

## **Psi Upsilon House Expansion Cost Analysis**

26 October 2001

by David Manthey – EI 410

Hail Everyone,

The associated Excel spreadsheet is an analysis of where we currently stand financially for the house expansion based on our current best known numbers.

### **Numbers to look at:**

C11 – Undergraduate per capita rent multiplier. If this number is 1.14725, this means the undergraduate per capita rent has to go up by 14.725%. This includes appropriate adjustments for expected cost increases, such as taxes, utilities, etc. Rows 15-24 cover these cost increases.

D39 – Amount of money we need to raise to keep the undergraduate per capita rent increase below the desired (B39) percentage. If this is negative, we don't need more money based on this.

D40 – Amount of money we need to raise to pay the expected downpayment and closing costs (B40 and D34).

Basically we need to raise the greater of D39 and D40 as a minimum.

### **Numbers to change:**

D28 – The year we begin the expansion. Changing this adjusts things like the outstanding amount of our mortgage.

B29 – Our current savings that we can spend on the expansion.

D29 – The amount we fund raise. Plug in a number here to see the effect on the mortgage, rent increase, etc.

D32 – Mortgage interest rate. Currently set at prime (5.5%) plus 0.50%. I don't believe we'll get a mortgage for this little. Until we speak to a bank, we won't know for certain, but we want to err on the side of caution.

### **What it means:**

Assuming that all of our numbers are correct, including our \$34,000 in savings, we need to raise the following money based on our selected criteria and the actual mortgage rate we get:

Mortgage Rate	6.0%	6.5%	7.0%	7.5%
Total Needed	\$2,400	\$4,700	\$9,900	\$14,800