BEN FREDERICK REALTY
BALTIMORE'S APARTMENT PROPERTY SPECIALIST

4 Apartments

2 Two-Bedroom Apartments
1 One-Bedroom Apartment
1 Studio Apartment

2507 North Charles Street
Charles Village, Baltimore City, 21218

» Property

BUILT	~1900.
ZONING	C-1 zoning. Licensed for 4 dwelling units. 1st-floor is also permitted for commercial use.
LOT	16'6" x 90'. Block 3831, Lot 019.
SIZE	3,024 sq. ft. above grade living area.

» Exterior

CONSTRUCT	Brick construction with Formstone facade.
ROOF	Rubber roof, replaced in 2024.
WINDOWS	Mostly single-pane wood windows. Unit 3F has vinyl replacement windows.
PARKING	Street parking.
FIRE ESCAPE	Steel fire escape at rear.

» Utilities

HEAT	Central Utica gas-fired boiler with hot water circulation and radiator distribution.
HOT WATER	Central gas-fired 40-gallon water heater.
ELECTRIC	4 electric meters.
GAS	5 gas meters.
PLUMBING	Observable plumbing supply lines are copper. Observable drain lines are PVC and steel.
TRASH	Baltimore City trash and recycling pickup included in property taxes.

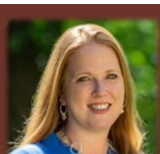
» Interiors

KITCHENS	Kitchens have laminate countertops and wood cabinetry. Gas ranges are either 20-inch or 30-inch models.
BATHS	Bathrooms have mostly modern vanities with one pedestal sink. Two clawfoot tubs; one fiberglass tub; one shower stall.
WALLS & CEILINGS	Walls are primarily plaster. Apartment 3R features an exposed brick accent wall. Ceilings are plaster with some Celotex panels.
FLOORS	Living areas have either hardwood or vinyl flooring. Kitchens and bathrooms have vinyl flooring.

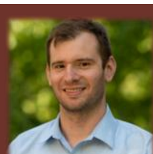
» Environmental

LEAD-BASED PAINT	Full Risk Reduction Certificates are on file for the occupied apartments.
OIL TANKS	Two abandoned oil tanks in basement.
ASBESTOS	None observed.

Will Cannon
410-916-3331



Cheryl Sadera
410-235-9600



Tom Fair
410-235-5200

***$365,000** in Fee Simple.*
$91,250 per unit. $121 per sq. ft.

BEN FREDERICK REALTY
BALTIMORE'S APARTMENT PROPERTY SPECIALIST

2507 NORTH CHARLES STREET

INVESTMENT PROPERTY INCOME AND EXPENSE BUDGET

SUGGESTED FINANCING:			INVESTMENT OFFERING:		365,000
Loan-to-Value		75%	SUGGESTED LOAN AMOUNT		273,750
Loan Amount		273,750	ESTIMATED CLOSING COSTS		18,250
Interest Rate		6.50%	TOTAL INVESTMENT		109,500
Term		30	**Price Per Unit**	**4**	**91,250**
Monthly P & I	$	1,730.29	**Price Per Sq.Ft.**	**3,024**	**121**

Unit	Size	Lease Expires	Sec Dep	Sec Dep Date	Current Actual Rent	Market Rent
1	2 BR	monthly	950	4/26/2024	950	1,200
2	2 BR					1,200
3F	Studio	monthly	600	8/2/2022	620	850
3R	1 BR					1,075
GRM (actual) = 19.4	Total Monthly Rental Income				1,570	4,325
GRM (market) = 7.0	Total Gross Annual Income				18,840	51,900

Real Estate Taxes	actual	7/1/2027	221,000	5,216	
Budget for Tax Increase			50,000	1,180	
Special Benefits District Surcharge				276	
Ground Rent	none			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	21	per month	248	
Public Service Gas	actual	247	per month	2,960	
Water	budget	60	per unit / month	2,880	
Expense/Unit= $5,050	39%			***TOTAL EXPENSES***	***20,200***
Cap Rate= 8.68%				***NET OPERATING INCOME***	***31,700***
DCR= 1.53				*Less: Mortgage Payments:*	20,763
ROI= 10.0%	***Monthly Cash Flow:***		***$911***	***Annual Cash Flow:***	***10,937***

COMPARABLE SALES

address	date sold	price	units	monthly rent	price per unit	GRM
2720 Calvert	Apr-26	313,000	4	3,065	78,250	8.5
2528 Maryland	Mar-25	375,000	4	3,530	93,750	8.9
2708 Maryland	PENDING	305,000	3	1,905	101,667	13.3
2651 Maryland	Nov-25	305,000	3		101,667	
2903 Saint Paul	Mar-26	408,000	4	2,970	102,000	11.4



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

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.

51,900	+	Rental Income
20,200	-	Operating Expenses
20,763	-	Mortgage Payments
10,937	=	Cash Flow
109,500	/	Downpayment + Closing Costs
10.0%	=	Return on Investment from Cash Flow

2 Appreciation

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

365,000	=	Acquisiton Price
5%	*	First Year Appreciation
383,250	=	Value at the end of Year 1.
18,250	=	Amount of Value Increase
109,500	/	Downpayment + Closing Costs
17%	=	Return on Investment from Appreciation

3 Equity Build-Up 6.50% 30 $ 1,730.29

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

273,750	=	Loan Amount at Closing
270,690	=	Loan Amount at the end of Year 1
3,060	-	Equity Build-Up in Year 1
109,500	/	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.

