's mental or physical health since securing all your rights as a true homeowner?



Seasoned Mortgages
(Greater than 1 YR)

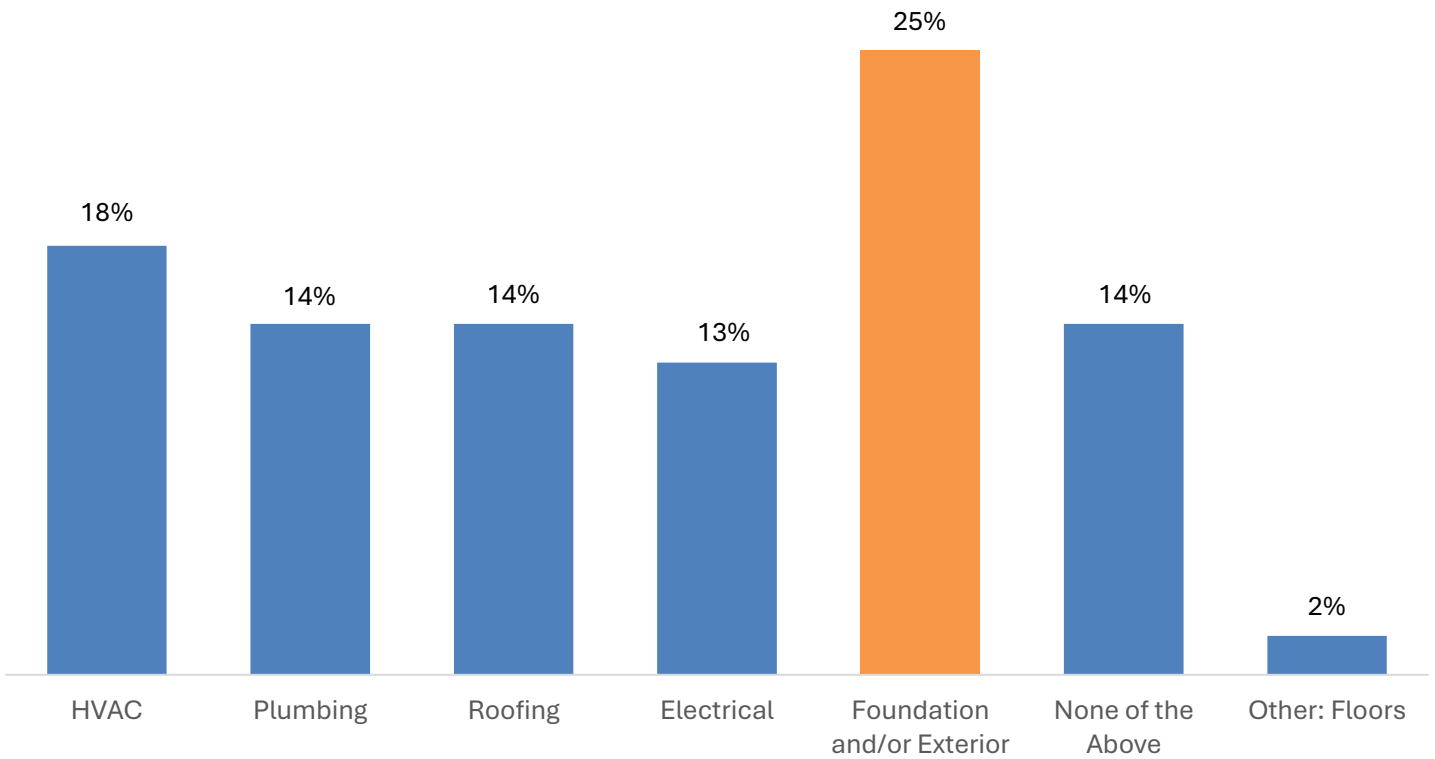
Recent Mortgages
(Less than 1 YR)





All Respondents

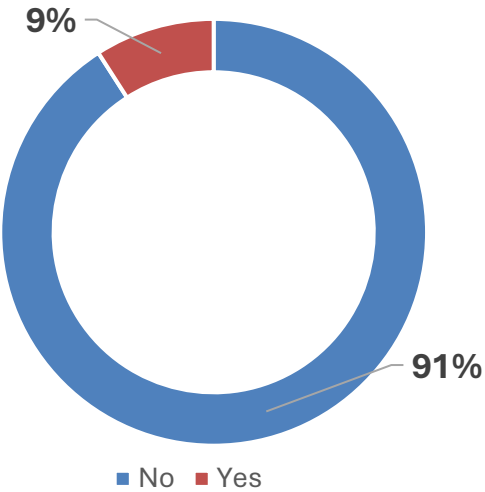
Which major systems are in need of repair in your home?





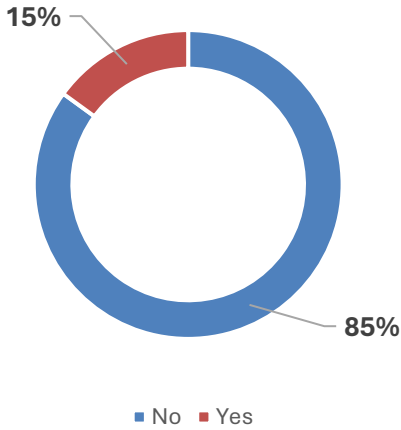
All Respondents

Are you aware of any grants, nonprofit, or government funding options in your area for home repairs?



