BEN FREDERICK REALTY
BALTIMORE'S APARTMENT PROPERTY SPECIALIST

4 Apartments

885 West Lombard Street
Hollins Market, Baltimore City, 21201

2 One-Bedroom Apartments
1 One-Bedroom Apartment w/ Den
1 Studio Apartment

» Property

BUILT	~1900.
ZONING	R-8, Licensed for 4 Dwelling Units.
LOT	18' x 132'3"; Block 0253, Lot 045.
SIZE	3,705 Sq. Ft. Gross Living Area.

» Interiors

KITCHENS	Kitchens include wood cabinetry, primarily laminate countertops, stainless-steel sinks, and either 20-inch or 30-inch gas ranges. The studio apartment has a 30-inch electric range.
BATHS	All bathrooms include modern vanities. Bathtubs are fiberglass or steel; one apartment has a shower stall.
WALLS & CEILINGS	Walls and ceilings are a mixture of plaster and drywall. The studio apartment also features exposed brick.
FLOORS	Living areas have laminate flooring throughout. Kitchens and bathrooms have either ceramic tile or laminate flooring.

» Exterior

CONSTRUCT	Brick construction.
ROOF	Rubber roof with aluminum fibre coating.
WINDOWS	Vinyl replacement windows throughout.
PARKING	Garage parking for 2 cars.
FIRE ESCAPE	Steel fire escape at rear.

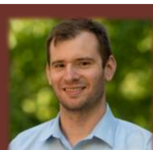
» Utilities

HEAT	Three apartments have individual gas-fired furnaces; one of these apartments also has central air conditioning. The fourth apartment is served by an electric wall unit providing both heat and air conditioning.
HOT WATER	Two electric water heaters and two gas-fired water heaters.
ELECTRIC	5 electric meters.
GAS	3 gas meters.
PLUMBING	Observable supply lines are C-PVC; observable drain lines are PVC.
TRASH	Baltimore City trash and recycling pickup included in property taxes.

» Environmental

LEAD-BASED PAINT	Full Risk Reduction lead certificates meeting MDE standards on file.
OILTANKS	None observed.
ASBESTOS	None observed.





Will Cannon
410-916-3331

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410-235-9600

Tom Fair
410-235-5200

$425,000 *in Fee Simple.*

$106,250 per unit, $115 per sq. ft.

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885 WEST LOMBARD STREET

INVESTMENT PROPERTY INCOME AND EXPENSE BUDGET

SUGGESTED FINANCING:			INVESTMENT OFFERING:		425,000
Loan-to-Value		75%	SUGGESTED LOAN AMOUNT		318,750
Loan Amount		318,750	ESTIMATED CLOSING COSTS		21,250
Interest Rate		6.50%	TOTAL INVESTMENT		127,500
Term		30	**Price Per Unit**	**4**	**106,250**
Monthly P & I	$	2,014.72	**Price Per Sq.Ft.**	**3,705**	**115**

Unit	Size	Lease Expires	Sec Dep	Sec Dep Date	Current Actual Rent	Market Rent
1	1 BR + Den					1,450
2A	Studio	1/31/2027	800	1/21/2026	850	900
2B	1 BR	2/27/2027	775	2/12/2020	975	1,025
3	1 BR	5/30/2027	900	5/8/2022	995	1,025
Garage	2 Car					250
Tenant Utility Reimbursement					-	266
GRM (actual) = 12.6	Total Monthly Rental Income				2,820	4,916
GRM (market) = 7.2	Total Gross Annual Income				33,840	58,994

