



## 2 Apartments

1632 South Charles Street  
Federal Hill, Baltimore City, 21230

One 1-Bedroom, 1-Bath Apartment  
One 3-Bedroom, 3.5-Bath Apartment

### » Property

BUILT	~1900.
ZONING	R-8. Permitted for 2 Dwelling Units.
LOT	11' x 80'; Block 1013, Lot 049
SIZE	1,800 Sq. Ft. Gross Living Area.

### » Interiors

KITCHENS	Kitchens have granite counters, wood shaker cabinets and stainless-steel appliances. Both apartments have dishwashers, disposals, gas ranges and built-in microwaves. Apartment A features a 5-burner gas range and ceramic tile backsplash.
BATHS	Apartment A has 3.5 bathrooms. Two bathrooms have vinyl tub inserts. One bathroom has a shower stall with ceramic tile surround. All bathrooms have modern vanities. Apartment B has a shower stall with ceramic tile surround.
WALLS & CEILINGS	Drywall throughout, with exposed brick throughout all levels of Apartment A. Recessed lighting.
FLOORS	Both apartments have wood floors throughout living spaces. All bathrooms have ceramic tile flooring.
AMENITIES	Apartment A has a private roof top deck. Apartment B has a fenced in private patio and rear yard. Apartment A has a full-size washer and dryer. Apartment B has a stacked washer and dryer.

### » Environmental

OILTANKS	None observed.
LEAD PAINT	Full risk reduction certificates per MDE standard.

### » Exterior

CONSTRUCT	Brick construction on slab.
ROOF	Main roof is mineral felt; small roof is rubber with aluminum fibre coating.
WINDOWS	Vinyl replacement windows throughout.
PARKING	Street parking.
FIRE ESCAPE	Steel fire escape in rear.

### » Utilities

HEAT	Each apartment has a gas-fired furnace with central air conditioning.
HOT WATER	Each apartment has an electric, 30-gallon water heater (2021).
ELECTRIC	2 electric meters.
GAS	2 gas meters.
PLUMBING	All observable supply lines are CPVC. All observable drain lines are PVC.
TRASH	Baltimore City trash and recycling pick up included in property taxes.



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**\$475,000** \$60 annual ground rent.  
\$237,500 per unit, \$264 per sq.ft.

Equal Housing Opportunity: Offered without regard to race, religion, color, creed, sex, marital & family status, disability, and other protected classes. Subject to prior sale & withdrawal at any time in the owner's discretion. Information believed accurate and from reliable sources; however, Owner, Ben Frederick Realty, Inc. nor any of its agents make any warranties or representations about the Property, its condition, its components, its financial performance, nor this information. Ben Frederick Realty, Inc. is the Owner's exclusive Broker.

# 1632 SOUTH CHARLES STREET

## INVESTMENT PROPERTY INCOME AND EXPENSE BUDGET

SUGGESTED FINANCING:		INVESTMENT OFFERING	475,000
Loan-to-Value	75%	SOLD JUNE 2024:	450,000
Loan Amount	337,500	SUGGESTED LOAN AMOUNT	337,500
Interest Rate	6.75%	ESTIMATED CLOSING COSTS	22,500
Term	30	TOTAL INVESTMENT	135,000
Monthly P & I	\$ 2,189.02	<b>Price Per Unit</b>	<b>2</b>
		<b>Price Per Sq.Ft.</b>	<b>1,800</b>
			<b>225,000</b>
			<b>250</b>

Unit	Size	Lease Expires	Sec Dep	Sec Dep Date	Current Actual Rent	Market Rent
1	3 BR	3/9/2025	2,500	2/21/2024	2,500	2,700
2	1 BR	7/1/2024	1,300	12/6/2021	1,300	1,350

Tenants reimburse for water 120

<b>GRM (actual) = 9.9</b>	Monthly Income	3,800	4,170
<b>GRM (market) = 9.0</b>	<b>Effective Annual Income</b>	45,600	50,040

Real Estate Taxes	actual	7/1/2024	316,933	7,480	
Ground Rent	actual			60	
Insurance	budget	700 per unit		1,400	
License - Baltimore City MFD	actual	30 per unit		60	
License Inspections	budget	75 per unit		50	
Lead Paint Registration Fee	actual	30 per unit		60	
Repairs & Maintenance	budget	1,500 per unit		3,000	
Gas & Electric	tenants pay	0 per month		0	
Water	budget	60 per unit/month		1,440	
<b>Expense/Unit= \$6,780</b>	27%			<b>TOTAL EXPENSES</b>	<b>13,550</b>
<b>Cap Rate= 8.11%</b>				<b>NET OPERATING INCOME</b>	<b>36,490</b>
<b>DCR= 1.39</b>				Less: Mortgage Payments:	26,268
<b>ROI= 7.6%</b>				<b>Monthly Cash Flow:</b>	<b>\$852</b>
				<b>Annual Cash Flow:</b>	<b>10,222</b>

### COMPARABLE SALES

address	date sold	sales price	# units	Monthly Rent	Price per Unit	GRM
1167 Carroll	Sep-23	340,000	2	3,000	170,000	9.4
1412 Light	Nov-23	520,000	3	4,800	173,333	9.0
664 Portland	PENDING	375,000	2	3,225	187,500	9.7
1800 Light	May-23	950,000	4		237,500	
671 Washington	Sep-23	480,000	2		240,000	
1425 Light	Jan-24	510,000	2		255,000	



**Call Will A. Cannon III**

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**Seller's Exclusive Agent**

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Property offered 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. 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.

