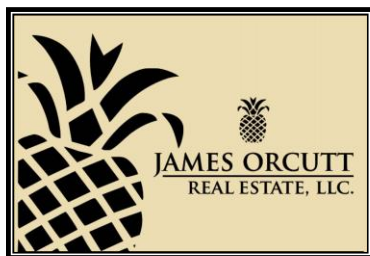


## Property Overview for 112-114 Ferris Place



### Prepared by:

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## I. Property Information

<b>Address:</b>	112-114 Ferris Place (City of Ithaca)
<b>Tax Map #:</b>	68.-10-5
<b>Deed Book/Page:</b>	48554/9003
<b>Current Use:</b>	Three units consisting of two fully furnished rooming houses plus one fully furnished studio apartment. 112 Ferris consists of: six fully furnished rooms, two full baths, one communal kitchen overlooking six mile creek, and basement laundry. 114 Ferris consists of: six fully furnished rooms, two full baths, communal kitchen overlooking six mile creek, and basement laundry. 114-1/2 is a fully furnished studio apartment with full bath and kitchen. There is a separate electric meter for 114-1/2 which at landlord's discretion could have the tenant pay for own electric. Currently, the landlord pays all utilities for all units.
<b>Zoning:</b>	R-2A E. Hill Historic District
<b>Gross Floor Area:</b>	4,150 SF (Per TC Assessor's Database)
<b>Lot Size:</b>	62.5' x 90'
<b>Levels:</b>	2-1/2 plus basement
<b>On site Parking:</b>	1 Space
<b>Offering Price:</b>	<b>\$495,000</b>

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## II. Capital Expenditures (CAPEX)

<u>2006</u>	
New Carpeting in all 12 rooms + studio apartment (\$5,323)	\$ 5,323
<u>2007</u>	
28 New windows (\$5,534)	\$ 5,534
Complete renovation of 114 Ferris Bathroom (\$5,000)	\$ 5,000
Complete renovation of 114 Ferris Kitchen (\$7,650)	\$ 7,650
Complete renovation of 112 Ferris Kitchen (\$2,650)	\$ 2,650
New concrete retaining wall, new stone retaining wall, new driveway apron (\$6,890)	\$ 6,890
<u>2008</u>	
Installation of new membrane roofing (\$5,000)	\$ 5,000
Complete renovation of 112 Ferris Bathrooms (\$13,700)	\$13,700
<u>2009</u>	
Chimney re-pointing, installation of stainless steel chimney liners (2), installation of new flashing and block repair (\$5,127)	\$ 5,127
Two new hot water heaters (\$1,350)	\$ 1,350
<u>2011</u>	
Attic Window Replacement (\$3,000)	\$ 3,000
<u>2012</u>	
Gutters (\$2,133)	\$ 2,133
Back siding & Point stone foundation in back & 2 front corners (\$2,550)	\$ 2,550
Painting whole house exterior( \$17,280)	\$17,280
2 Windows in studio (\$785)	\$ 785
<u>2013</u>	
Refrigerator (\$666)	\$ 666
Studio bathroom, Bathroom variance (\$3,500)	\$ 3,500
<u>2014</u>	
Bathroom addition/kitchen modification 114 Ferris (\$11,150)	<u>\$11,150</u>
<b>Total CAPEX =</b>	<b><u>\$99,289</u></b>

### III. Valuation & Financial Information

#### A. Assumptions

##### Date of Analysis and Valuation

April 26th, 2015

##### 112-114 Ferris Place Valuation Parameters

Equity Dividend Rate (y) 10.00000%

##### 112-114 Ferris Place Financing Parameters

Mortgage Interest Rate (i) 4.97000%  
 Mortgage Amortization 20 Years  
 Loan to Value Ratio 80.00%  
 Assuming Holding Period 20 Years  
 Reversion Cap Rate 11.00%  
 Broker & Legal Expenses 7%

