

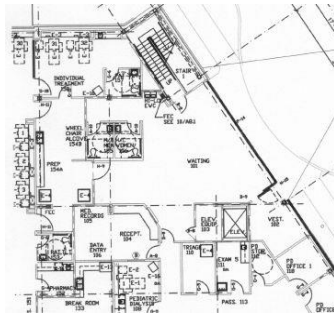
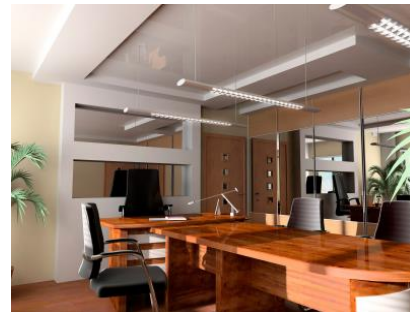


Property: The RealData Building
878 Main St.
South Haven, CT 06999

Prepared For: J. P. Lender
Second National Bank
South Haven, CT 06999

Prepared By: RealData, Inc.
P. O. Box 691
Southport, CT 06890

Date: October 9, 2020



Property Location: 878 Main St.
South Haven, CT 06999

Type of Property: Apartment Building
17,000 rentable sf

This report created with a demonstration version of REIA

Date of this Analysis: October 9, 2020

Purpose: The purpose of this analysis is to project and demonstrate the future economic benefits to be derived from this property.

For the sake of the analysis, certain assumptions have been made concerning future revenue, expenses, financing and Federal tax implications related to the ownership and operation of the property.

Those assumptions, as well as projections about income or loss, cash flow and profit from resale are presented on the following pages.

Acquisition

Sources of Funds

Cash Investment	1,369,594
First Mortgage	747,500
Second Mortgage	100,000
Third Mortgage*	0

Total: \$ 2,217,094

Uses of Funds

Purchase, Real Estate	1,150,000
Purchase, Personal Property	0
Closing Costs	8,000
Points	14,950
1st Year Capital Improvements	10,000
1st Year Funded Reserves	100,000
Development Working Capital	934,144

Total: \$ 2,217,094

Property purchased at \$ 67.65 per square foot.

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*Analysis***

Months in First Year of Analysis:	9
Year this Analysis Begins:	2022
Anticipated Year of Resale:	2041

Investor

Name:	Elm Development
Marginal Tax Bracket:	24.00 %

Depreciation

Type:	27.5-Year Straight Line
Depreciable Basis:	\$ 810,600

**Third Mortgage of 15,000 placed in 4/2023*

Financing

First Mortgage

\$ 747,500
 20 year term
 4.000 %*
 2.00 points
 4,529.71 per month

Placed in 4/2022
Refinanced in January 2028

Second Mortgage

\$ 100,000
 1 year term
 5.000 %
 0.00 points
 8,560.75 per month

Placed in 4/2022
Refinanced in January 2028

Third Mortgage

\$ 15,000
 0 year term
 6.000 % interest only
 0.00 points
 75.00 per month

Placed in 4/2023
Refinanced in January 2028

Refinance

\$ 1,364,605
 20 year term
 4.50 %
 0.00 points
 8,633.17 per month

Placed in January 2028

** First-year rate. Detailed projections may include the effects of rate changes in future years.*

Operating Income and Expenses**Income**

	Gross Income	Vacancy/Credit Allowance	Net Operating Income	Taxable Income
2022	212,313	6,369	172,355	114,971
2023	291,662	8,750	235,076	27,443
2024	308,500	9,255	249,570	61,032
2025	318,284	9,549	257,455	77,290
2026	330,795	9,924	267,837	85,146
2027	337,666	10,130	272,924	83,023
2028	343,064	10,292	276,594	67,393
2029	347,897	10,437	279,691	73,328
2030	354,642	10,639	284,520	80,227
2031	359,183	10,775	287,246	87,212
2032	363,240	10,897	289,470	91,701
2033	367,391	11,022	291,727	96,326
2034	371,636	11,149	294,017	101,092
2035	375,979	11,279	296,339	106,005
2036	380,421	11,413	298,694	111,070
2037	384,966	11,549	301,083	116,293
2038	389,616	11,688	303,505	121,680
2039	394,373	11,831	305,961	127,236
2040	399,240	11,977	308,450	132,968
2041	404,221	12,127	310,973	138,883

