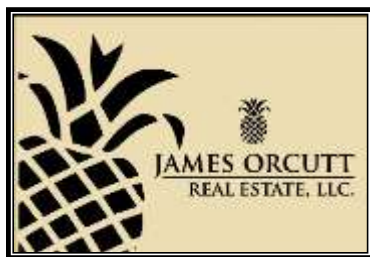


Property Overview for 522 W. Seneca Street



Prepared by:

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I. Property Information

Address:	522 W. Seneca Street (City of Ithaca)
Tax Map #:	59.-6-19
Deed Book/Page:	54450/4002
Current Use:	2-Unit Rental; 1-1 Bedroom/1 Bath Apartment (2nd Floor); 1-3 Bedroom 2 Bath Apartment (Main Level)
Zoning:	R-3b
Gross Floor Area:	1,342SF (Per TC Assessor's Database)
Lot Size:	49.5' x 132'
Levels:	2 plus basement
On site Parking:	6 Spaces
Offering Price:	\$270,900

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II. Capital Improvements

2009

2nd Floor Floors	\$ 1,000.00
2nd Floor Kitchen	\$ 7,000.00
New Furnace and Ductwork	\$ 6,000.00

2010

2nd Floor Bathroom	\$ 2,000.00
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2011

Front Porch Foundation	\$ 2,000.00
Front Porch Steps	\$ 2,000.00

2012

First floor Kitchen	\$10,000.00
First floor Bathroom	\$ 1,000.00
Other (paint, electrical outlets/switches, molding, landscaping, lighting, etc.)	\$ 4,000.00

Total = **\$35,000.00**

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III. Valuation & Financial Information

A. Assumptions

Date of Analysis and Valuation	September 17th, 2016
522 W. Seneca Street Valuation Parameters	
Equity Dividend Rate (y)	8.00000%
522 W. Seneca Street Financing Parameters	
Mortgage Interest Rate (i)	3.75000%
Mortgage Amortization	20 Years
Loan to Value Ratio	75.00%
Assuming Holding Period	20 Years
Reversion Cap Rate	10.00%
Broker & Legal Expenses	7%

B. Rent Roll 2016-2017

Unit #	Type	Monthly Rent	Annual Rent	Lease Term	Lease Term (Months)
1	1 Bedroom / 1 Full Bath	\$ 1,050	\$ 12,600	7/1/16-7/1/17	12
2	3 Bedroom / 1 Full Bath	\$ 1,650	\$ 19,800	8/1/16-8/1/17	12
Apartment Revenue		\$ 2,700	\$ 32,400		
TOTAL (MONTHLY/ANNUAL)		\$ 2,700.00	32,400.00		

C. Proforma Income Statement

	0		1	2	3	4	5	6	7	8	9	10
Revenues:	2016	% of Sales	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Apartment Rental Revenue	\$ 32,400	100.0%	\$ 33,210	\$ 34,040	\$ 34,891	\$ 35,764	\$ 36,658	\$ 37,574	\$ 38,513	\$ 39,476	\$ 40,463	\$ 41,475
Gross Revenues	\$ 32,400	100.0%	\$ 33,210	\$ 34,040	\$ 34,891	\$ 35,764	\$ 36,658	\$ 37,574	\$ 38,513	\$ 39,476	\$ 40,463	\$ 41,475
Operating Expenses:												
Water/Sewer	\$ 1,484	4.6%	\$ 1,521	\$ 1,559	\$ 1,598	\$ 1,638	\$ 1,679	\$ 1,721	\$ 1,764	\$ 1,808	\$ 1,853	\$ 1,899
Solid Waste	\$ 110	0.3%	\$ 113	\$ 116	\$ 118	\$ 121	\$ 124	\$ 128	\$ 131	\$ 134	\$ 137	\$ 141
Insurance	\$ 1,016	3.1%	\$ 1,041	\$ 1,067	\$ 1,094	\$ 1,121	\$ 1,150	\$ 1,178	\$ 1,208	\$ 1,238	\$ 1,269	\$ 1,301
Gas	\$ 1,200	3.7%	\$ 1,230	\$ 1,261	\$ 1,292	\$ 1,325	\$ 1,358	\$ 1,392	\$ 1,426	\$ 1,462	\$ 1,499	\$ 1,536
Electric	\$ 1,320	4.1%	\$ 1,353	\$ 1,387	\$ 1,421	\$ 1,457	\$ 1,493	\$ 1,531	\$ 1,569	\$ 1,608	\$ 1,648	\$ 1,690
Taxes	\$ 6,423	19.8%	\$ 6,584	\$ 6,749	\$ 6,917	\$ 7,090	\$ 7,268	\$ 7,449	\$ 7,636	\$ 7,826	\$ 8,022	\$ 8,223
Maintenance/Repairs (3.0% of Gross Sales)	\$ 972	3.0%	\$ 996	\$ 1,021	\$ 1,047	\$ 1,073	\$ 1,100	\$ 1,127	\$ 1,155	\$ 1,184	\$ 1,214	\$ 1,244
Total OE	\$ 12,525	38.7%	\$ 12,838	\$ 13,159	\$ 13,488	\$ 13,825	\$ 14,171	\$ 14,525	\$ 14,888	\$ 15,261	\$ 15,642	\$ 16,033
NOI	\$ 19,875	61.3%	\$ 20,372	\$ 20,881	\$ 21,403	\$ 21,938	\$ 22,487	\$ 23,049	\$ 23,625	\$ 24,216	\$ 24,821	\$ 25,441

