



5 Apartments in Madison Park

1407 McCulloh Street
Madison Park, Baltimore City, 21217

- 1 Three-Bedroom Apartment
- 1 Two-Bedroom Apartment
- 3 One-Bedroom Apartments

» *Property*

BUILT	~1920.
ZONING	R-8, Permitted for 4 Dwelling Units; Licensed for 5 Dwelling Units.
LOT	Block 3444, Lot 028. 18' x 143' 10"
SIZE	3,300 Sq. Ft. Gross Living Area.

» *Interiors*

KITCHENS	Mix of laminate and butcher block countertops with wood cabinets; mix of 20" and 30" gas ranges with one 30" electric range; and stainless steel sinks. Third floor apartment has a built-in microwave. Mix of laminate, hardwood, and ceramic tile floors.
BATHS	Mix of modern vanities and pedestal sinks. Three apartments have steel tubs with ceramic tile surrounds; one apartment has a shower stall with ceramic tile surround; and one apartment has a clawfoot tub. Mix of ceramic tile and vinyl tile floors.
WALLS & CEILINGS	Plaster walls. Ceilings are mostly plaster with some drywall.
FLOORING	Mostly hardwood floors with some laminate plank flooring.
LAUNDRY	In-suite laundry in every apartment.

» *Environmental*

ASBESTOS	None observed.
OIL TANK	None observed.
LEAD STATUS	Risk Reduction lead certificates.

\$475,000 in Fee Simple

\$95,000 per unit, \$144 per sq. ft.

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1407 MCCULLOH STREET

INVESTMENT PROPERTY INCOME AND EXPENSE BUDGET

SUGGESTED FINANCING:			INVESTMENT OFFERING:			475,000
Loan-to-Value			SUGGESTED LOAN AMOUNT			356,250
Loan Amount			ESTIMATED CLOSING COSTS			23,750
Interest Rate			TOTAL INVESTMENT			142,500
Term			Price Per Unit			5
Monthly P & I			Price Per Sq.Ft.			95,000
\$			3,300			144
Unit	Size	Lease Expires	Sec Dep	Sec Dep Date	Current Actual Rent	Market Rent
1F	1 BR	2/28/2026	800	3/23/2024	800	1,000
1R	1 BR	7/31/2026	900	7/7/2024	900	1,000
2F	2 BR	6/30/2026	850	6/26/2025	1,050	1,300
2R	1 BR	6/30/2026	1,050	5/22/2025	850	1,100
3	2 BR	7/31/2026	1,100	5/27/2025	1,100	1,600
Parking	2 Car					50
Tenants Reimburse for Water					70	175
					4,770	6,225
					57,240	74,700
GRM (actual) = 8.3					5.0%	(2,862)
GRM (market) = 6.4					54,378	(3,735)
					54,378	70,965
Real Estate Taxes	actual		7/1/2025	70,200	1,657	
	budget for tax increase			250,000	5,900	
Ground Rent	none				0	
Insurance	budget		750 per unit		3,750	
Leasing and Management	budget		5% of collections		3,548	
License - Baltimore City MFD	actual		35 per unit		175	
License Inspections	budget		75 per unit / 3 yrs		125	
Lead Paint Registration Fee	actual		30 per unit		150	
Repairs & Maintenance	budget		1,000 per unit		5,000	
Public Service Electric	actual		115 per unit/month		1,379	
Public Service Gas	none		0 per month		0	
Water	budget		50 per unit per month		3,000	
Expense/Unit= \$4,940	35%				TOTAL EXPENSES	24,684
Cap Rate= 9.74%					NET OPERATING INCOME	46,281
DCR= 1.60					<i>Less: Mortgage Payments:</i>	28,865
ROI= 12.2%					Annual Cash Flow:	17,416
Monthly Cash Flow:						
address	date sold	sales price	# units	monthly rent	price per unit	GRM
2653 Maryland	Nov-23	745,000	8	7,671	93,125	8.1
1735 Bolton	Jun-25	561,000	6		93,500	
3500 Callaway	Dec-24	576,225	6	7,066	96,038	6.8
601 Whitelock	PENDING	500,000	5		100,000	
1712 Madison	Oct-24	405,300	4		101,325	
1604 Park	Oct-24	830,000	7	8,900	118,571	7.8



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Property offered equally without regard to protected classes, including race, religion, color, creed, sex, marital & family status, and/or disability. Property offering is subject to prior sale & withdrawal at any time in the owner's discretion. Information presented is believed accurate & from reliable sources; however, Owner, Ben Frederick Realty, Inc. nor any of its agents make any warranties or representations regarding this information, the Property; its physical condition, any of its components, nor its financial performance. All information should be considered as observed by Broker. Purchaser is advised to verify all information to Purchaser's satisfaction.

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Illustration of the Four Components of "Return on Investment"

1 Cash Flow

This first and perhaps most obvious component is "cash flow" - rental income minus expenses - or how much cash ends up in your pocket.

70,965	+	Rental Income
24,684	-	Operating Expenses
28,865	-	Mortgage Payments
17,416	=	Cash Flow
142,500	/	Downpayment + Closing Costs
12.2%	=	Return on Investment from Cash Flow

2 Appreciation

As the value of the property increases, your return on investment increases.