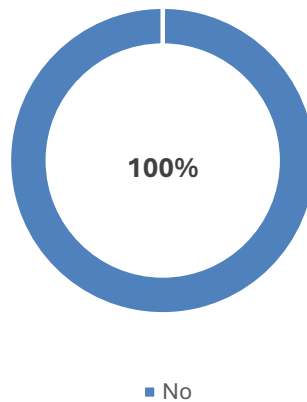
Seasoned Mortgages

(Greater than 1 YR)



Recent Mortgages

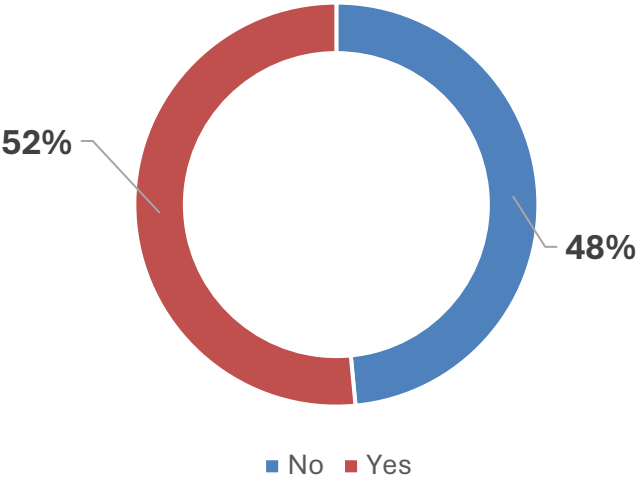
(Less than 1 YR)



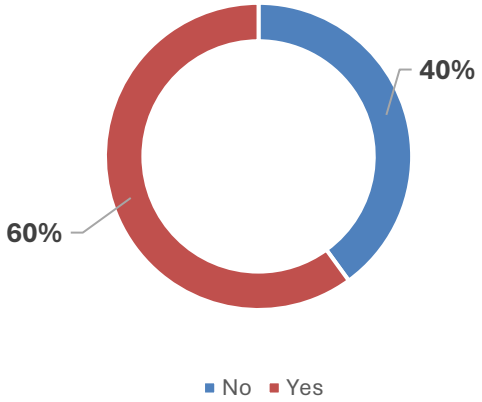


All Respondents

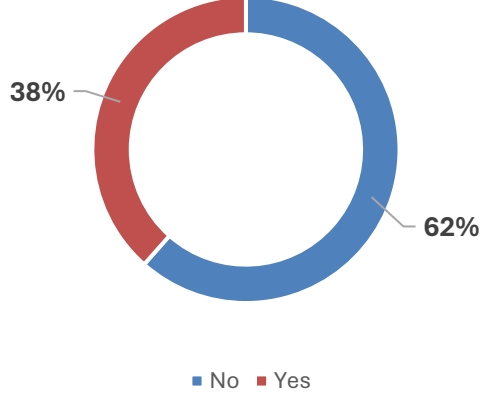
Have any recent repair(s) been made to your home that improved you or your family members' quality of life/well-being?



Seasoned Mortgages
(Greater than 1 YR)



Recent Mortgages
(Less than 1 YR)





SURVEY RESULTS: Summary

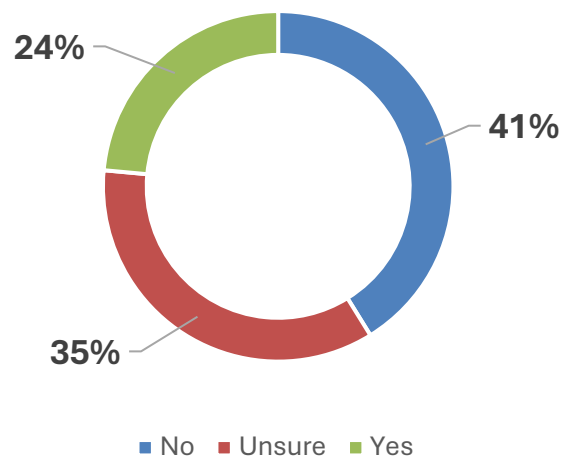
What repair(s) have made an impact?

roofing exterior
plumbing floors
hvac
electrical

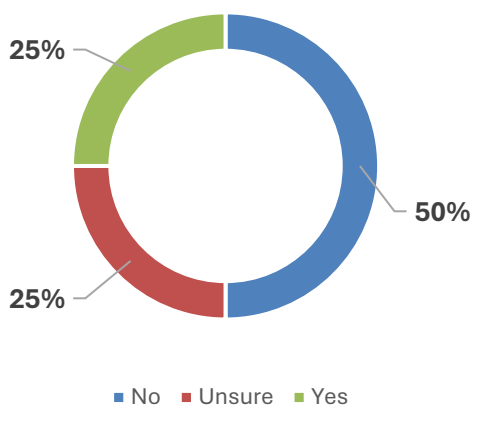


All Respondents

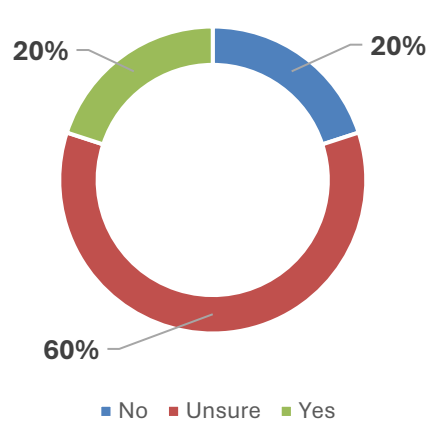
Were any of the improvements made to enhance accessibility and/or improve aging in place for you or other family members?