Real Estate Taxes	actual	7/1/2026	288,900	6,818	
Budget for Tax Increase			75,000	1,770	
Special Benefits District Surcharge				361	
Ground Rent	fee simple			0	
Insurance	budget	750	per unit	3,000	
License - Baltimore City MFD	actual	35	per apt	140	
License Inspections	budget	75	per apt / 2 yrs	150	
Lead Paint Registration Fee	actual	75	per apt / 2 yrs	150	
Repairs & Maintenance	budget	1,000	per unit	4,000	
Public Service Electric	actual	26	per month	314	
Public Service Gas	none	0	per month	0	
Water	budget	60	per unit/month	2,880	
Expense/Unit= $4,900	33%			***TOTAL EXPENSES***	***19,583***
Cap Rate= 9.27%				***NET OPERATING INCOME***	***39,411***
DCR= 1.63				*Less: Mortgage Payments:*	24,177
ROI= 11.9%	***Monthly Cash Flow:***		***$1,270***	***Annual Cash Flow:***	***15,234***

COMPARABLE SALES

address	date sold	price	units	monthly rent	price per unit	GRM
1433 W Lombard	Mar-26	435,000	4	4,200	108,750	8.6
871 Hollins	Apr-25	375,000	3	2,730	125,000	11.4
645 Washington	Oct-25	542,500	4	4,885	135,625	9.3
645 N Paca	Apr-26	420,000	3	3,310	140,000	10.6



Will Cannon 410-235-9500
Cheryl Sadera 410-235-9600
Tom Fair 410-235-5200

Ben Frederick Realty, Inc., Seller's Exclusive Broker
visit: https://BenFrederick.com

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.

58,994	+	Rental Income
19,583	-	Operating Expenses
24,177	-	Mortgage Payments
15,234	=	Cash Flow
127,500	/	Downpayment + Closing Costs
11.9%	=	Return on Investment from Cash Flow

2 Appreciation

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

425,000	=	Acquisiton Price
5%	*	First Year Appreciation
446,250	=	Value at the end of Year 1.
21,250	=	Amount of Value Increase
127,500	/	Downpayment + Closing Costs
17%	=	Return on Investment from Appreciation

3 Equity Build-Up 6.50% 30 $ 2,014.72

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

318,750	=	Loan Amount at Closing
315,187	=	Loan Amount at the end of Year 1
3,563	-	Equity Build-Up in Year 1
127,500	/	Downpayment + Closing Costs
2.8%	=	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.

39,411	=	Cash Flow Before Loan Payments (rents less expenses)
12,042	-	Depreciation (assumes 15% land, 30 year recovery)
20,614	-	Mortgage Interest
6,755	=	Taxable Income Year 1
5,404		Less 20% Exclusion for LLC Ownership under new tax law
37%	*	Marginal Tax Rate
1,999.57	=	Federal Income Tax
2,000		Federal Income Tax
15,234	/	Cash Flow
13.1%	=	Effective Tax Rate on This Investment
5,637	=	Tax if Cash Flow came from a non-preferred investment vehicle
2,000	-	Tax from this preferred investment vehicle.
3,637	=	Income Tax Savings
2.9%		Return on Investment from Tax Savings

Total / Summary

1:	15,234	Cash Flow
2:	21,250	Appreciation Year 1
3:	3,563	Equity Build Up Year 1
4:	3,637	Tax Savings Year 1
	43,684	Total Return from this Investment
	127,500	Downpayment + Closing Costs
	34.3%	Total Return from this Investment

Illustration of Internal Rate of Return over a 10-Year Holding Period
8 8 5 W E S T L O M B A R D S T R E E T

