



Cash Flow Analysis

	Studio (2 students)	Two Bedroom (2 students)	Four Bedroom (4 students)
<u>Purchase Price</u>	\$45,000	\$75,000	\$85,000
<u>Cash Flow</u>			
Estimated Annual Income	\$7,600	\$11,200	\$15,600
*Less Taxes and Insurance	\$1,100	\$1,650	\$2,200
*Less Association Fees	<u>\$1,460</u>	<u>\$2,200</u>	<u>\$3,000</u>
Cash Flow	\$5,040	\$7,350	\$10,400
**Less Mortgage Payments	<u>\$2,730</u>	<u>\$4,551</u>	<u>\$5,160</u>
***Cash Surplus	\$2,310	\$2,799	\$5,240
<u>Tax Effects & Deductions</u>			
*Expenses	\$2,560	\$3,850	\$5,200
**Interest	\$2,340	\$3,900	\$4,398
Depreciation	<u>\$2,217</u>	<u>\$3,193</u>	<u>\$4,268</u>
Total Deductions	\$7,117	\$10,943	\$13,866
Less Income	<u>\$7,600</u>	<u>\$11,200</u>	<u>\$15,600</u>
Net Tax Profit or (Loss)	\$483	\$257	\$1,734
<u>Net Cash Effect After Taxes</u>			
Tax Savings or (Liability) 31%	(\$149.73)	(\$79.67)	(\$537.54)
***Add Cash Surplus	\$2,310	\$2,799	\$5,240
**Add Paydown on Loan	<u>\$390</u>	<u>\$651</u>	<u>\$760</u>
Net Positive Cash Flow	\$2,550	\$3,370	\$5,462
Yearly Return on Investment	57%	45%	30%

Note:

Financing assumption: 20% down 30 year ARM at 6.5%. Tax rules will allow an expense deduction for 2 trips per year to your rental property. As the costs for these visits will vary for each investor, we have not calculated this benefit for cash flow analysis. This statement is prepared for illustration purposes only. Buyers should confer with their own counsel for legal and tax advice.