



Zeta Gamma – 16 man house with basement

FUNDING SOURCES:

Contributions (grants from SNEF)	\$ 390,000
Bank Financing	400,000
Pooled Mortgage Fund	260,000
TOTAL CONSTRUCTION COSTS	<u><u>\$ 1,050,000</u></u>

ESTIMATED MARKET VALUE: \$ 1,050,000

FINANCING ASSUMPTIONS:

First Mortgage (Bank Financing)	
Principal Amount	\$ 400,000
Amortization (in years)	20
Interest Rate	8.00%
Payment Frequency (per year)	12
Monthly Payment	\$ 3,346
Annual Debt Service	\$ 40,149
Second Mortgage (Pooled Mortgage Fund)	
Principal Amount	\$ 260,000
Amortization (in years)	20
Interest Rate	5.00%
Payment Frequency (per year)	12
Monthly Payment	\$ 1,716
Annual Debt Service	\$ 20,591

OCCUPANCY INFORMATION:

Occupancy Capacity	16
Annual Occupancy Charge	\$ 6,500
Out of house members	24
Annual out of house charge	\$ 400

FIRST YEAR FINANCIAL INFORMATION:

OPERATING INCOME:	
Gross individual occupancy income	\$ 104,000
Gross common area income	9,600
Gross potential income	<u>113,600</u>
Vacancy and collection loss (at 5%)	<u>(5,200)</u>
Effective occupancy income	108,400
Other income	-
TOTAL OPERATING INCOME	<u><u>108,400</u></u>

OPERATING EXPENSES:

Property operating expenses	43,500
Repairs and maintenance	4,500
Real estate taxes	<u>5,000</u>
TOTAL OPERATING EXPENSES	<u>53,000</u>
NET OPERATING INCOME	<u>55,400</u>
Less: Debt Service	<u>60,740</u>
NET CASH FLOW	<u><u>\$ (5,340)</u></u>

RECONCILIATION TO NET INCOME:

Net Operating Income	\$ 55,400
Less: Interest expense	44,518
Less: Depreciation and amortization	<u>26,250</u>
NET INCOME	<u><u>\$ (15,368)</u></u>

RATIO ANALYSIS:

Capitalization Rate	5.28%
Cash on Cash Return	-0.51%
Debt Service Coverage Ratio	0.91
Loan-to-Value Ratio	62.86%
Gross Rent Multiplier	10.10
Net Income Multiplier	18.95
Operating Expense Ratio	48.89%
Break-Even Point (cash flow)	100.12%
Break-Even Point (income)	108.95%