Purchase Price	**425,000**	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Annual Rent	4.0%	58,994	61,354	63,808	66,360	69,015	71,775	74,646	77,632	80,737	83,967
Vacancy	3.0%	1,770	1,841	1,914	1,991	2,070	2,153	2,239	2,329	2,422	2,519
Effective Income		57,224	59,513	61,894	64,369	66,944	69,622	72,407	75,303	78,315	81,448
Expenses	4.0%	19,583	20,366	21,181	22,028	22,910	23,826	24,779	25,770	26,801	27,873
Exp as a percent of Annual Rent		34%	34%	34%	34%	34%	34%	34%	34%	34%	34%
Exp per unit	4	4,896	5,092	5,295	5,507	5,727	5,956	6,195	6,443	6,700	6,968
NOI	0	37,641	39,147	40,713	42,341	44,035	45,796	47,628	49,533	51,514	53,575
Debt Service	$ 2,015	24,177	24,177	24,177	24,177	24,177	24,177	24,177	24,177	24,177	24,177
Before Tax Cash Flow	**(127,500)**	**13,464**	**14,970**	**16,536**	**18,164**	**19,858**	**21,619**	**23,451**	**25,356**	**27,338**	**327,787**
19.8% Internal Rate of Return											
NOI		37,641	39,147	40,713	42,341	44,035	45,796	47,628	49,533	51,514	53,575
Less Interest		20,614	20,375	20,121	19,849	19,559	19,250	18,920	18,568	18,192	17,792
Less Depreciation		11,333	11,333	11,333	11,333	11,333	11,333	11,333	11,333	11,333	11,333
Taxable Income to Individuals		5,694	7,438	9,259	11,159	13,142	15,213	17,375	19,632	21,989	24,450
Pass Thru Entity	20%	(1,139)	(1,488)	(1,852)	(2,232)	(2,628)	(3,043)	(3,475)	(3,926)	(4,398)	(4,890)
Taxable Income	0	4,555	5,950	7,407	8,927	10,514	12,170	13,900	15,705	17,591	19,560
Tax @ *	37%	1,685	2,202	2,741	3,303	3,890	4,503	5,143	5,811	6,509	7,237
After Tax Cash Flow	**(127,500)**	**11,779**	**12,768**	**13,795**	**14,861**	**15,968**	**17,116**	**18,308**	**19,545**	**20,829**	**269,161**
16.4% Internal Rate of Return											
Purchase	425,000							**Assume a Sale at End of Year 10**			
L-V	75%							Annual Rent Roll			83,967
Loan	318,750							GRM			7.2
Down Payment	106,250				annual appreciation		3.6%	Price			604,908
Cap Improvement	-							Sale Costs		6%	36,294
Closing Costs	21,250							Less: Basis			311,667
Initial Investment	127,500							Gain			256,946
Rate	6.50%							Tax @		20%	51,389
Term	30							Mortgage Balance			270,224
P&I	$2,014.72							Sale Proceeds Before Tax			298,389
								Sale Proceeds After Tax			247,000
Mortgage Amortization		1	2	3	4	5	6	7	8	9	10
318,750	Beg Bal	318,750	315,187	311,386	307,330	303,002	298,385	293,458	288,202	282,593	276,609
6.50%	Prin	3,563	3,801	4,056	4,328	4,617	4,927	5,257	5,609	5,984	6,385
30.0	Int	20,614	20,375	20,121	19,849	19,559	19,250	18,920	18,568	18,192	17,792
2,015	Bal EOY	315,187	311,386	307,330	303,002	298,385	293,458	288,202	282,593	276,609	270,224
Cost Recovery / Depreciation		425,000	425,000	Building	80%	340,000	Land	20%	85,000	**Life**	**30**
		11,333	11,333	11,333	11,333	11,333	11,333	11,333	11,333	11,333	11,333
Basis		413,667	402,333	391,000	379,667	368,333	357,000	345,667	334,333	323,000	311,667

* Tax rate of 35% applies to income of $256,225 to $640,599 for singles; $512,450 to $768,699 for married filing jointly. Marginal rate above $640,600/$768,700 is 37%.

STATE OF MARYLAND REAL ESTATE COMMISSION

Understanding Whom Real Estate Agents Represent

THIS NOTICE IS NOT A CONTRACT

In this form "seller" includes "landlord"; "buyer" includes "tenant"; and "purchase" or "sale" includes "lease"

Agents Who Represent the Seller

Seller's Agent: A seller's agent works for the real estate company that lists and markets the property for the sellers and exclusively represents the sellers. A seller's agent may assist the buyer in purchasing the property, but his or her duty of loyalty is only to the seller.

