

Report Type: Hybrid Appraisal - Commercial - Multi Family
Subject Property: 2735 Route 390, Canadensis, PA
Requested By: BP Consultations LLC
Institution: N/A
Request Date: 12/5/2024
Appraisal ID: <2024-15641>

**BP Consultations LLC
2735 Route 390
Canadensis, PA 18325**



 Akravis

1428 Midway Rd

Menasha, WI 54952

question@akrivisteam.com

APPRAISAL SUMMARY

| | |
|---------------------|---|
| This report is for: | BP Consultations LLC |
| Effective Date: | 12/11/2024 |
| Report Date: | 12/26/2024 |
| Subject Photos: | Author reviewed photo provided by the property contact. |

| Approach | Value Indication | Value per residential unit |
|--------------------------------|--------------------|----------------------------|
| Sales Comparison | \$2,035,000 | \$127,162 |
| Income | \$1,556,000 | \$97,241 |
| | | |
| Reconciled Market Value | | |
| As Is | \$1,800,000 | \$112,500 |

Valued As: Fee Simple
Author: Ryan Deleon



Subject Information

| | |
|------------------------|--------------------------------|
| Property Type: | Commercial - Multi Family |
| Address: | 2735 Route 390, Canadensis, PA |
| Parcel ID(s): | 01.25.1.53 |
| Legal Description: | PUMP HOUSE INN/LOT 1 |
| Zoning (if available): | Conservation |
| Assessment: | \$499,600 (2024) |

| | | | |
|---------------------|-----------------|-------------------|---------|
| Surrounding Area: | stable | Market Trend: | stable |
| Real Estate Values: | stable | Area Vacancy: | 0% - 5% |
| FEMA Panel # (Date) | 42089C0128E (-) | In a Flood Plain: | No |

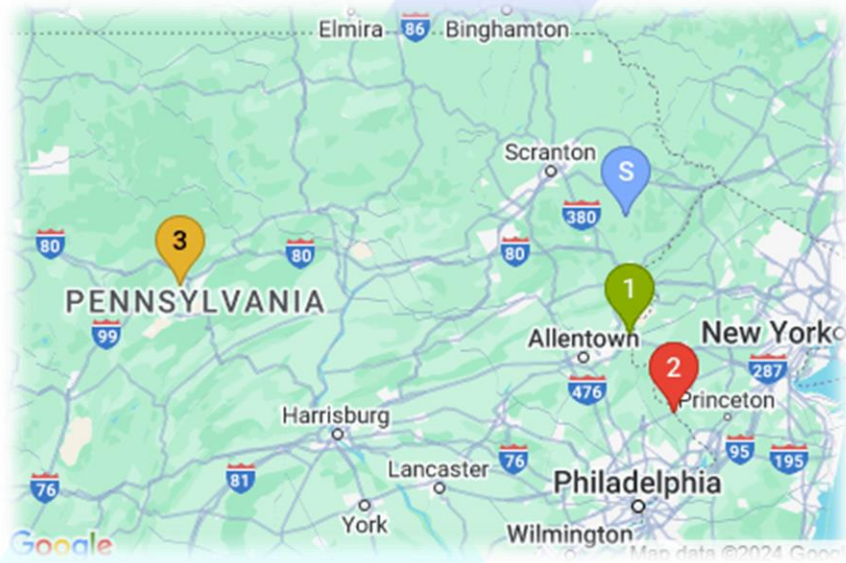
| | |
|----------------------------|---|
| Sales in the past 3 years: | 1 |
| Recent Sale | Sold for \$1,350,000 on 3/22/2022 |
| Offer to Purchase | Offer for \$1,600,000 on 11/27/2024 |
| Sale History | The subject property is not currently for sale and sold most recently on 3/22/2022 for \$1,350,000. An offer to purchase is currently in place for \$1,600,000. This anticipated purchase price is within a probable range of market value. |

| Extraordinary Assumptions and Hypothetical Conditions | |
|--|---|
| Extraordinary Assumptions: | Extraordinary assumptions must be made that the subject interiors are all in average condition and that electrical, mechanical and plumbing systems are in good working order. The value derived in this appraisal may differ if any of these conditions are found to be false. |
| Hypothetical Conditions: | There are no hypothetical conditions made in this appraisal. |
| Marketing Period: | 6-9 months |
| Exposure Time: | 6-9 months |