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Operating Income and Expenses (cont.)**Operating Expenses and Debt Service**

	Operating Expenses	Total Debt Service
2022	33,588	126,796
2023	47,836	221,431
2024	49,675	2,251,528
2025	51,280	57,467
2026	53,034	57,467
2027	54,612	57,467
2028	56,178	103,598
2029	57,769	103,598
2030	59,483	103,598
2031	61,161	103,598
2032	62,873	103,598
2033	64,642	103,598
2034	66,470	103,598
2035	68,360	103,598
2036	70,314	103,598
2037	72,334	103,598
2038	74,422	103,598
2039	76,581	103,598
2040	78,813	103,598
2041	81,121	103,598

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Cash Flows**Cash Flows**

	Before Taxes	After Using Reserves	After Taxes and Reserves	Cumulative Cash Flow
2022	(982,603)	(879,603)	(907,196)	(907,196)
2023	161,362	161,362	154,776	(752,419)
2024	(2,081,353)	(2,081,353)	(2,096,001)	(2,848,420)
2025	153,748	153,748	135,198	(2,713,222)
2026	199,897	199,897	179,462	(2,533,760)
2027	215,457	215,457	195,531	(2,338,229)
2028	923,353	923,353	907,179	(1,431,050)
2029	176,093	176,093	158,494	(1,272,556)
2030	180,922	180,922	161,667	(1,110,889)
2031	183,648	183,648	162,717	(948,172)
2032	185,872	185,872	163,864	(784,308)
2033	188,129	188,129	165,011	(619,297)
2034	190,419	190,419	166,156	(453,140)
2035	192,741	192,741	167,300	(285,841)
2036	195,096	195,096	168,440	(117,401)
2037	197,485	197,485	169,575	52,174
2038	199,907	199,907	170,704	222,878
2039	202,363	202,363	171,826	394,704
2040	204,852	204,852	172,940	567,644
2041	207,375	207,375	174,043	741,687

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Improvements and Reserves**Other**

	Planned Capital Improvements	Planned Funded Reserves
2022	10,000	100,000
2023	8,000	0
2024	2,000	0
2025	0	0
2026	0	0
2027	0	0
2028	5,000	0
2029	0	0
2030	0	0
2031	0	0
2032	0	0
2033	0	0
2034	0	0
2035	0	0
2036	0	0
2037	0	0
2038	0	0
2039	0	0
2040	0	0
2041	0	0

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Resale at End of 2041

Projected Selling Price:	\$ 2,827,000	(based on 11.00% capitalization rate)
Cost of Sale:	\$ 197,890	
Gain (Loss) on Sale:	\$ 941,178	
Est. Federal Tax on Sale:	\$ 227,340	
Before-Tax Sale Proceeds:	\$ 2,085,256	
After-Tax Sale Proceeds:	\$ 1,857,916	

Measures of Investment Quality

IRR, Before-Tax:	2.56%
IRR, After-Tax:	1.53%
MIRR, Before-Tax:	3.34%
MIRR, After Tax:	2.77%
PV, at 10.00%	\$ 2,687,909