50,040	+	Rental Income
13,550	-	Operating Expenses
27,728	-	Mortgage Payments
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8,763	=	Cash Flow
142,500	/	Downpayment + Closing Costs
6.1%	=	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.
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23,750	=	Amount of Value Increase
142,500	/	Downpayment + Closing Costs
17%	=	Return on Investment from Appreciation

**3 Equity Build-Up**

6.75%      30 \$      2,310.63

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

356,250	=	Loan Amount at Closing
352,453	=	Loan Amount at the end of Year 1
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3,797	-	Equity Build-Up in Year 1
142,500	/	Downpayment + Closing Costs
2.7%	=	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.

36,490	=	Cash Flow Before Loan Payments (rents less expenses)
13,458	-	Depreciation (assumes 15% land, 30 year recovery)
23,931	-	Mortgage Interest
(899)	=	Taxable Income Year 1
(719)		Less 20% Exclusion for LLC Ownership under new tax law
37%	*	Marginal Tax Rate
(266.04)	=	Federal Income Tax
(266)		Federal Income Tax
8,763	/	Cash Flow
-3.0%	=	Effective Tax Rate on This Investment
3,242	=	Tax if Cash Flow came from a non-preferred investment vehicle
(266)	-	Tax from this preferred investment vehicle.
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3,508	=	Income Tax Savings
2.5%		Return on Investment from Tax Savings

**Total / Summary**

1:	8,763	Cash Flow
2:	23,750	Appreciation Year 1
3:	3,797	Equity Build Up Year 1
4:	3,508	Tax Savings Year 1
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	39,818	Total Return from this Investment
	142,500	Downpayment + Closing Costs
	27.9%	Total Return from this Investment

**Illustration of Internal Rate of Return over a 10-Year Holding Period  
1632 SOUTH CHARLES STREET**

Purchase Price	475,000	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Rent	3.0%	50,040	51,541	53,087	54,680	56,320	58,010	59,750	61,543	63,389	65,291
Vacancy	3.0%	1,501	1,546	1,593	1,640	1,690	1,740	1,793	1,846	1,902	1,959
Effective Income		48,539	49,995	51,495	53,040	54,631	56,270	57,958	59,697	61,487	63,332
Expenses	3.0%	13,550	13,956	14,375	14,806	15,250	15,708	16,179	16,664	17,164	17,679
Exp as a percent of Annual Rent		28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
Exp per unit	2	6,775	6,978	7,187	7,403	7,625	7,854	8,089	8,332	8,582	8,840
NOI	0	34,989	36,039	37,120	38,234	39,381	40,562	41,779	43,032	44,323	45,653
Debt Service	\$ 2,311	27,728	27,728	27,728	27,728	27,728	27,728	27,728	27,728	27,728	27,728
<b>Before Tax Cash Flow</b>	<b>(142,500)</b>	<b>7,262</b>	<b>8,311</b>	<b>9,392</b>	<b>10,506</b>	<b>11,653</b>	<b>12,834</b>	<b>14,051</b>	<b>15,305</b>	<b>16,596</b>	<b>296,622</b>
<b>13.1% Internal Rate of Return</b>											
NOI		34,989	36,039	37,120	38,234	39,381	40,562	41,779	43,032	44,323	45,653
Less Interest		23,931	23,666	23,384	23,081	22,758	22,412	22,042	21,646	21,222	20,769
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		(1,608)	(294)	1,070	2,486	3,956	5,484	7,071	8,720	10,434	12,217
Pass Thru Entity	20%	322	59	(214)	(497)	(791)	(1,097)	(1,414)	(1,744)	(2,087)	(2,443)
Taxable Income	0	(1,287)	(235)	856	1,989	3,165	4,387	5,657	6,976	8,347	9,774
Tax @ *	37%	(476)	(87)	317	736	1,171	1,623	2,093	2,581	3,089	3,616
<b>After Tax Cash Flow</b>	<b>(142,500)</b>	<b>7,738</b>	<b>8,398</b>	<b>9,076</b>	<b>9,770</b>	<b>10,482</b>	<b>11,211</b>	<b>11,958</b>	<b>12,724</b>	<b>13,507</b>	<b>246,156</b>
<b>11.0% Internal Rate of Return</b>											
Purchase	475,000										
L-V	75%										65,291
Loan	356,250										9.5
Down Payment	118,750										619,767
Cap Improvement	-									6%	37,186
Closing Costs	23,750										348,333
Initial Investment	142,500										234,248
Rate	6.75%									20%	46,850
Term	30										303,885
P&I	\$2,310.63										278,696
											231,847
<b>Mortgage Amortization</b>		1	2	3	4	5	6	7	8	9	10
356,250	Beg Bal	356,250	352,453	348,392	344,048	339,402	334,432	329,116	323,430	317,348	310,843
6.75%	Prin	3,797	4,061	4,344	4,646	4,970	5,316	5,686	6,082	6,505	6,958
30.0	Int	23,931	23,666	23,384	23,081	22,758	22,412	22,042	21,646	21,222	20,769
2,311	Bal EOY	352,453	348,392	344,048	339,402	334,432	329,116	323,430	317,348	310,843	303,885
<b>Cost Recovery / Depreciation</b>		475,000	475,000	Building	80%	380,000	Land	20%	95,000	Life	<b>30</b>
		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%.