#### B. Rent Roll 2014-2015

Unit #	Type	Monthly Rent	Annual Rent	Lease Term	Lease Term (Months)
112 Ferris 1-1	Room	\$ 550	\$ 6,050	8/1/14-7/1/15	11
112 Ferris 1-2	Room	\$ 475	\$ 5,700	8/1/14-7/31/15	12
112 Ferris 1-3	Room	\$ 525	\$ 5,250	8/15/15-6/15/15	10
112 Ferris 2-1	Room	\$ 575	\$ 6,325	7/1/14-6/1/15	11
112 Ferris 2-2	Room	\$ 495	\$ 5,445	7/15/14-6/15/15	11
112 Ferris 2-3	Room	\$ 525	\$ 5,775	8/1/14-7/1/15	11
114 Ferris 1-1	Room	\$ 535	\$ 5,350	8/19/14-6/19/15	10
114 Ferris 1-2	Room	\$ 525	\$ 5,775	8/15/14-7/15/15	11
114 Ferris 1-3	Room	\$ 500	\$ 5,500	8/14/14-7/14/15	11
114 Ferris 2-1	Room	\$ 550	\$ 6,050	7/24/14-6/24/15	11
114 Ferris 2-2	Room	\$ 500	\$ 5,500	8/1/14-7/1/15	11
114 Ferris 2-3	Room	\$ 525	\$ 5,775	7/28/14-6/28/15	11
114 1/2 Ferris	Studio Apartment	\$ 850	\$ 10,200	7/1/14-7/1/15	12
Rooms Revenue		\$ 7,130	\$ 78,695		
Parking ( 1 Spaces at \$0/Month)		\$ -			
Laundry (\$100/Month)		\$ 100.00	\$ 1,200.00		
<b>TOTAL (ANNUAL)</b>			<b><u>79,895.00</u></b>		

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## C. Proforma Income Statement

	0		1	2	3	4	5	6	7	8	9	10
<b>Revenues:</b>	<b>2014</b>	<b>% of Sales</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Rooms Rental Revenue	\$ 78,695	98.5%	\$ 81,449	\$ 84,300	\$ 87,251	\$ 90,304	\$ 93,465	\$ 96,736	\$100,122	\$103,626	\$107,253	\$111,007
Parking Rental Revenue (1 Space)	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Laundry Revenue	\$ 1,200	1.5%	\$ 1,242	\$ 1,285	\$ 1,330	\$ 1,377	\$ 1,425	\$ 1,475	\$ 1,527	\$ 1,580	\$ 1,635	\$ 1,693
<b>Gross Revenues</b>	<b>\$ 79,895</b>	<b>100.0%</b>	<b>\$ 82,691</b>	<b>\$ 85,586</b>	<b>\$ 88,581</b>	<b>\$ 91,681</b>	<b>\$ 94,890</b>	<b>\$ 98,211</b>	<b>\$101,649</b>	<b>\$105,206</b>	<b>\$108,889</b>	<b>\$112,700</b>
<b>Operating Expenses:</b>												
Water/Sewer	\$ 2,328	2.9%	\$ 2,410	\$ 2,494	\$ 2,581	\$ 2,672	\$ 2,765	\$ 2,862	\$ 2,962	\$ 3,066	\$ 3,173	\$ 3,284
Solid Waste	\$ 156	0.2%	\$ 161	\$ 167	\$ 173	\$ 179	\$ 185	\$ 192	\$ 198	\$ 205	\$ 213	\$ 220
Storm Water	\$ 60	0.1%	\$ 62	\$ 64	\$ 67	\$ 69	\$ 71	\$ 74	\$ 76	\$ 79	\$ 82	\$ 85
Cleaning	\$ 5,800	7.3%	\$ 6,003	\$ 6,213	\$ 6,431	\$ 6,656	\$ 6,889	\$ 7,130	\$ 7,379	\$ 7,638	\$ 7,905	\$ 8,182
Insurance	\$ 4,110	5.1%	\$ 4,254	\$ 4,403	\$ 4,557	\$ 4,716	\$ 4,881	\$ 5,052	\$ 5,229	\$ 5,412	\$ 5,601	\$ 5,798
Gas	\$ 3,780	4.7%	\$ 3,912	\$ 4,049	\$ 4,191	\$ 4,338	\$ 4,489	\$ 4,647	\$ 4,809	\$ 4,978	\$ 5,152	\$ 5,332
Electric	\$ 3,180	4.0%	\$ 3,291	\$ 3,406	\$ 3,526	\$ 3,649	\$ 3,777	\$ 3,909	\$ 4,046	\$ 4,187	\$ 4,334	\$ 4,486
Cable Internet	\$ 1,547	1.9%	\$ 1,601	\$ 1,657	\$ 1,715	\$ 1,775	\$ 1,837	\$ 1,902	\$ 1,968	\$ 2,037	\$ 2,108	\$ 2,182
Taxes	\$ 15,353	19.2%	\$ 15,891	\$ 16,447	\$ 17,022	\$ 17,618	\$ 18,235	\$ 18,873	\$ 19,534	\$ 20,217	\$ 20,925	\$ 21,657
Maintenance/Repairs (3.0% of Gross Sales)	\$ 2,397	3.0%	\$ 2,481	\$ 2,568	\$ 2,657	\$ 2,750	\$ 2,847	\$ 2,946	\$ 3,049	\$ 3,156	\$ 3,267	\$ 3,381
<b>Total OE</b>	<b>\$ 38,711</b>	<b>48.5%</b>	<b>\$ 40,066</b>	<b>\$ 41,469</b>	<b>\$ 42,920</b>	<b>\$ 44,422</b>	<b>\$ 45,977</b>	<b>\$ 47,586</b>	<b>\$ 49,252</b>	<b>\$ 50,975</b>	<b>\$ 52,760</b>	<b>\$ 54,606</b>
<b>NOI</b>	<b>\$ 41,184</b>	<b>51.5%</b>	<b>\$ 42,625</b>	<b>\$ 44,117</b>	<b>\$ 45,661</b>	<b>\$ 47,259</b>	<b>\$ 48,913</b>	<b>\$ 50,625</b>	<b>\$ 52,397</b>	<b>\$ 54,231</b>	<b>\$ 56,129</b>	<b>\$ 58,094</b>