Seasoned Mortgages
(Greater than 1 YR)



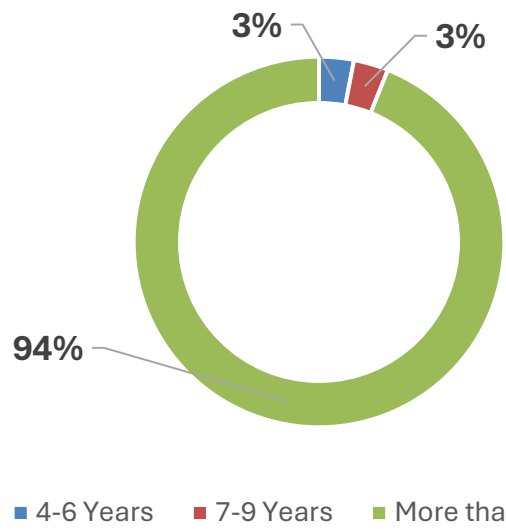
Recent Mortgages
(Less than 1 YR)



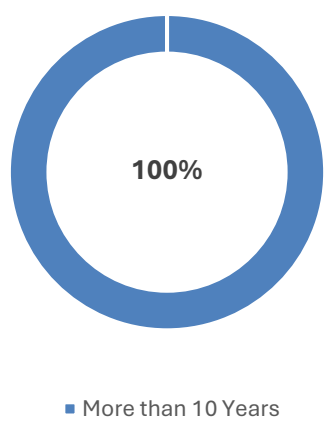


All Respondents

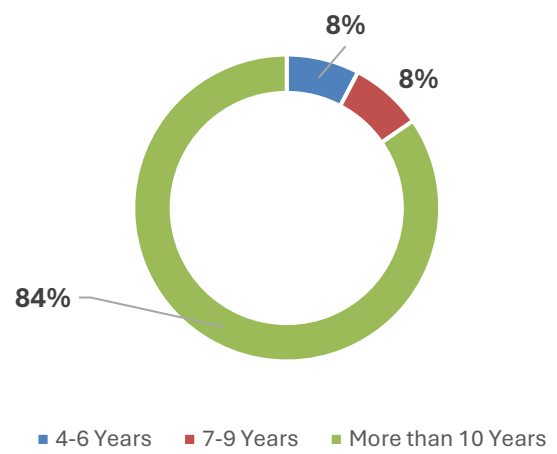
How long do you think you will live in the home you now own?



Seasoned Mortgages (Greater than 1 YR)



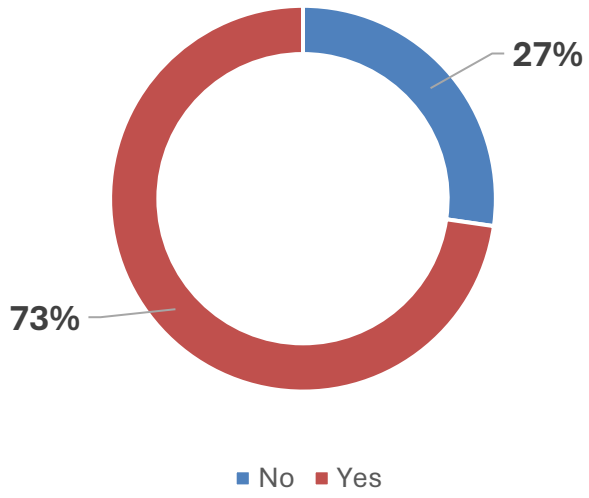
Recent Mortgages (Less than 1 YR)



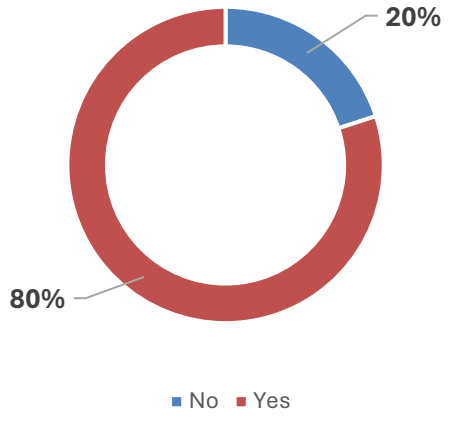


All Repondents

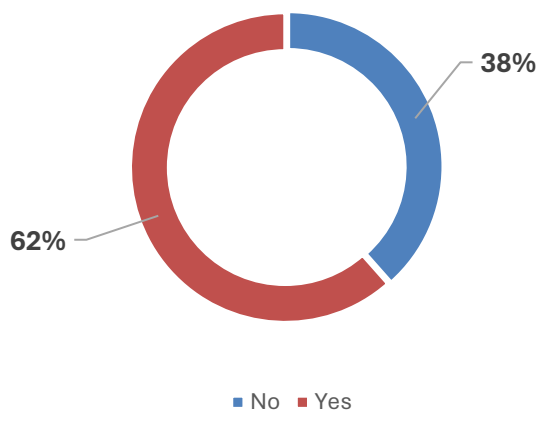
Do you view this home as part of your retirement planning?