MAPS

Comparable Sales Map

| Property | Pin | Address | Approx. Distance to Subject |
|----------|-----|--------------------------------------|-----------------------------|
| Subject | S | 2735 Route 390, Canadensis, PA 18325 | N/A |
| Comp 1 | 1 | 525 W Monroe St, Easton, PA 18042 | 42.5 miles |
| Comp 2 | 2 | 117 W Bridge St, New Hope, PA 18938 | 75.7 miles |
| Comp 3 | 3 | 101 W Linn St, Bellefonte, PA 16823 | 152 miles |



Aerial View of Subject



SALES COMPARISON APPROACH

Subject and Comparable Photos

Subject Property

2735 Route 390
Canadensis, PA
9,873 SF / 3.63 acres

**Comparable 1**

525 W Monroe St
Easton, PA
10,453 SF / 0.74 acres

**Comparable 2**

117 W Bridge St
New Hope, PA
4,392 SF / 0.36 acres

**Comparable 3**

101 W Linn St
Bellefonte, PA
10,015 SF / 0.97 acres



Interior Inspection of Subject



| | |
|-------------------------------|------|
| Current Use: | Inn |
| Total Room Count: | - |
| Basement Finish: | - |
| Interior Condition: | Good |
| Recent Interior Remodel Year: | 2022 |
| Exterior Condition: | Good |
| Recent Exterior Remodel Year: | - |

Observer's Dissertation

The subject property was significantly remodeled in 2022 and appears to be in good condition with no obvious signs of deferred maintenance or a need for repairs.

Sales Comparison Approach Grid

| | Subject | Comparable 1 | Adj. | Comparable 2 | Adj. | Comparable 3 | Adj. |
|-----------------------------|---------------------------------|----------------------------------|------|---------------------|------|---|------|
| Address | 2735 Route 390 | 525 W Monroe St | | 117 W Bridge St | | 101 W Linn St | |
| Current Use | Inn | Inn | | Bed and Breakfast | | Bed & Breakfast | |
| Sale Date | 3/22/2022 | 8/31/2023 | 1% | 7/18/2024 | - | 5/22/2024 | 1% |
| Sale Price | \$1,350,000 | \$2,700,000 | | \$1,650,000 | | \$1,924,000 | |
| Time-Adj Sale Price | - | \$2,734,572 | | \$1,656,582 | | \$1,934,671 | |
| Adj \$ per residential unit | - | \$151,920.67 | | \$207,072.75 | | \$175,879.18 | |
| Location | - | superior | -10% | superior | -10% | superior | -10% |
| Site Acres | 3.63 | 0.74 | 3% | 0.36 | 5% | 0.97 | 3% |
| Water Frontage | - | - | - | - | - | - | - |
| Year Built | 1902, 1910, 1930, remod in 2022 | 1895, 1977, remod in 2005 | - | 1833, remod in 2003 | 5% | 1885, remod in 2021 | -5% |
| Const. Quality | Average | Good | -10% | average | - | Very Good | -20% |
| Prop. Condition | Good | average | 5% | average | 5% | Good | - |
| Building SF | | | | | | | |
| Above Grade | 9,873 | 10,453 | - | 4,392 | 5% | 10,015 | - |
| Below Grade (Finished) | - | - | - | - | - | - | - |
| Below Grade Finish | - | - | | - | | - | |
| Outbuilding Value | - | - | - | - | - | - | - |
| Other Attributes | fireplaces | fireplaces / costs to cure-sewer | - | fireplaces | - | 8 fireplaces / carriage house w/ 2 suites and 1 apt | - |
| Units | 16 | 18 | - | 8 | -8% | 11 | -5% |
| Adjusted Value | - | \$141,480 | | \$210,079 | | \$94,419 | |
| Gross Adjustments | - | | 34% | | 38% | | 54% |
| Net Adjustments | - | | -6% | | 1% | | -45% |
| Weight | - | 45% | | 10% | | 45% | |

| | |
|--|--------------------|
| Sales Approach Indicated Value: | \$2,035,000 |
| \$ per residential unit | \$127,162 |