	11	12	13	14	15	16	17	18	19	20	Terminal Year 21
<b>Revenues:</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Rooms Rental Revenue	\$ 114,892	\$ 118,914	\$ 123,076	\$ 127,383	\$ 131,842	\$ 136,456	\$ 141,232	\$ 146,175	\$ 151,291	\$ 156,586	\$ 162,067
Parking Rental Revenue (1 Space)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Gross Revenues</b>	<b>\$ 114,892</b>	<b>\$ 118,914</b>	<b>\$ 123,076</b>	<b>\$ 127,383</b>	<b>\$ 131,842</b>	<b>\$ 136,456</b>	<b>\$ 141,232</b>	<b>\$ 146,175</b>	<b>\$ 151,291</b>	<b>\$ 156,586</b>	<b>\$ 162,067</b>
<b>Operating Expenses:</b>											
Water/Sewer	\$ 3,399	\$ 3,518	\$ 3,641	\$ 3,768	\$ 3,900	\$ 4,037	\$ 4,178	\$ 4,324	\$ 4,476	\$ 4,632	\$ 4,795
Solid Waste	\$ 228	\$ 236	\$ 244	\$ 253	\$ 261	\$ 271	\$ 280	\$ 290	\$ 300	\$ 310	\$ 321
Storm Water	\$ 88	\$ 91	\$ 94	\$ 97	\$ 101	\$ 104	\$ 108	\$ 111	\$ 115	\$ 119	\$ 124
Cleaning	\$ 8,468	\$ 8,764	\$ 9,071	\$ 9,389	\$ 9,717	\$ 10,057	\$ 10,409	\$ 10,774	\$ 11,151	\$ 11,541	\$ 11,945
Insurance	\$ 6,000	\$ 6,210	\$ 6,428	\$ 6,653	\$ 6,886	\$ 7,127	\$ 7,376	\$ 7,634	\$ 7,901	\$ 8,178	\$ 8,464
Gas	\$ 5,519	\$ 5,712	\$ 5,912	\$ 6,119	\$ 6,333	\$ 6,554	\$ 6,784	\$ 7,021	\$ 7,267	\$ 7,521	\$ 7,785
Electric	\$ 4,643	\$ 4,805	\$ 4,973	\$ 5,147	\$ 5,328	\$ 5,514	\$ 5,707	\$ 5,907	\$ 6,114	\$ 6,328	\$ 6,549
Cable Internet	\$ 2,259	\$ 2,338	\$ 2,420	\$ 2,504	\$ 2,592	\$ 2,683	\$ 2,776	\$ 2,874	\$ 2,974	\$ 3,078	\$ 3,186
Taxes	\$ 22,415	\$ 23,200	\$ 24,012	\$ 24,852	\$ 25,722	\$ 26,622	\$ 27,554	\$ 28,518	\$ 29,517	\$ 30,550	\$ 31,619
Maintenance/Repairs (3.0% of Gross Sales)	\$ 3,499	\$ 3,622	\$ 3,749	\$ 3,880	\$ 4,016	\$ 4,156	\$ 4,302	\$ 4,452	\$ 4,608	\$ 4,769	\$ 4,936
<b>Total OE</b>	<b>\$ 56,517</b>	<b>\$ 58,495</b>	<b>\$ 60,543</b>	<b>\$ 62,662</b>	<b>\$ 64,855</b>	<b>\$ 67,125</b>	<b>\$ 69,474</b>	<b>\$ 71,906</b>	<b>\$ 74,423</b>	<b>\$ 77,027</b>	<b>\$ 79,723</b>
<b>NOI</b>	<b>\$ 60,127</b>	<b>\$ 62,231</b>	<b>\$ 64,409</b>	<b>\$ 66,664</b>	<b>\$ 68,997</b>	<b>\$ 71,412</b>	<b>\$ 73,911</b>	<b>\$ 76,498</b>	<b>\$ 79,176</b>	<b>\$ 81,947</b>	<b>\$ 84,815</b>