Seasoned Mortgages
(Greater than 1 YR)



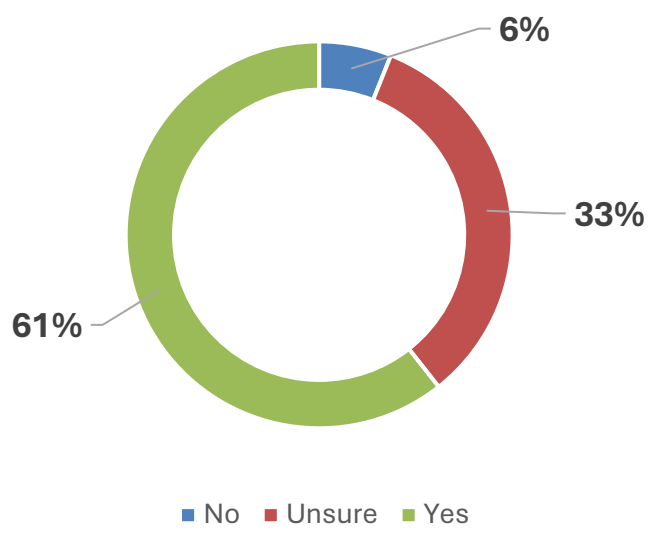
Recent Mortgages
(Less than 1 YR)





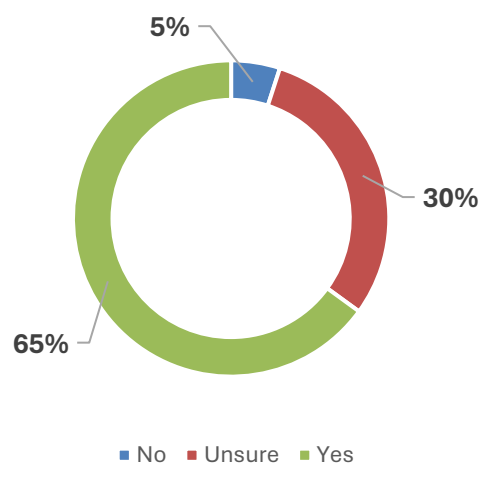
All Respondents

Do you plan to leave the home to your children or other named beneficiaries?



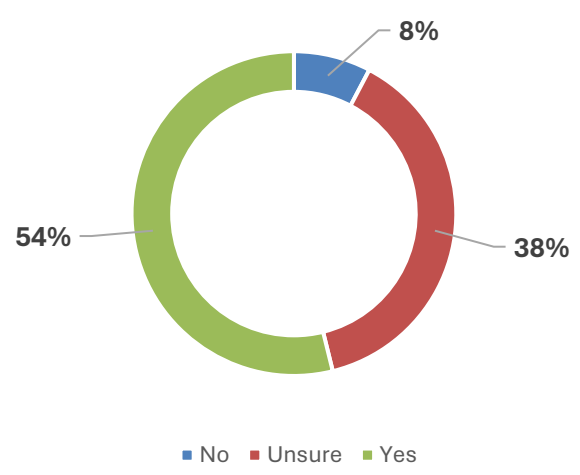
Seasoned Mortgages

(Greater than 1 YR)



Recent Mortgages

(Less than 1 YR)





All Respondents

Please feel free to provide any additional information you would like to share with us.

Verbatims

“We're all aware of life's unwanted surprises. But knowing that we are homeowners gives us that piece of mind of stable. It allows us to relax and put extra thought in the decision-making progress of our daily life.”

“Homeownership through a mortgage provides security. Under a land contract there is zero security.”

“...just need repairs done trying to repair on some pay days”

“It just gives me a more secure feeling knowing that I have a home that is my private place.”

“Would love a working online pay option so I don't have to call each month...”

“Extremely satisfied with my new mortgage and the people that made this happen”

“Wish I had an escrow that I could borrow out of for home repairs”



All Respondents

Please feel free to provide any additional information you would like to share with us.

Verbatims

“I’m truly grateful for the opportunity I was given—it helped me make real progress, especially by paying down debt. Since then, life threw a few major (and necessary) expenses my way. We had severe hail damage that required new siding and a roof—insurance covered a good portion, but I still invested about \$18K. At the same time, my daughter started her first year of college, which was another meaningful but significant investment at around \$24K.

While those expenses added some debt back in, they were important and worthwhile. Overall, I’m still in a better position than before, and now I’m focused on moving forward—paying things down again and positioning myself to refinance in the future.

One tradeoff is that I went from having about five years left on my 15-year land contract to a new 30-year mortgage. That’s not ideal, but it’s also not permanent. My goal is to refinance into a shorter term once things stabilize. Turning 55 this year has me thinking more intentionally about the long term, and I want to make sure I’m set up in a way that feels right down the road.

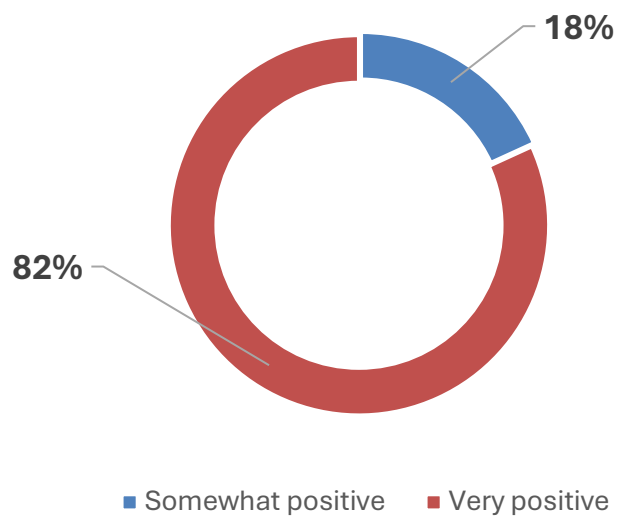
More than anything, this experience has given me perspective. I’ve learned a lot about balancing opportunities, responsibilities, and planning ahead. I’m focused, optimistic, and committed to making the next phase even stronger.”