Sales Comparison Approach Dissertation

The subject property is a 16 unit inn named Pump House Inn and Spa located at 2735 Route 390 in Canadensis, Pennsylvania. The 3 story main guest house includes 10 units and was built in 1902. A 2 story duplex includes another 4 units and was built in 1910. A guesthouse cottage includes an additional 3 units and was built in 1930. Remodeling took place in 2022. Three sales with similar features were discovered in a wider geographic search area. These sales have been analyzed and adjusted for differences in comparison with the subject property. Adjustments have been made for differences in attributes toward the attributes of the subject property. An adjustment is first made for changes in market conditions since the time of each sale at 1.0% per year. Additional adjustments were made for differences in location, site size, effective age, quality, condition, building area, number of units and other attributes.

INCOME APPROACH

| | | |
|-------------------------|-----------|-------|
| Income Details | | |
| Gross Rent | \$258,887 | |
| Vacancy | \$83,528 | - |
| Effective Gross Income | \$386,028 | |
| Operating Expenses | | |
| Management Fee | \$55,974 | 14.5% |
| Reserve for Replacement | \$77,206 | |
| Taxes | \$3,000 | |
| Insurance | \$30,685 | |
| Utilities | \$20,000 | |
| Other Expenses | \$15,441 | |
| Total Expenses | \$207,105 | |
| Net Operating Income | \$178,923 | |
| Cap Rate | 11.50% | |

| | |
|--|--------------------|
| Income Approach Indicated Value | \$1,556,000 |
| \$ per residential unit | \$97,241 |

Income Approach Dissertation

Room revenue is derived after reviewing profit and loss information and estimating the ADR at \$75.50 per room night with a 65% occupancy rate to equal RevPAR at approximately \$49.08. Other income and PayPal revenue are also estimated and added to potential room revenue to equal total potential income of \$386,028. Operating expenses are estimated at \$207,105 to equal potential net cash flow of \$178,923. Net cash flow is divided by an overall capitalization rate to equal probable value as derived through the Income Approach. A built-up overall cap rate is estimated utilizing a mortgage rate of 6.75% for a 20 year term with a 75% loan to value ratio and an equity yield desired at 13.0%. An overall capitalization rate of 0.100933 is estimated plus an enterprise risk premium of 150 basis points for the business risk premium included for this type of property. Net cash flow of \$178,923 is divided by a cap rate of 0.115 to equal a value indication of \$1,556,000 as derived through the Income Approach.

PROPERTY TAX BILLS

The subject property's tax bill was not available at the time of this report.



CONCLUSION

The subject is a commercial property that is currently being used as an inn. It is located in a rural area at 2735 Route 390 in Canadensis, PA. We consider the property to be in Good condition and of Average quality of construction. The subject's site is 3.63 acres and has 9,873 square feet of building area. Traffic in the subject's area is low, and in general the subject's area is stable. The author reviewed a photo of the subject provided by the property contact for this report. The subject property has sold 1 time in the past three years. The information for the subject property was obtained from assessor records and resources provided by the client.

We identified three (3) comparable properties in similar locations that have sold. These sales took place between August 2023 and July 2024. We used these three properties as comparable sales to help determine the estimated market value of the subject. For more substance regarding the comparable property selection, please refer to the discussion below the Sales Comparison Grid.

"MARKET VALUE" means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: 12 CFR § 34.42(h) (2022)

Comparable Sale Details

Comparable Sale #1 is a commercial property that sits on 0.74 acres of land, and we consider its location to be superior to the subject's. It is currently being used as an inn. The main structure was built in 1895, 1977, remod in 2005 and has approximately 10,453 square feet of building area. We consider the property to be in average condition and the improvements are of Good quality.

Comparable Sale #2 is a commercial property that sits on 0.36 acres of land, and we consider its location to be superior to the subject's. It is currently being used as a bed and breakfast. The main structure was built in 1833, remod in 2003 and has approximately 4,392 square feet of building area. We consider the property to be in average condition and the improvements are of average quality.

Comparable Sale #3 is a commercial property that sits on 0.97 acres of land, and we consider its location to be superior to the subject's. It is currently being used as a bed & breakfast. The main structure was built in 1885, remod in 2021 and has approximately 10,015 square feet of building area. We consider the property to be in Good condition and the improvements are of Very Good quality.