31,700	=	Cash Flow Before Loan Payments (rents less expenses)
10,342	-	Depreciation (assumes 15% land, 30 year recovery)
17,704	-	Mortgage Interest
3,655	=	Taxable Income Year 1
2,924		Less 20% Exclusion for LLC Ownership under new tax law
37%	*	Marginal Tax Rate
1,081.83	=	Federal Income Tax
1,082		Federal Income Tax
10,937	/	Cash Flow
9.9%	=	Effective Tax Rate on This Investment
4,047	=	Tax if Cash Flow came from a non-preferred investment vehicle
1,082	-	Tax from this preferred investment vehicle.
2,965	=	Income Tax Savings
2.7%		Return on Investment from Tax Savings

Total / Summary

1:	10,937	Cash Flow
2:	18,250	Appreciation Year 1
3:	3,060	Equity Build Up Year 1
4:	2,965	Tax Savings Year 1
	35,211	Total Return from this Investment
	109,500	Downpayment + Closing Costs
	32.2%	Total Return from this Investment

Illustration of Internal Rate of Return over a 10-Year Holding Period											
2 5 0 7 N O R T H C H A R L E S S T R E E T											
Purchase Price	**365,000**	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Annual Rent	4.0%	51,900	53,976	56,135	58,380	60,716	63,144	65,670	68,297	71,029	73,870
Vacancy	3.0%	1,557	1,619	1,684	1,751	1,821	1,894	1,970	2,049	2,131	2,216
Effective Income		50,343	52,357	54,451	56,629	58,894	61,250	63,700	66,248	68,898	71,654
Expenses	4.0%	20,200	21,008	21,848	22,722	23,631	24,576	25,559	26,582	27,645	28,751
Exp as a percent of Annual Rent		40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Exp per unit	4	5,050	5,252	5,462	5,681	5,908	6,144	6,390	6,645	6,911	7,188
NOI	0	30,143	31,349	32,603	33,907	35,263	36,674	38,141	39,666	41,253	42,903
Debt Service	$ 1,730	20,763	20,763	20,763	20,763	20,763	20,763	20,763	20,763	20,763	20,763
Before Tax Cash Flow	**(109,500)**	**9,380**	**10,585**	**11,839**	**13,144**	**14,500**	**15,910**	**17,377**	**18,903**	**20,490**	**278,403**
18.1% Internal Rate of Return											
NOI		30,143	31,349	32,603	33,907	35,263	36,674	38,141	39,666	41,253	42,903
Less Interest		17,704	17,499	17,280	17,047	16,798	16,532	16,249	15,947	15,624	15,280
Less Depreciation		9,733	9,733	9,733	9,733	9,733	9,733	9,733	9,733	9,733	9,733
Taxable Income to Individuals		2,706	4,117	5,589	7,127	8,732	10,408	12,158	13,986	15,896	17,890
Pass Thru Entity	20%	(541)	(823)	(1,118)	(1,425)	(1,746)	(2,082)	(2,432)	(2,797)	(3,179)	(3,578)
Taxable Income	0	2,165	3,293	4,472	5,701	6,986	8,326	9,727	11,189	12,716	14,312
Tax @ *	37%	801	1,219	1,654	2,110	2,585	3,081	3,599	4,140	4,705	5,295
After Tax Cash Flow	**(109,500)**	**8,579**	**9,367**	**10,185**	**11,034**	**11,915**	**12,830**	**13,778**	**14,763**	**15,784**	**228,974**
15.1% Internal Rate of Return											
Purchase	365,000							**Assume a Sale at End of Year 10**			
L-V	75%							Annual Rent Roll			73,870
Loan	273,750							GRM			7.0
Down Payment	91,250				annual appreciation		3.6%	Price			519,509
Cap Improvement	-							Sale Costs		6%	31,171
Closing Costs	18,250							Less: Basis			267,667
Initial Investment	109,500							Gain			220,672
Rate	6.50%							Tax @		20%	44,134
Term	30							Mortgage Balance			232,075
P&I	$1,730.29							Sale Proceeds Before Tax			256,264
								Sale Proceeds After Tax			212,129
Mortgage Amortization		1	2	3	4	5	6	7	8	9	10
273,750	Beg Bal	273,750	270,690	267,426	263,942	260,226	256,260	252,029	247,514	242,698	237,558
6.50%	Prin	3,060	3,265	3,483	3,717	3,966	4,231	4,514	4,817	5,139	5,484
30.0	Int	17,704	17,499	17,280	17,047	16,798	16,532	16,249	15,947	15,624	15,280
1,730	Bal EOY	270,690	267,426	263,942	260,226	256,260	252,029	247,514	242,698	237,558	232,075
Cost Recovery / Depreciation		365,000	365,000	Building	80%	292,000	Land	20%	73,000	**Life**	**30**
		9,733	9,733	9,733	9,733	9,733	9,733	9,733	9,733	9,733	9,733
Basis		355,267	345,533	335,800	326,067	316,333	306,600	296,867	287,133	277,400	267,667
* 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.

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

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