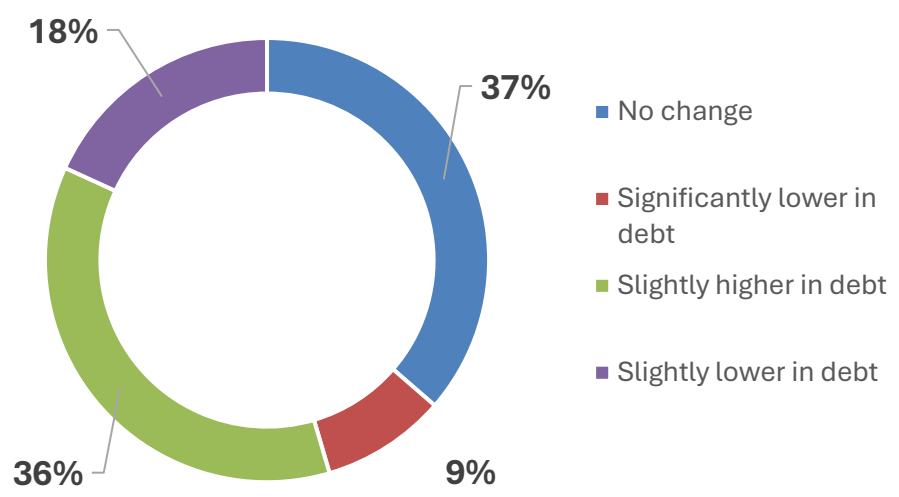
Seasoned Mortgage Respondents

(Greater than 1 YR)

How positive (or negative) has becoming a homeowner been for you?



How has your overall debt changed since becoming a homeowner?

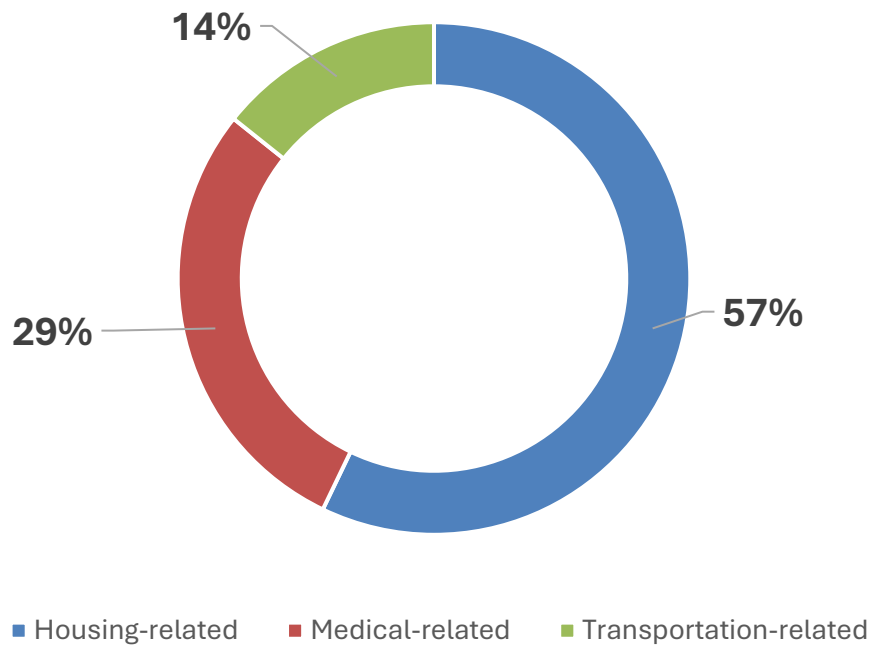




Seasoned Mortgage Respondents

(Greater than 1 YR)

What has contributed to your increase in debt?