Akrivis Real Estate Valuation Services

There are three general approaches that can be considered during our appraisal process: the Sales Comparison Approach, the Income Approach, and the Cost Approach. For this appraisal, the approaches utilized were as follows:

| Approach | Value Indication | Value per residential unit |
|--------------------------------|--------------------|----------------------------|
| Sales Comparison | \$2,035,000 | \$127,162 |
| Income | \$1,556,000 | \$97,241 |
| | | |
| Reconciled Market Value | | |
| As Is | \$1,800,000 | \$112,500 |

Author's Final Dissertation

The subject property is a 16 unit inn named Pump House Inn and Spa located at 2735 Route 390 in Canadensis, Pennsylvania. Two approaches, a Sales Comparison Approach and an Income Approach are applicable and are developed. Three sales with similar features were discovered and have been analyzed and adjusted for differences in comparison with the subject property to equal a probable indication of value at \$2,035,000. An Income Approach is also developed and is estimated lower at \$1,556,000. Probable value is concluded between the two indications at \$1,800,000. Personal property is included in this value and is estimated at \$40,000.

Mark Olson provided significant assistance on this report including help with developing adjustments and the income approach.

Highest and Best Use

The subject property's existing bed and breakfast inn is currently most probable as highest and best use.

INTERNAL REVIEW

FIRREA COMPLIANCE

- | | Confirmed |
|---|-------------------------------------|
| 1. Property location was identified. | <input checked="" type="checkbox"/> |
| 2. Description of the property and its current & projected use. | <input checked="" type="checkbox"/> |
| 3. Estimate of the property's market value in its actual physical condition, use, and zoning designation as of the effective date. | <input checked="" type="checkbox"/> |
| 4. What method was used to confirm the property's actual physical condition? | |
| Exterior Inspection | <input checked="" type="checkbox"/> |
| Interior Inspection | <input checked="" type="checkbox"/> |
| Not Inspected – author obtained third-party image(s) of the subject. Client confirmed third-party images are sufficient to determine subject's condition. | <input type="checkbox"/> |
| 5. Substantial dissertation in regard to the analysis used in valuing the property. | <input checked="" type="checkbox"/> |
| 6. Preparer arrived at a reasonable estimate of "Market Value" | <input checked="" type="checkbox"/> |

External sources utilized in this analysis include local public data (e.g. assessors), professional resources (e.g. CoStar, MLS, SDS), third-party real estate market data (e.g. Zillow), and third-party map data (e.g. Google Maps).

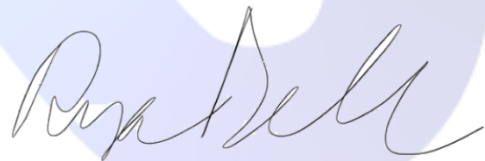
Quality Review of the Report

- | | Confirmed |
|---|-------------------------------------|
| 1. Outbuildings, if applicable, accounted for. | <input checked="" type="checkbox"/> |
| 2. All photos are inserted and verified. | <input checked="" type="checkbox"/> |
| 3. Main page complete with signature. | <input checked="" type="checkbox"/> |
| 4. All requested approaches complete. | <input checked="" type="checkbox"/> |
| 5. Effective date verified. | <input checked="" type="checkbox"/> |
| 6. Dissertations accurate and complete. | <input checked="" type="checkbox"/> |
| 7. Current tax bill inserted. | <input checked="" type="checkbox"/> |
| 8. Conclusion is accurate and complete. | <input checked="" type="checkbox"/> |
| 9. Maps page is accurate and complete. | <input checked="" type="checkbox"/> |
| 10. Interior inspection, if applicable, reviewed. | <input checked="" type="checkbox"/> |

Reviewer's Notes

None

Review Completed By: Ryan Deleon
Review Date: 12/27/2024



TERMS AND CONDITIONS

This report is written as a Restricted Appraisal of real property, meeting (or exceeding) USPAP Standard 2. This report is for exclusive use by its intended user(s): Individual. The intended use is for to be utilized as part of a portfolio liquidation. This Restricted Appraisal may not contain supporting rationale to fully understand the reasons for the opinions and conclusions set forth in this report. The Report contains only brief discussions or statements of the data and analysis used to estimate the market value of the subject property. The scope of the assignment and report content is specific to the needs of the client. The interest being appraised in this case is Fee Simple. Akrivis is not responsible for unauthorized use of this report.