	11	12	13	14	15	16	17	18	19	20	Terminal Year 21
Revenues:	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Apartment Rental Revenue	\$ 42,512	\$ 43,574	\$ 44,664	\$ 45,780	\$ 46,925	\$ 48,098	\$ 49,300	\$ 50,533	\$ 51,796	\$ 53,091	\$ 54,418
Gross Revenues	\$ 42,512	\$ 43,574	\$ 44,664	\$ 45,780	\$ 46,925	\$ 48,098	\$ 49,300	\$ 50,533	\$ 51,796	\$ 53,091	\$ 54,418
Operating Expenses:											
Water/Sewer	\$ 1,947	\$ 1,995	\$ 2,045	\$ 2,096	\$ 2,149	\$ 2,203	\$ 2,258	\$ 2,314	\$ 2,372	\$ 2,431	\$ 2,492
Solid Waste	\$ 144	\$ 148	\$ 152	\$ 155	\$ 159	\$ 163	\$ 167	\$ 172	\$ 176	\$ 180	\$ 185
Insurance	\$ 1,333	\$ 1,366	\$ 1,401	\$ 1,436	\$ 1,471	\$ 1,508	\$ 1,546	\$ 1,585	\$ 1,624	\$ 1,665	\$ 1,706
Gas	\$ 1,575	\$ 1,614	\$ 1,654	\$ 1,696	\$ 1,738	\$ 1,781	\$ 1,826	\$ 1,872	\$ 1,918	\$ 1,966	\$ 2,015
Electric	\$ 1,732	\$ 1,775	\$ 1,820	\$ 1,865	\$ 1,912	\$ 1,960	\$ 2,009	\$ 2,059	\$ 2,110	\$ 2,163	\$ 2,217
Taxes	\$ 8,428	\$ 8,639	\$ 8,855	\$ 9,076	\$ 9,303	\$ 9,536	\$ 9,774	\$ 10,018	\$ 10,269	\$ 10,526	\$ 10,789
Maintenance/Repairs (3.0% of Gross Sales)	\$ 1,275	\$ 1,307	\$ 1,340	\$ 1,373	\$ 1,408	\$ 1,443	\$ 1,479	\$ 1,516	\$ 1,554	\$ 1,593	\$ 1,633
Total OE	\$ 16,434	\$ 16,845	\$ 17,266	\$ 17,698	\$ 18,140	\$ 18,594	\$ 19,058	\$ 19,535	\$ 20,023	\$ 20,524	\$ 21,037
NOI	\$ 26,078	\$ 26,729	\$ 27,398	\$ 28,083	\$ 28,785	\$ 29,504	\$ 30,242	\$ 30,998	\$ 31,773	\$ 32,567	\$ 33,381

-Revenue increases @	2.5%	per annum
-Expenses remain constant		
@ 2016 % of Sales		
- Maintenance estimated @ 3.0% of sales		

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D. Valuation

<i>Mortgage Interest Rate</i>	3.750%
<i>Mortgage Amortization</i>	20
<i>Mortgage Constant</i>	0.071147
<i>Loan to Value Ratio</i>	75.00%
<i>Equity Dividend Rate</i>	8.00%

Calculation for Overall Cap Rate (WACC)

Mortgage Component	75.00%	*	0.071147	=	0.053360
Equity Component	25.00%	*	0.080000	=	0.020000
			WACC	=	0.073360

<u>Value</u>	=	NOI	/	WACC
Fair Market Value	=	\$ 19,874.86	/	7.34%
(Based on Reported NOI)	=	<u>\$ 270,922</u>		

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E. Equity Yield (Equity IRR) of 522 W. Seneca Street (assuming 20-year holding period)