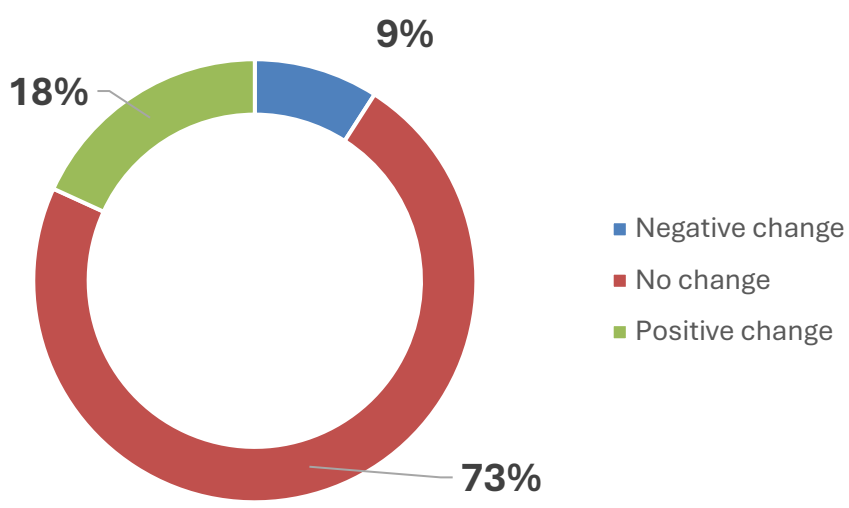




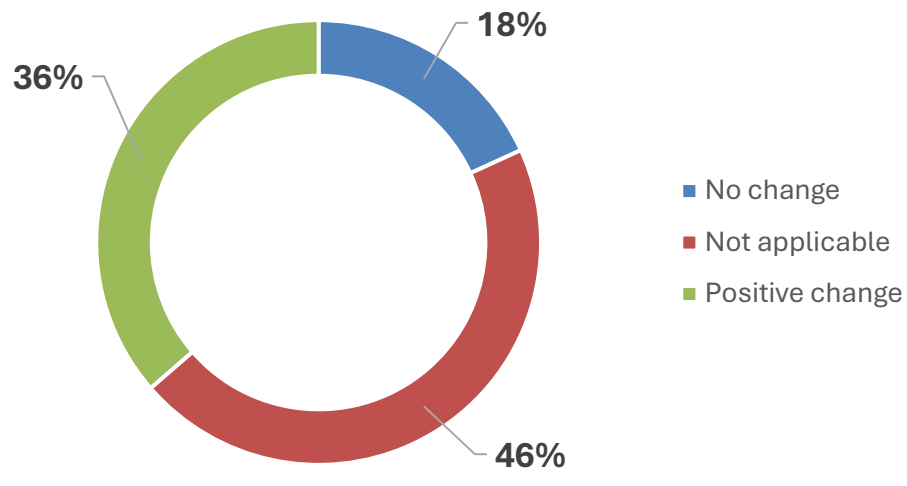
Seasoned Mortgage Respondents

(Greater than 1 YR)

Have you or a family member experienced any changes in your ability to obtain and maintain consistent employment since becoming a homeowner?



Have you seen a change in your children's educational success since becoming a homeowner?