Subagent: A Subagent means a licensed real estate broker, licensed associate real estate broker, or licensed real estate salesperson who is not affiliated with or acting as the listing real estate broker for a property, is not a buyer's agent, has a brokerage relationship with the seller, and assists a prospective buyer in the acquisition of real estate for sale in a non-brokerage relationship capacity. The subagent works for a real estate company different from the company for which the seller's agent works. The subagent can assist a buyer in purchasing a property, but his or her duty of loyalty is only to the seller.

<u>If you are viewing a property and you have not signed a Brokerage Agreement, that agent represents the seller</u>

Agents Who Represent the Buyer

Buyer's Agent: A buyer may enter into a written contract with a real estate broker which provides that the broker will represent the buyer in locating a property to buy. The agent from that broker's company is then known as the buyer's agent. The buyer's agent assists the buyer in evaluating properties and preparing offers and developing negotiation strategies and works in the best interest of the buyer. The agent's fee is paid according to the written agreement between the broker and the buyer. If you as a buyer wish to have an agent represent you, you must enter into a written brokerage agreement.

Dual Agents

The possibility of **dual agency** arises when the buyer's agent and the seller's agent both work for the same real estate company, and the buyer is interested in property listed by that company. The real estate broker or the broker's designee, is called the "dual agent." Dual agents do not act exclusively in the interests of either the seller or buyer, and therefore cannot give undivided loyalty to either party. There may be a conflict of interest because the interests of the seller and buyer may be different or adverse.

If both seller and buyer agree to dual agency by signing a Consent For Dual Agency form, the "dual agent" (the broker or the broker's designee) shall assign one agent to represent the seller (the seller's "intra-company agent") and another agent to represent the buyer (the buyer's "intra-company agent"). Intra-company agents are required to provide the same services to their clients that agents provide in transactions not involving dual agency, including advising their clients as to price and negotiation strategies.

If either party does not agree to dual agency, the real estate company must withdraw the brokerage agreement for that particular property with either the buyer or seller, or both. If the seller's agreement is terminated, the seller must then either represent him or herself or arrange to be represented by an agent from another real estate broker/company. If the brokerage agreement is terminated, the buyer may choose to enter into a written brokerage agreement with a different broker/company. Alternatively, the buyer may choose not to be represented but simply to receive assistance from the seller's agent, from another agent in that company, or from a subagent from another company.

No matter what type of agent you choose to work with, you have the following rights and responsibilities in selling or buying property:

>Real estate agents are obligated by law to treat all parties to a real estate transaction honestly and fairly. They must exercise reasonable care and diligence and maintain the confidentiality of clients. They must not discriminate in the offering of properties; they must promptly present each written offer or counteroffer to the other party; and they must answer questions truthfully.

>Real estate agents must disclose all material facts that they know or should know relating to a property. An agent's duty to maintain confidentiality does not apply to the disclosure of material facts about a property.

>All agreements with real estate brokers and agents must be in writing and explain the duties and obligations of both the broker and the agent. The agreement must explain how the broker and agent will be paid and any fee-sharing agreements with other brokers.

>You have the responsibility to protect your own interests. **You should carefully read all agreements** to make sure they accurately reflect your understanding. A real estate licensee is qualified to advise you on real estate matters only. If you need legal or tax advice, it is your responsibility to consult a licensed attorney or accountant.

Any complaints about a real estate licensee may be filed with the Real Estate Commission at 500 North Calvert Street, Baltimore, MD 21202. (410) 230-6230.

We, the ☐ Sellers/Landlord ☑ Buyers/Tenants acknowledge receipt of a copy of this disclosure

and that **Ben Frederick Realty, Inc.** (firm name)

and **Will Cannon** (salesperson) are working as:

(You may check more than one box but not more than two)

- ☒ seller/landlord's agent
- ☐ subagent of the Seller
- ☐ buyer's /tenant's agent

Signature (Date) Signature (Date)

* *

I certify that on this date I made the required agency disclosure to the individuals identified below and they were **unable or unwilling** to acknowledge receipt of a copy of this disclosure statement.

Name of Individual to whom disclosure made Name of Individual to whom disclosure made

Agent's Signature (Date)

Rev. 10/1/2019