475,000	=	Acquisition Price
5%	*	First Year Appreciation
498,750	=	Value at the end of Year 1
23,750	=	Amount of Value Increase
142,500	/	Downpayment + Closing Costs
17%	=	Return on Investment from Appreciation

3 Equity Build-Up

6.50% 25 \$ 2,405.43

Even if the property did not increase in value, Equity will increase solely from paying down the mortgage.

356,250	=	Loan Amount at Closing
350,368	=	Loan Amount at the end of Year 1
5,882	-	Equity Build-Up in Year 1
142,500	/	Downpayment + Closing Costs
4.1%	=	Return on Investment from Equity Build-Up

4 Tax Benefits

One pays less income taxes on a real estate investment than on other investment vehicles.

46,281	=	Cash Flow Before Loan Payments (rents less expenses)
10,094	-	Depreciation (assumes 15% land, 30 year recovery)
22,983	-	Mortgage Interest
13,204	=	Taxable Income Year 1
10,563		Less 20% Exclusion for LLC Ownership under new tax law
37%	*	Marginal Tax Rate
3,908.45	=	Federal Income Tax
3,908		Federal Income Tax
17,416	/	Cash Flow
22.4%	=	Effective Tax Rate on This Investment
6,444	=	Tax if Cash Flow came from a non-preferred investment vehicle
3,908	-	Tax from this preferred investment vehicle.
2,535	=	Income Tax Savings
1.8%		Return on Investment from Tax Savings

Total / Summary

1:	17,416	Cash Flow
2:	23,750	Appreciation Year 1
3:	5,882	Equity Build Up Year 1
4:	2,535	Tax Savings Year 1
	49,583	Total Return from this Investment
	142,500	Downpayment + Closing Costs
	34.8%	Total Return from this Investment

Illustration of Internal Rate of Return over a 10-Year Holding Period
1407 MCCULLOH STREET

Purchase Price	475,000	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Annual Rent	4.0%	74,700	77,688	80,796	84,027	87,388	90,884	94,519	98,300	102,232	106,321
Vacancy	3.0%	2,241	2,331	2,424	2,521	2,622	2,727	2,836	2,949	3,067	3,190
Effective Income		72,459	75,357	78,372	81,507	84,767	88,157	91,684	95,351	99,165	103,132
Expenses	4.0%	24,684	25,671	26,698	27,766	28,877	30,032	31,233	32,482	33,782	35,133
Exp as a percent of Annual Rent		34%	34%	34%	34%	34%	34%	34%	34%	34%	34%
Exp per unit	4	6,171	6,418	6,675	6,942	7,219	7,508	7,808	8,121	8,445	8,783
NOI	0	47,775	49,686	51,673	53,740	55,890	58,126	60,451	62,869	65,383	67,999
Debt Service	\$ 2,405	28,865	28,865	28,865	28,865	28,865	28,865	28,865	28,865	28,865	28,865
Before Tax Cash Flow	(135,375)	18,910	20,821	22,808	24,875	27,025	29,261	31,586	34,004	36,518	398,508
23.7% Internal Rate of Return											
NOI		47,775	49,686	51,673	53,740	55,890	58,126	60,451	62,869	65,383	67,999
Less Interest		22,983	22,589	22,169	21,720	21,242	20,731	20,187	19,605	18,985	18,324
Less Depreciation		12,667	12,667	12,667	12,667	12,667	12,667	12,667	12,667	12,667	12,667
Taxable Income to Individuals		12,125	14,430	16,838	19,353	21,982	24,728	27,597	30,597	33,732	37,009
Pass Thru Entity	20%	(2,425)	(2,886)	(3,368)	(3,871)	(4,396)	(4,946)	(5,519)	(6,119)	(6,746)	(7,402)
Taxable Income	0	9,700	11,544	13,470	15,483	17,585	19,782	22,078	24,477	26,985	29,607
Tax @ *	37%	3,589	4,271	4,984	5,729	6,507	7,319	8,169	9,057	9,985	10,955
After Tax Cash Flow	(135,375)	15,321	16,550	17,824	19,147	20,518	21,941	23,417	24,947	26,534	330,119
19.3% Internal Rate of Return											
Purchase	475,000										
L-V	75%										
Loan	356,250										
Down Payment	118,750										
Cap Improvement	-										
Closing Costs	16,625										
Initial Investment	135,375										
Rate	6.50%										
Term	25										
P&I	\$2,405.43										
Mortgage Amortization											
		1	2	3	4	5	6	7	8	9	10
356,250	Beg Bal	356,250	350,368	344,092	337,396	330,251	322,628	314,494	305,815	296,556	286,676
6.50%	Prin	5,882	6,276	6,696	7,145	7,623	8,134	8,679	9,260	9,880	10,542
25.0	Int	22,983	22,589	22,169	21,720	21,242	20,731	20,187	19,605	18,985	18,324
2,405	Bal EOY	350,368	344,092	337,396	330,251	322,628	314,494	305,815	296,556	286,676	276,134
Cost Recovery / Depreciation											
		475,000	475,000	Building	80%	380,000	Land	20%	95,000	Life	30
		12,667	12,667	12,667	12,667	12,667	12,667	12,667	12,667	12,667	12,667
Basis		462,333	449,667	437,000	424,333	411,667	399,000	386,333	373,667	361,000	348,333

* Tax rate of 35% applies to income of \$200,001 to \$500,000 for singles; \$400,001 to \$600,000 for married filing jointly. Marginal rate above \$500k/\$600k is 37%.