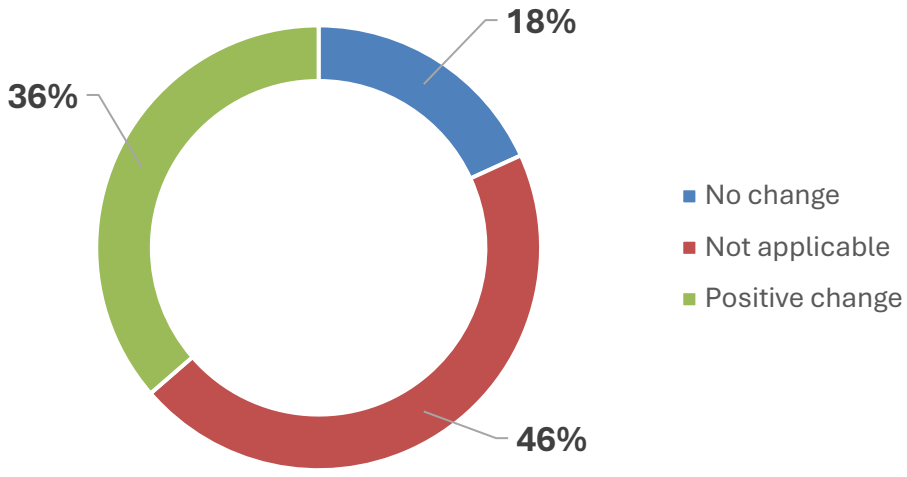




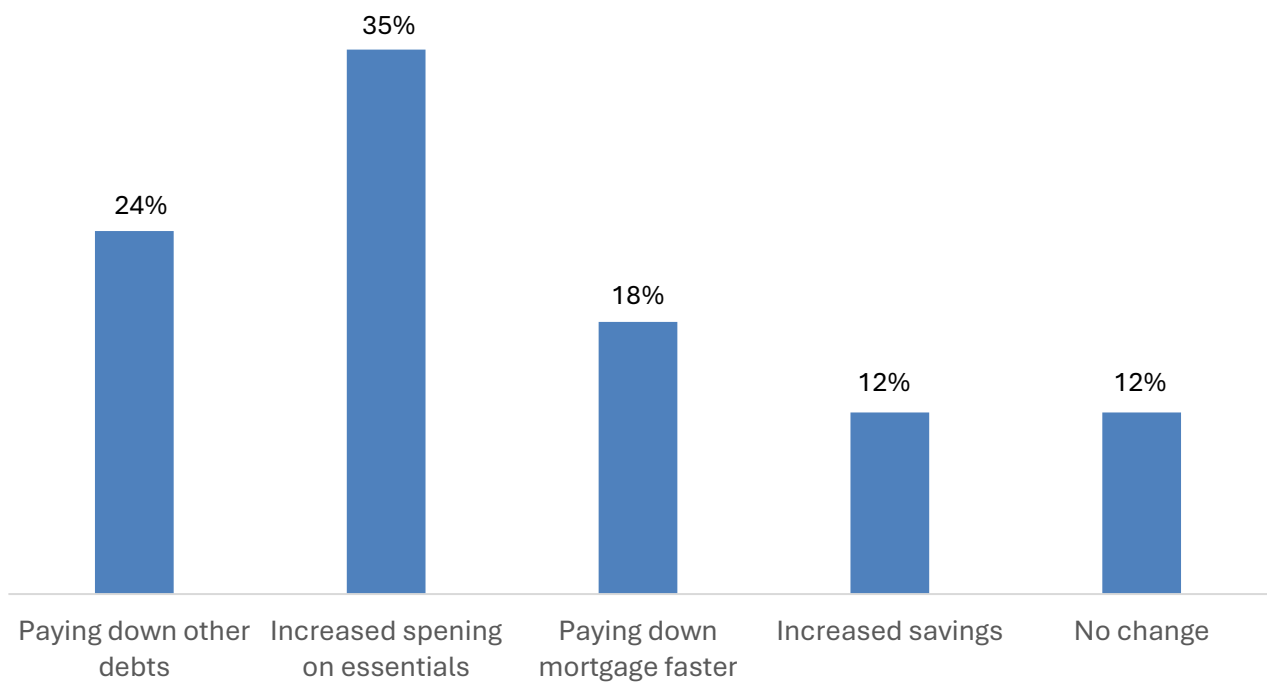
Seasoned Mortgage Respondents

(Greater than 1 YR)

Have you seen a change in your children's development (emotional, language, social, etc.) since becoming a homeowner?



How have you leveraged the homeownership benefits of converting to a mortgage?

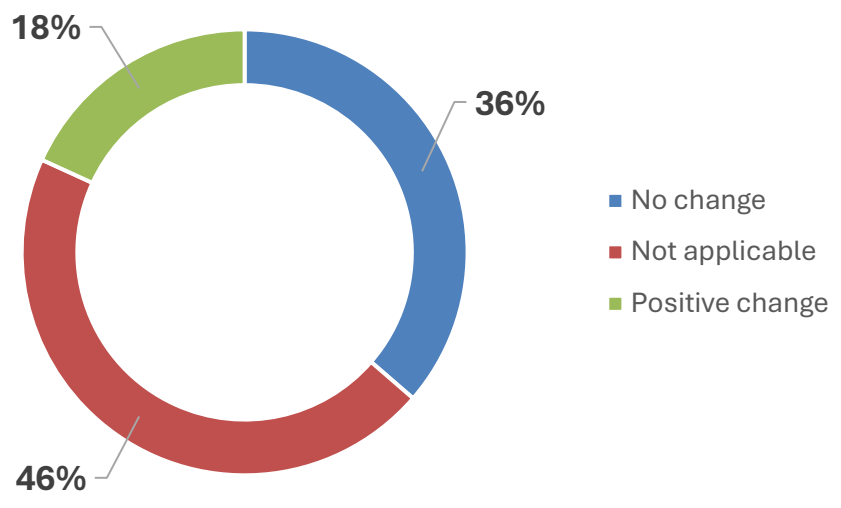




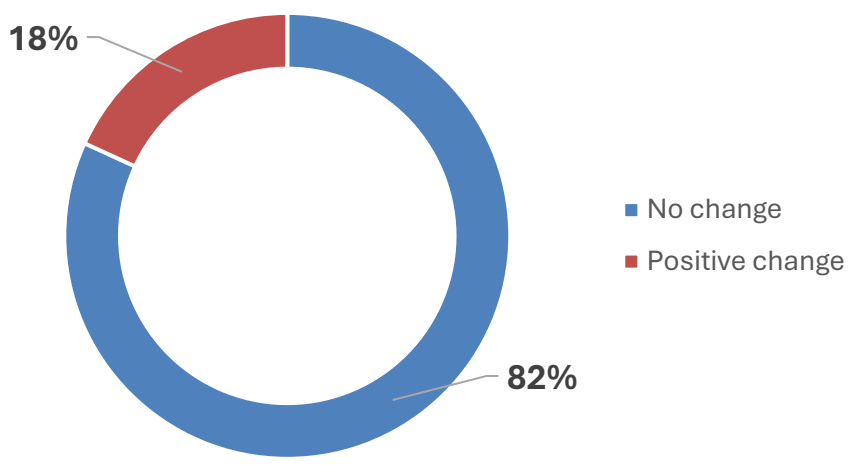
Seasoned Mortgage Respondents

(Greater than 1 YR)

Have you seen a change in your ability to care for elderly or other family members who require special support since becoming a homeowner?



Have you seen a change in your access to healthcare since becoming a homeowner?

