

Rhode Island: build a defensible buyer NOI

Property / address: _____ Review date: _____

Examples below are hypothetical, not observed market rents, a quoted premium or a loan offer. Write your property values and evidence on the right. This sheet does not save inputs.

Annual budget or acquisition line	Example	Your figure / source / date
Purchase price	\$2,300,000	_____
Scheduled annual apartment rent	\$216,000	_____
Other annual income	\$4,000	_____
Vacancy / concessions / collection loss	\$12,000	_____
Buyer taxes	\$28,000	_____
Insurance	\$14,000	_____
Owner-paid utilities	\$15,000	_____
Recurring maintenance	\$16,000	_____
Management	\$14,000	_____
Administration	\$6,000	_____
Annual NOI before reserves / debt	\$115,000	_____
Loan principal	\$1,380,000	_____
Annual debt service	\$104,670	_____
Annual replacement reserve	\$6,000	_____
Closing costs	\$69,000	_____
Immediate capital work	\$85,000	_____
Total invested cash	\$1,074,000	_____

Example: 10 units x \$1,800 monthly x 12. Debt: 6.5% assumed, 30-year amortization. NOI \$115,000 ÷ price \$2,300,000 = 5.00% cap. Cash after debt and reserves \$4,330 ÷ invested cash \$1,074,000 = 0.40% cash-on-cash. DSCR 1.10 x before / 1.04 x after reserves. Verify the lender numerator.

Immediate work is capital outside NOI. Replacement reserve is deducted below NOI. Add any required initial lender reserve deposit to invested cash. Replace the \$28,000 tax allowance with the buyer's actual classification. Time lead work and turnover against the \$85,000 immediate capital plan and the first year of collections.

Local evidence and property decisions

Registry and lead compliance

RI Department of Health requires landlord rental registration and valid lead documentation for affected pre-1978 housing. Verify the property’s records and applicable exemptions. The registry FAQ explains consequences for nonpayment eviction filings; do not assume an unregistered property can execute the seller’s collection plan.

Buyer tax classification

Providence’s assessor provides classification, owner-occupancy and tax information. Verify the actual municipality, unit category, assessment and buyer eligibility. Do not keep the seller’s owner-occupied treatment in a non-owner-occupied acquisition.

Property risk and coverage

Check the effective parcel flood map and obtain a commercial quote covering the intended rental use, deductible and business-income period. Neither a state average premium nor this example’s allowance establishes coverage.

Comparable-sale audit

Sale / closing date	Location, units, vintage	NOI period / expense convention	Price / cap / adjustments
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Do not average incompatible rates. Identify asks, financed valuations and closed sales separately. Shared provider data is not independent confirmation.

Downside, exit and approval boundary

Value = annual NOI ÷ (cap percent ÷ 100). Total NOI growth is cumulative. Simple property value excludes debt payoff, sale costs, taxes and interim cash flows. Calculate net proceeds separately.

Scenario	NOI / exit cap	Gross value	Net proceeds after payoff / sale costs / tax
Compression	_____	_____	_____
Stable caps	_____	_____	_____
Expansion + lower NOI	_____	_____	_____

What evidence would invalidate my case? _____

Missing documents / responsible person / deadline: _____

Sources and dated coverage limits: vouchermatch.com/rentalcalcs/cap-rates/rhode-island#sources . Consult the report before treating a benchmark as current.