



**280 Talcottville Road, Vernon, CT**

**15.4% \$180,000 First Mortgage Loan**



**FOUR ARROW**  
FUNDING INC.

# 15.4% \$180,000 FIRST MORTGAGE LOAN



**Executive Summary.** Four Arrow Funding Inc. (the “**Lender**”) is providing a \$180,000 15.4% first mortgage loan (the “**Loan**”) secured by the 8,500 SF office property of 280 Talcottville Road, Vernon CT (the “**Property**”) to an entity formed by Thomas Maira (the “**Borrower**”). The acquisition price of the Property is \$300,000. The Borrower is investing \$40,000 of capital improvements totaling \$190,000 of cash equity (the “**Equity**”) into the Property. The Loan to the total costs is only 52.94%. The total cost PSF is only \$43.52. The Property is 25% leased. The Borrower already has Colliers International (“**Colliers**”) signed up as the leasing agent.

**The Borrower.** Thomas is an attorney working at DLA Piper. Thomas is one of the attorneys that the Lender uses for their legal work. The likelihood of default is very low resulting from the relationship. The Lender is very well secured at approximately 50% loan to costs.

**Loan Terms.** The gross funded amount of the Loan is \$180,000. The Loan term is one (1) year with the right to extend for six (6) months for \$15,000 or a 16.66% annual interest rate. The Loan is a first mortgage loan so the risk of any principal loss is minor.

**Loan Participations.** The Loan will be divided into three (3) \$60,000 units (the “**Units**”) totaling \$180,000. The 15.4% annual interest is \$8,000 of interest prepaid. The net cost per Unit is only \$52,000. The prepaid interest allows the Borrower the time to re-lease the Property without monthly debt service payments.

**Property Status.** The Property is located on the main Vernon CT commercial boulevard that has national big-box retail centers and large national grocery stores as well as substantial brand new multifamily project across the street. Of the 8,500 SF of the Property, 2500 SF is leased and 6,000SF must be re-leased by Colliers. The Borrower is hiring Colliers International to lease the 6,000 SF. The anticipated rent is \$12.5 PSF at 6000 SF for \$72,500 a year (\$6,250 per month). Some of the new improvements include: i) new carpet and paint for common areas and vacant space, ii) install new tile to the two bathroom floors, iii) Fix and redo lighting (with energy efficiencies), plus iv) repave and re-stripe parking lot to increase spaces. Upon lease-up, Borrower will refinance.



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Source & Use Of Funds		
Source	Amount	%
First Mortgage	\$ 180,000	46.15%
Equity	\$ 210,000	53.85%
<b>Totals</b>	<b>\$ 390,000</b>	<b>100.00%</b>
Uses	Amount	%
Purchase Price	\$ 300,000	76.92%
Interest	\$ 24,000	6.15%
Closing Costs	\$ 6,000	1.54%
Renovations	\$ 60,000	15.38%
<b>Totals</b>	<b>\$ 390,000</b>	<b>100.00%</b>

Rent Roll				
Tenant	SF	PSF Rent	Gross Rent	Monthly Rent
McCoy	1,500	\$ 12.80	\$ 19,200	\$ 1,600
Media	1,000	\$ 16.80	\$ 16,800	\$ 1,400
Vacant	6,000	\$ 12.50	\$ 75,000	\$ 6,250
<b>Totals</b>	<b>8,500</b>	<b>\$ 13.06</b>	<b>\$ 111,000</b>	<b>\$ 9,250</b>

Annual Expenses			
Expenses	Gross	%/ Costs	%/Revs
Real Estate Taxes	\$ 12,200	23.64%	
Insurance	\$ 4,200	8.14%	
Utilities	\$ 17,000	32.95%	
Garbage	\$ 3,500	6.78%	
Snow Removal	\$ 3,000	5.81%	
Property Management	\$ 5,550	10.76%	5.00%
Cleaning	\$ 2,400	4.65%	
Bank Charges	\$ 420	0.81%	
CAPEX	\$ 3,330	6.45%	3.00%
<b>Totals</b>	<b>\$ 51,600</b>	<b>100.00%</b>	

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Stabilized Proforma		Gross	%
Gross Potential Revenues		\$ 111,000	100.00%
Vacancy	10.0%	\$ 11,100	10.00%
Effective Gross Revenues		\$ 99,900	90.00%
Expenses		\$ 51,600	46.49%
Net Operating Income		\$ 48,300	43.51%
Valuation		Gross	
Cap Rate	8.00%	\$ 603,750	

Five Year Projections		Year 1	Year 2	Year 3	Year 4	Year 5
Gross Potential Revenues		\$ 111,000	\$ 114,330	\$ 117,760	\$ 121,293	\$ 124,931
Vacancy		\$ 77,700	\$ 57,165	\$ 23,552	\$ 12,129	\$ 12,493
% Vacancy		70.00%	50.00%	20.00%	10.00%	10.00%
<b>Effective Gross Revenues</b>		<b>\$ 33,300</b>	<b>\$ 57,165</b>	<b>\$ 94,208</b>	<b>\$ 109,163</b>	<b>\$ 112,438</b>
Expenses		\$ 51,600	\$ 53,148	\$ 54,742	\$ 56,385	\$ 58,076
Net Operating Income		<b>(\$18,300)</b>	\$4,017	\$39,465	\$52,779	\$54,362
Valuation						
Cap Rate	8.0%				\$659,734	\$679,526
Growth Rate	3.0%					