The author reviewed a photo of the subject provided by the property contact for this report.

Three generally accepted approaches to value are usually considered:

- A Sales Comparison Approach is utilized and developed to derive a probable estimate of market value for the subject property because similar sales can be utilized in the market.
- The Income Approach was considered and was also developed as an applicable approach because market lease rates are available to derive stabilized net income.
- The Cost Approach was considered but was not necessary or applicable in this instance because of the difficulty in estimating accrued depreciation.
- In instances where multiple approaches are employed, Akrivis will consider all approaches performed and will reconcile to a final suggested property value for the subject.

Along with an inspection, Akrivis will utilize large commercial databases of comparable real property sales and other data from sources, all of which Akrivis reasonably believes to be reliable. However, no responsibility is assumed for the accuracy of any information supplied by third parties. Location, property condition, construction quality and building square footage will be researched and analyzed. All information will be verified with public records when possible or third party sources deemed to be reliable.

Main Data Source Listing (including, but not limited to)

- | | |
|-----------------------------|--------------------------------|
| 1. CoStar | 6. Assessor Data (.org) |
| 2. SDS (Sales Data Service) | 7. Municipality Assessor |
| 3. LoopNet | 8. Zillow (Residential citing) |
| 4. County Websites | 9. Google Earth |
| 5. ProxyPics | |

Competency Disclosure

The appraiser has the knowledge and appropriate experience to appraise a bed and breakfast inn such as the subject property, but is less familiar with the Mount Pocono and surrounding market. The appraiser took all steps necessary to produce a credible indication of value.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following underlying assumptions and limiting conditions:

1. The appraisal covers only that property legally described in this report, and the areas and dimensions as shown herein are assumed to be correct.
2. The appraisers have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for purposes of assisting the reader in visualizing the property.
3. The appraisers assume no responsibility for matters involving legal or title considerations.
4. It is assumed that the subject property has a marketable title.
5. The data as compiled and utilized in this report have been secured from sources considered to be reliable; however, no responsibility for the accuracy of this information is assumed.
6. Responsible ownership and competent management are assumed.
7. The removal or loss of any portion of this report invalidates the entire appraisal. Further, the allocation of total value to land or to improvements, as shown in this report, is invalidated if used separately in conjunction with any other appraisal.
8. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
9. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field if necessary.
10. The appraiser is held harmless from any liability arising from violations of or noncompliance with the Americans with Disabilities Act.
11. The appraisers are not required to give testimony or to attend court by reason of this appraisal unless prior arrangements have been made.
12. Values for various components of the subject parcel and improvements as contained within the report are valid only when making a summation and are not to be used independently for any purpose and must be considered invalid if so used.
13. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraiser or the applicant and, in any event, only in its entirety.
14. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser, particularly regarding the valuation conclusions and the identity of the appraiser, of the firm with which he is connected, or any of his associates.
15. This appraiser has no present or contemplated future interest in the property appraised. Neither the employment to make the appraisal, nor the compensation derived from it, is contingent upon the appraised value of the property.
16. This appraiser has no personal interest in or bias with respect to the subject matter of the appraisal report or the participants to the sale. The estimate of market value in the appraisal report is not based upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
17. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. Neither may engagement to make this appraisal (or any future appraisals for this client) nor any compensation thereof are contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
18. This appraisal conforms to the Uniform Standards of Professional appraisal Practice (USPAP) adopted by the appraisal Standards Board of the appraisal Foundation in compliance with Title X1 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the parties involved.
- I have not provided services regarding the subject property within the prior 3 years as an appraiser or in any other capacity.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute and the State of Pennsylvania relating to review by its duly authorized representatives.
- I have not personally observed the property that is the subject of this report. An agent of the appraiser physically observed the subject property on 12/11/2024.
- As of the 12/11/2024 observation date, I have completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
- Schuyler Van Dreel provided significant real property appraisal assistance to the appraiser to complete this appraisal.

Author: Ryan Deleon
ryand@akrivisteam.com



Certification Number: GA004794