BEN FREDERICK REALTY
BALTIMORE'S APARTMENT PROPERTY SPECIALIST

4 Apartments

3211 Guilford Avenue
Charles Village, Baltimore City, 21218

3 One-Bedroom Apartments
1 Studio Apartment

» *Property*

BUILT	~1900.
ZONING	R-6. Licensed for 4 Dwelling Units.
LOT	Block 3782B, Lot 035.
SIZE	2,094 Sq. Ft. Gross Living Area.

» *Exterior*

CONSTRUCT	Brick construction.
ROOF	Pitched roofs on front are asphalt shingle. Upper flat roofs are rubber.
WINDOWS	Single-pane wood windows throughout both buildings.
PARKING	Street parking.
FIRE ESCAPE	Steel fire escape at rear.

» *Utilities*

HEAT	Central oil-fired boiler with hot water circulation and radiator distribution.
HOT WATER	Individual gas-fired water heaters for each apartment; 2021 or newer.
ELECTRIC	5 electric meters.
GAS	4 Gas meters
PLUMBING	Observable supply lines are copper. Observable drain lines are PVC or steel.
TRASH	Baltimore City trash and recycling pickup included in property taxes.

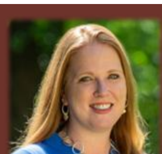
» *Interiors*

KITCHENS	Kitchens have laminate counters, wood cabinets, steel sinks and either 20" or 30" gas ranges.
BATHS	Bathrooms have a mix of pedestal sinks, wall-mounted sinks and modern vanities. Tubs are a mix of claw-foot, steel and cast-iron tubs. Tub surrounds vary between fiberglass and ceramic tile.
WALLS & CEILINGS	Mostly plaster walls and ceilings. Some Celotex and suspended grid ceilings.
FLOORING	Living spaces have hardwood or vinyl flooring. Kitchens and bathrooms have vinyl tile or ceramic tile flooring.

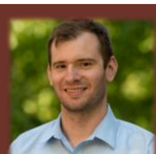
» *Environmental*

OIL TANK	Active 275-gallon oil tank in basement.
LEAD	Risk Reduction certificates per MDE standard.
ASBESTOS	None observed.

Will Cannon
410-916-3331



Cheryl Sadera
410-235-9600



Tom Fair
410-235-5200

***$455,000* in Fee Simple**

$113,750 per unit, $217 per sq. ft.

BFR BEN FREDERICK REALTY
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3211 GUILFORD AVENUE

INVESTMENT PROPERTY INCOME AND EXPENSE BUDGET

SUGGESTED FINANCING:			INVESTMENT OFFERING:		455,000
Loan-to-Value		75%	SUGGESTED LOAN AMOUNT		341,250
Loan Amount		341,250	ESTIMATED CLOSING COSTS		22,750
Interest Rate		6.50%	TOTAL INVESTMENT		136,500
Term		30	**Price Per Unit**	**4**	**113,750**
Monthly P & I	$	2,156.93	**Price Per Sq.Ft.**	**2,094**	**217**

Unit	Size	Lease Expires	Sec Dep	Sec Dep Date	Current Actual Rent	Market Rent
3211 - 1	1 BR	3/1/2027	750	2/23/2018	750	1,250
3211 - 2	1 BR	month-to-month	1,500	11/29/2021	750	1,250
3211 - 3	1 BR	month-to-month	1,300	11/6/2023	650	1,250
3211 - B	Studio	month-to-month	550	9/18/2017	550	900
Parking - 3211	1 Surface					50
Tenant Utility Reimbursement					-	491
GRM (actual) = 14.0	Total Monthly Rental Income				2,700	5,191
GRM (market) = 7.3	Total Gross Annual Income				32,400	62,288

Real Estate Taxes		7/1/2026	243,467	5,746	
Budget for Tax Increase			100,000	2,360	
Special Benefits District Surcharge				299	
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 Gas	none	0	per month	0	
Oil	actual	2,716	per season	2,716	
Public Service Electric	actual	24	per month	292	
Water	budget	60	per unit / month	2,880	
Expense/Unit= $5,440	35%			***TOTAL EXPENSES***	***21,733***
Cap Rate= 8.91%				***NET OPERATING INCOME***	***40,555***
DCR= 1.57				*Less: Mortgage Payments:*	25,883
ROI= 10.7%		***Monthly Cash Flow:***	***$1,223***	***Annual Cash Flow:***	***14,672***

COMPARABLE SALES

address	date sold	price	units	monthly rent	price per unit	GRM
3311 Guilford	Sep-25	549,000	4	4,269	137,250	10.7
3001 N Calvert	May-26	550,000	4	3,445	137,500	13.3
3433 Guilford	May-26	560,000	4	5,260	140,000	8.9
2924 Saint Paul	PENDING	570,000	4	3,715	142,500	12.8
2802 Saint Paul	May-25	600,000	4	5,995	150,000	8.3


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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.