	Debt Coverage Ratio	Cap. Rate	Gross Income Multiplier	Cash on Cash Return	Operating Expense Ratio	Gross Income, \$/sf	Operating Expenses, \$/sf
2022	1.36	7.27%	7.41	-95.66%	16.31%	16.65	2.63
2023	1.06	5.58%	7.35	11.78%	16.91%	17.16	2.81
2024	0.11	5.80%	7.35	-151.97%	16.60%	18.15	2.92
2025	4.48	5.93%	7.35	11.23%	16.61%	18.72	3.02
2026	4.66	6.17%	7.36	14.60%	16.53%	19.46	3.12
2027	4.75	6.29%	7.35	15.73%	16.67%	19.86	3.21
2028	2.67	6.36%	7.33	67.42%	16.88%	20.18	3.30
2029	2.70	6.43%	7.31	12.86%	17.12%	20.46	3.40
2030	2.75	6.55%	7.29	13.21%	17.29%	20.86	3.50
2031	2.77	6.61%	7.27	13.41%	17.55%	21.13	3.60
2032	2.79	6.66%	7.24	13.57%	17.84%	21.37	3.70
2033	2.82	6.71%	7.22	13.74%	18.14%	21.61	3.80
2034	2.84	6.76%	7.19	13.90%	18.44%	21.86	3.91
2035	2.86	6.82%	7.17	14.07%	18.74%	22.12	4.02
2036	2.88	6.87%	7.14	14.24%	19.05%	22.38	4.14
2037	2.91	6.93%	7.11	14.42%	19.37%	22.65	4.25
2038	2.93	6.98%	7.08	14.60%	19.69%	22.92	4.38
2039	2.95	7.04%	7.05	14.78%	20.02%	23.20	4.50
2040	2.98	7.10%	7.02	14.96%	20.35%	23.48	4.64
2041	3.00	7.15%	6.99	15.14%	20.69%	23.78	4.77

Year	Initial Cash Invested	Taxable Income or (Loss)	Cash Flow Before Taxes	Taxable Gain On Sale	Proceeds of Sale Before Tax
2022	1,369,594	114,971	(879,603)		
2023		27,443	161,362		
2024		61,032	(2,081,353)		
2025		77,290	153,748		
2026		85,146	199,897		
2027		83,023	215,457		
2028		67,393	923,353		
2029		73,328	176,093		
2030		80,227	180,922		
2031		87,212	183,648		
2032		91,701	185,872		
2033		96,326	188,129		
2034		101,092	190,419		
2035		106,005	192,741		
2036		111,070	195,096		
2037		116,293	197,485		
2038		121,680	199,907		
2039		127,236	202,363		
2040		132,968	204,852		
2041		138,883	207,375	941,178	2,085,256
Totals:	1,369,594	1,900,319	1,197,763	941,178	2,085,256

The information and calculations presented in this analysis are believed to be accurate, but are not guaranteed. They are intended for the purposes of pro forma projection and analysis, and should not be used for preparation of income tax returns. You are advised that any Federal tax calculations displayed in these reports are necessarily estimates only. They are based upon interpretations of various tax acts and revisions since 1986, and are subject to further clarifications, interpretations, rulings, regulations, and technical corrections. These tax calculations are also based upon certain assumptions, as entered into the software by the user, about the property and about the taxpayer's adjusted gross income, tax brackets and like matters. The actual tax liability that this property may create may be altered substantially from the estimates displayed herein by other factors, which are outside the scope of this analysis and external to this property, and which may also differ from taxpayer to taxpayer. Such factors may include but are not limited to the Alternative Minimum Tax and investment interest limitations. In particular, for the years 2013 and following, the actual tax liability is likely to be affected by items such as: the taxpayer's total taxable income; the taxpayer's net investment income from all sources, including those external to the property analyzed here; and the extent to which those items exceed certain thresholds, which are themselves subject to change.

The user of this program and recipients of its reports should consult a tax specialist concerning his/her particular circumstances before making any investment decision.

*Note especially that a taxpayer's ability to use losses generated by this investment to offset income generated by this investment is likely to be affected by the taxpayer's particular circumstances, including Adjusted Gross Income, and passive and investment income or losses from other activities. Consult your tax advisor regarding these issues.