### Assumptions:

- Revenue increases @ 3.5% per annum
- Expenses remain constant @ 2014 % of Sales
- Maintenance est. @ 3% of sales

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**D. Valuation**

**Value of 112-114 Ferris Place using Band of Investment Model**

<i>Mortgage Interest Rate</i>	4.970%
<i>Mortgage Amortization</i>	20
<i>Mortgage Constant</i>	0.078996
<i>Loan to Value Ratio</i>	80.00%
<i>Equity Dividend Rate</i>	10.00%

**Calculation for Overall Cap Rate (WACC)**

Mortgage Component	80.00%	*	0.078996	=	0.063197
Equity Component	20.00%	*	0.100000	=	0.020000
			<b>WACC</b>	<b>=</b>	<b>0.083197</b>

<u>Value</u>	=	NOI	/	WACC
	=	\$ 41,183.66	/	8.32%
<b>Fair Market Value</b>	=	<b>\$ 495,015</b>		
<b>(Based on Reported NOI)</b>				

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## E. Equity Yield

### Equity yield (Equity IRR) of of 112-114 Ferris Place (assuming 20-year holding period)

Value = \$	495,579
LTV =	80.00%
<u>Debt Service = \$</u>	<u>31,332</u>

#### Cash Flow Projection

Period	Year	Net Income	Debt Service	Reversion	BTCF
0	2014				\$ (99,116)
1	2015	\$ 42,687	\$ 31,332		\$ 11,355
2	2016	\$ 44,181	\$ 31,332		\$ 12,849
3	2017	\$ 45,728	\$ 31,332		\$ 14,395
4	2018	\$ 47,328	\$ 31,332		\$ 15,996
5	2019	\$ 48,985	\$ 31,332		\$ 17,652
6	2020	\$ 50,699	\$ 31,332		\$ 19,367
7	2021	\$ 52,473	\$ 31,332		\$ 21,141
8	2022	\$ 54,310	\$ 31,332		\$ 22,978
9	2023	\$ 56,211	\$ 31,332		\$ 24,879
10	2024	\$ 58,178	\$ 31,332		\$ 26,846
11	2025	\$ 60,214	\$ 31,332		\$ 28,882
12	2026	\$ 62,322	\$ 31,332		\$ 30,990
13	2027	\$ 64,503	\$ 31,332		\$ 33,171
14	2028	\$ 66,761	\$ 31,332		\$ 35,429
15	2029	\$ 69,098	\$ 31,332		\$ 37,765
16	2030	\$ 71,516	\$ 31,332		\$ 40,184
17	2031	\$ 74,019	\$ 31,332		\$ 42,687
18	2032	\$ 76,610	\$ 31,332		\$ 45,278
19	2033	\$ 79,291	\$ 31,332		\$ 47,959
20	2034	\$ 82,066	\$ 31,332		\$ 50,734
21	2035	\$ 84,938	\$ -	718,116.34	\$ 768,850
					<b>Equity IRR 21.30%</b>

