

# UNIVERSITY COMMONS CASH FLOW ANALYSIS

	<u>Studio (2 students)</u>	<u>Two Bedroom (2 students)</u>	<u>Four Bedroom (4 students)</u>
<b><u>PURCHASE PRICE</u></b>	\$45,000	\$75,000	\$85,000
<b><u>CASH FLOW</u></b>			
Estimated Annual Income	\$7,600	\$11,200	\$16,000
*Less Taxes and Insurance	\$1,000	\$1,500	\$2,000
*Less Association Fees	<u>\$1,460</u>	<u>\$2,200</u>	<u>\$3,000</u>
Cash Flow	\$5,140	\$7,500	\$11,000
**Less Mortgage Payments	<u>\$3,233</u>	<u>\$5,389</u>	<u>\$7,113</u>
***Cash Surplus	\$1,907	\$2,111	\$3,887
<b><u>TAX EFFECT-DEDUCTIONS</u></b>			
*Expenses	\$2,460	\$3,700	\$5,000
**Interest	\$2,835	\$4,725	\$6,237
Depreciation	<u>\$2,217</u>	<u>\$3,193</u>	<u>\$4,268</u>
Total Deductions	\$7,512	\$11,618	\$15,505
Less Income	<u>\$7,600</u>	<u>\$11,200</u>	<u>\$16,000</u>
Net Tax Profit or (Loss)	\$88	(\$418)	\$495
<b><u>NET CASH EFFECT AFTER TAXES</u></b>			
Tax Savings or (Liability) 31%	(\$27)	\$130	(\$153)
***Add Cash Surplus	\$1,907	\$2,111	\$3,887
**Add Paydown on Loan	<u>\$398</u>	<u>\$664</u>	<u>\$876</u>
Net Positive Cash Flow	<b>\$2,278</b>	<b>\$2,905</b>	<b>\$4,610</b>
Yearly Return on Investment	<b>51%</b>	<b>39%</b>	<b>47%</b>

## **FINANCING ASSUMPTIONS**

10% down payment  
7% interest rate

## **NOTE**

Tax rules will allow an expense deduction for 2 trips per year to visit 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.