Value = \$	270,922
LTV =	75.00%
Debt Service = \$	14,456

Cash Flow Projection

Period	Year	Net Income	Debt Service	Reversion	BTCF
0	2016				\$ (67,731)
1	2017	\$ 20,372	\$ 14,456		\$ 5,915
2	2018	\$ 20,881	\$ 14,456		\$ 6,425
3	2019	\$ 21,403	\$ 14,456		\$ 6,947
4	2020	\$ 21,938	\$ 14,456		\$ 7,482
5	2021	\$ 22,487	\$ 14,456		\$ 8,030
6	2022	\$ 23,049	\$ 14,456		\$ 8,592
7	2023	\$ 23,625	\$ 14,456		\$ 9,169
8	2024	\$ 24,216	\$ 14,456		\$ 9,759
9	2025	\$ 24,821	\$ 14,456		\$ 10,365
10	2026	\$ 25,441	\$ 14,456		\$ 10,985
11	2027	\$ 26,078	\$ 14,456		\$ 11,621
12	2028	\$ 26,729	\$ 14,456		\$ 12,273
13	2029	\$ 27,398	\$ 14,456		\$ 12,941
14	2030	\$ 28,083	\$ 14,456		\$ 13,626
15	2031	\$ 28,785	\$ 14,456		\$ 14,328
16	2032	\$ 29,504	\$ 14,456		\$ 15,048
17	2033	\$ 30,242	\$ 14,456		\$ 15,786
18	2034	\$ 30,998	\$ 14,456		\$ 16,542
19	2035	\$ 31,773	\$ 14,456		\$ 17,317
20	2036	\$ 32,567	\$ 14,456		\$ 18,111
21	2037	\$ 33,381	\$ -	310,447.48	\$ 328,558
Equity IRR					15.89%

Reversion Analysis

21st Year Net Income	\$	33,381
Terminal Capitalization Rate		10.00%
Gross Sale Proceeds	\$	333,814
Broker & Legal Expenses (7%)	\$	23,367
Sub Total	\$	310,447
Remaining Mortgage Balance	\$	-
Net Sale Proceeds	\$	310,447
Equity IRR		15.89%

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F. Loan Amortization Table

Loan Amount	\$ 203,191.84
Amortization (years)	20.00
Mortgage Interest Rate	3.75%
Monthly Payment	\$1,204.70

Annual Breakdown			
Year	Interest	Principal	Total
1	\$ 7,500.96	\$ 6,955.45	\$ 14,456.41
2	\$ 7,235.60	\$ 7,220.81	\$ 14,456.41
3	\$ 6,960.11	\$ 7,496.30	\$ 14,456.41
4	\$ 6,674.12	\$ 7,782.29	\$ 14,456.41
5	\$ 6,377.21	\$ 8,079.19	\$ 14,456.41
6	\$ 6,068.98	\$ 8,387.43	\$ 14,456.41
7	\$ 5,748.99	\$ 8,707.42	\$ 14,456.41
8	\$ 5,416.79	\$ 9,039.62	\$ 14,456.41
9	\$ 5,071.92	\$ 9,384.49	\$ 14,456.41
10	\$ 4,713.89	\$ 9,742.52	\$ 14,456.41
11	\$ 4,342.20	\$ 10,114.21	\$ 14,456.41
12	\$ 3,956.33	\$ 10,500.08	\$ 14,456.41
13	\$ 3,555.74	\$ 10,900.67	\$ 14,456.41
14	\$ 3,139.86	\$ 11,316.54	\$ 14,456.41
15	\$ 2,708.12	\$ 11,748.29	\$ 14,456.41
16	\$ 2,259.91	\$ 12,196.50	\$ 14,456.41
17	\$ 1,794.60	\$ 12,661.81	\$ 14,456.41
18	\$ 1,311.53	\$ 13,144.87	\$ 14,456.41
19	\$ 810.04	\$ 13,646.37	\$ 14,456.41
20	\$ 289.41	\$ 14,166.99	\$ 14,456.41
TOTAL	\$ 85,936.32	\$ 203,191.84	\$ 289,128.16

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G. Utility Information

Quarterly water/solid waste bills per City Chamberlain's Office as of 8/5/16:

Water

522 W. Seneca Street	\$ 515.10	6/20/2016
	\$ 456.60	3/21/2016
	\$ 366.88	12/21/2015
	\$ 145.08	9/20/2015
Total	\$1,483.66	

Storm Water & Solid Waste

Solid Waste	\$ 110.00
Total	\$ 110.00

Average monthly Gas & Electric expenses per NYSEG as of 8/5/16

House Meter

Gas	Monthly	Annual
522 W. Seneca Street	\$ 100.00	\$1,200.00
Total	\$ 100.00	\$1,200.00

Electric	Monthly	Annual
House Meter	\$ 35.00	\$ 420.00
Flr. 1 (2 meters)	\$ 45.00	\$ 540.00
Flr. 2	\$ 30.00	\$ 360.00
Total	\$ 110.00	\$1,320.00

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