#### Reversion Analysis

21st Year Net Income	\$	84,938
Terminal Capitalization Rate		11.00%
Gross Sale Proceeds	\$	772,168
Broker & Legal Expenses (7%)	\$	54,052
Sub Total	\$	718,116
Remaining Mortgage Balance	\$	-
Net Sale Proceeds	\$	718,116
<b>Equity IRR</b>		<b>21.30%</b>

## F. Loan Amortization Table

Loan Amount	\$ 396,012.14
Amortization (years)	20.00
Mortgage Interest Rate	4.97%
Monthly Payment	\$2,606.95

Annual Breakdown			
Year	Interest	Principal	Total
1	\$ 19,413.85	\$ 11,869.51	\$ 31,283.36
2	\$ 18,810.31	\$ 12,473.05	\$ 31,283.36
3	\$ 18,176.08	\$ 13,107.28	\$ 31,283.36
4	\$ 17,509.60	\$ 13,773.75	\$ 31,283.36
5	\$ 16,809.24	\$ 14,474.12	\$ 31,283.36
6	\$ 16,073.26	\$ 15,210.10	\$ 31,283.36
7	\$ 15,299.85	\$ 15,983.50	\$ 31,283.36
8	\$ 14,487.13	\$ 16,796.23	\$ 31,283.36
9	\$ 13,633.07	\$ 17,650.28	\$ 31,283.36
10	\$ 12,735.59	\$ 18,547.76	\$ 31,283.36
11	\$ 11,792.48	\$ 19,490.88	\$ 31,283.36
12	\$ 10,801.41	\$ 20,481.95	\$ 31,283.36
13	\$ 9,759.95	\$ 21,523.41	\$ 31,283.36
14	\$ 8,665.53	\$ 22,617.83	\$ 31,283.36
15	\$ 7,515.46	\$ 23,767.90	\$ 31,283.36
16	\$ 6,306.91	\$ 24,976.45	\$ 31,283.36
17	\$ 5,036.91	\$ 26,246.45	\$ 31,283.36
18	\$ 3,702.33	\$ 27,581.02	\$ 31,283.36
19	\$ 2,299.89	\$ 28,983.46	\$ 31,283.36
20	\$ 826.15	\$ 30,457.21	\$ 31,283.36
<b>TOTAL</b>	<b>\$ 229,654.98</b>	<b>\$ 396,012.14</b>	<b>\$ 625,667.13</b>

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## G. Utility Information

### Quarterly water/solid waste bills per City Chamberlain's Office as of 4/24/15:

#### Water

112 Ferris		
	\$ 321.61	4/20/2015
	\$ 288.34	1/20/2015
	\$ 327.98	10/20/2014
	\$ 341.96	7/18/2014
114 Ferris		
	\$ 243.98	4/20/2015
	\$ 232.89	1/20/2015
	\$ 264.50	10/20/2014
	\$ 306.85	7/18/2014
<b>Total</b>	<b>\$2,328.11</b>	

#### Storm Water & Solid Waste

Storm Water Fee	\$ 60.00
Solid Waste	\$ 156.00
<b>Total</b>	<b>\$ 216.00</b>

### Average monthly Gas & Electric expenses per NYSEG as of 4/24/15:

<b>Gas</b>	Monthly	Annual
112 Ferris	\$ 170.00	\$2,040.00
114 Ferris	\$ 145.00	\$1,740.00
<b>Total</b>	<b>\$ 315.00</b>	<b>\$3,780.00</b>

<b>Electric</b>	Monthly	Annual
112 Ferris	\$ 70.00	\$ 840.00
114 Ferris	\$ 75.00	\$ 900.00
114 1/2 Ferris	\$ 120.00	\$1,440.00
<b>Total</b>	<b>\$ 265.00</b>	<b>\$3,180.00</b>

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