62,288	+	Rental Income
21,733	-	Operating Expenses
25,883	-	Mortgage Payments
14,672	=	Cash Flow
136,500	/	Downpayment + Closing Costs
10.7%	=	Return on Investment from Cash Flow

2 ***Appreciation***

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

455,000	=	Acquisiton Price
5%	*	First Year Appreciation
477,750	=	Value at the end of Year 1.
22,750	=	Amount of Value Increase
136,500	/	Downpayment + Closing Costs
17%	=	Return on Investment from Appreciation

3 ***Equity Build-Up*** 6.50% 30 $ 2,156.93

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

341,250	=	Loan Amount at Closing
337,436	=	Loan Amount at the end of Year 1
3,814	-	Equity Build-Up in Year 1
136,500	/	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.

40,555	=	Cash Flow Before Loan Payments (rents less expenses)
12,892	-	Depreciation (assumes 15% land, 30 year recovery)
22,069	-	Mortgage Interest
5,594	=	Taxable Income Year 1
4,476		Less 20% Exclusion for LLC Ownership under new tax law
37%	*	Marginal Tax Rate
1,655.96	=	Federal Income Tax
1,656		Federal Income Tax
14,672	/	Cash Flow
11.3%	=	Effective Tax Rate on This Investment
5,429	=	Tax if Cash Flow came from a non-preferred investment vehicle
1,656	-	Tax from this preferred investment vehicle.
3,773	=	Income Tax Savings
2.8%		Return on Investment from Tax Savings

Total / Summary

1:	14,672	Cash Flow
2:	22,750	Appreciation Year 1
3:	3,814	Equity Build Up Year 1
4:	3,773	Tax Savings Year 1
	45,009	Total Return from this Investment
	136,500	Downpayment + Closing Costs
	33.0%	Total Return from this Investment

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

3 2 1 1 G U I L F O R D A V E N U E

Purchase Price	**455,000**	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Annual Rent	4.0%	62,288	64,780	67,371	70,066	72,868	75,783	78,814	81,967	85,245	88,655
Vacancy	3.0%	1,869	1,943	2,021	2,102	2,186	2,273	2,364	2,459	2,557	2,660
Effective Income		60,419	62,836	65,350	67,964	70,682	73,509	76,450	79,508	82,688	85,996
Expenses	4.0%	21,733	22,602	23,506	24,447	25,424	26,441	27,499	28,599	29,743	30,933
Exp as a percent of Annual Rent		36%	36%	36%	36%	36%	36%	36%	36%	36%	36%
Exp per unit	4	5,433	5,651	5,877	6,112	6,356	6,610	6,875	7,150	7,436	7,733
NOI	0	38,686	40,234	41,843	43,517	45,258	47,068	48,951	50,909	52,945	55,063
Debt Service	$ 2,157	25,883	25,883	25,883	25,883	25,883	25,883	25,883	25,883	25,883	25,883
Before Tax Cash Flow	**(136,500)**	**12,803**	**14,351**	**15,960**	**17,634**	**19,374**	**21,185**	**23,067**	**25,026**	**27,062**	**348,632**
18.8% Internal Rate of Return											
NOI		38,686	40,234	41,843	43,517	45,258	47,068	48,951	50,909	52,945	55,063
Less Interest		22,069	21,814	21,541	21,250	20,940	20,609	20,256	19,879	19,477	19,047
Less Depreciation		12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133
Taxable Income to Individuals		4,484	6,287	8,169	10,133	12,184	14,326	16,562	18,897	21,335	23,882
Pass Thru Entity	20%	(897)	(1,257)	(1,634)	(2,027)	(2,437)	(2,865)	(3,312)	(3,779)	(4,267)	(4,776)
Taxable Income	0	3,587	5,030	6,535	8,107	9,748	11,461	13,249	15,117	17,068	19,106
Tax @ *	37%	1,327	1,861	2,418	3,000	3,607	4,240	4,902	5,593	6,315	7,069
After Tax Cash Flow	**(136,500)**	**11,476**	**12,490**	**13,542**	**14,634**	**15,768**	**16,944**	**18,165**	**19,432**	**20,747**	**286,546**
15.6% Internal Rate of Return											
Purchase	455,000							**Assume a Sale at End of Year 10**			
L-V	75%							Annual Rent Roll			88,655
Loan	341,250							GRM			7.3
Down Payment	113,750				annual appreciation		3.6%	Price			647,607
Cap Improvement	-							Sale Costs		6%	38,856
Closing Costs	22,750							Less: Basis			333,667
Initial Investment	136,500							Gain			275,084
Rate	6.50%							Tax @		20%	55,017
Term	30							Mortgage Balance			289,299
P&I	$2,156.93							Sale Proceeds Before Tax			319,452
								Sale Proceeds After Tax			264,435
Mortgage Amortization		1	2	3	4	5	6	7	8	9	10
341,250	Beg Bal	341,250	337,436	333,366	329,024	324,391	319,447	314,173	308,545	302,541	296,134
6.50%	Prin	3,814	4,070	4,342	4,633	4,943	5,274	5,628	6,005	6,407	6,836
30.0	Int	22,069	21,814	21,541	21,250	20,940	20,609	20,256	19,879	19,477	19,047
2,157	Bal EOY	337,436	333,366	329,024	324,391	319,447	314,173	308,545	302,541	296,134	289,299
Cost Recovery / Depreciation		455,000	455,000	Building	80%	364,000	Land	20%	91,000	**Life**	**30**
		12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133
Basis		442,867	430,733	418,600	406,467	394,333	382,200	370,067	357,933	345,800	333,667

* 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