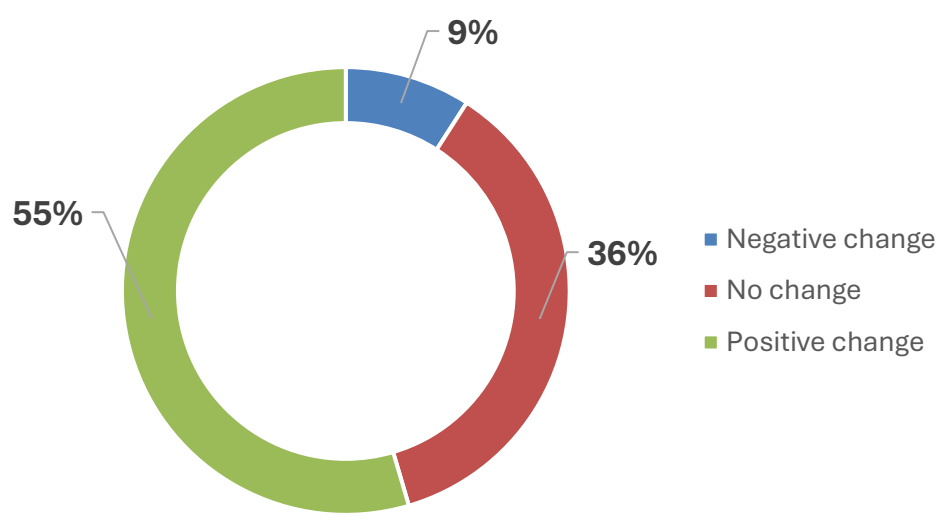




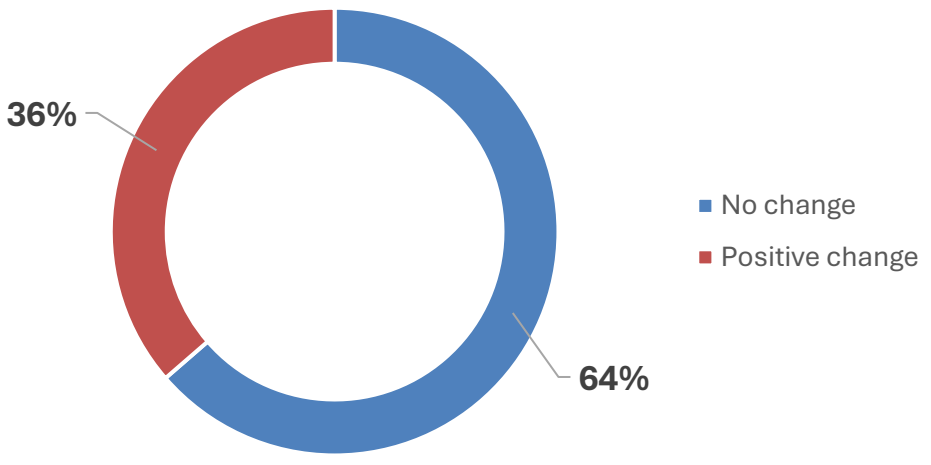
Seasoned Mortgage Respondents

(Greater than 1 YR)

Have you seen a change in your psychological stress since becoming a homeowner?



Have you seen a change in your neighborhood/community involvement since becoming a homeowner?

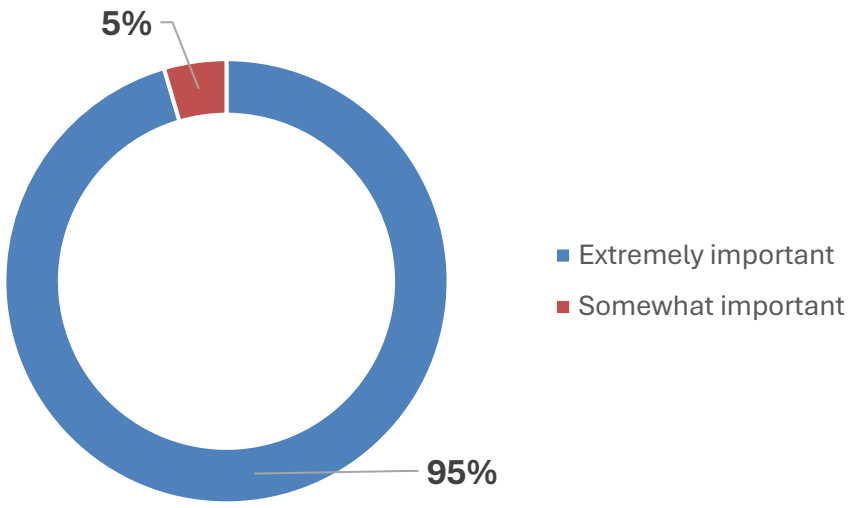




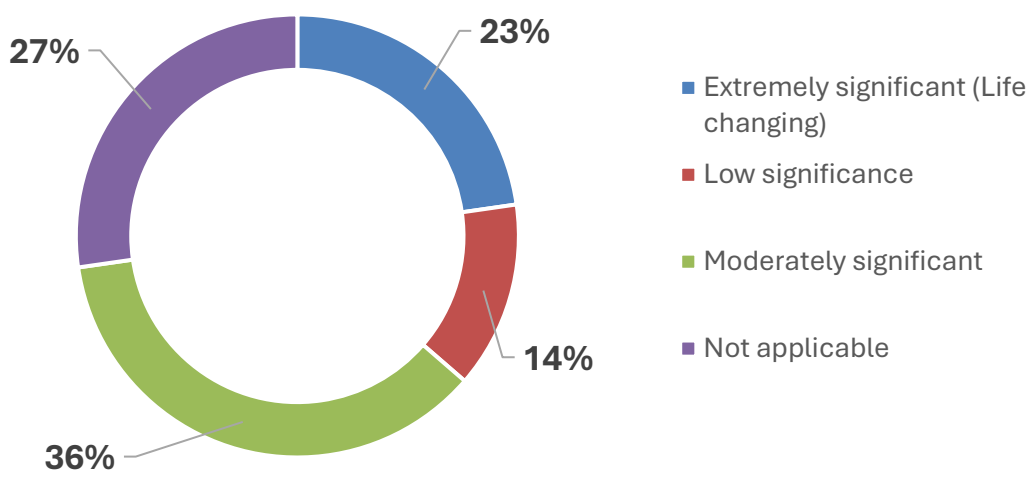
Recent Mortgage Respondents

(Less than 1 YR)

How important is it for you to have full legal rights as a homeowner?



If your new mortgage reduced your overall debt, how significant was the reduction?





Recent Mortgage Respondents

(Less than 1 YR)

How do you plan to use the benefits of converting to a traditional mortgage?

