

## How to Calculate EES

This is a budget for a 9 person house.

First estimate what the monthly expenses of the house will be. Here is an example:

Rent	\$1800
Loan	\$ 225
Electricity	\$ 350
Water/ Sewer	\$ 200
Natural Gas	\$ 250
Oil	N/A
Garbage	\$ 75
Phone	\$ incl
Cable	\$ 200
Internet	\$ incl
Supplies	\$ 250
Dues (chapter)	\$ 135
Cushion	\$ 450
TOTAL	\$3935

- With any House Budget it is better to be safe than sorry.
- Always estimate your monthly bills on the high end and add a substantial cushion to your budget just in case.
- Once the house has gone through the high usage months (winter), an actual budget may be derived by adding up all the actual bills.
- As a rule of thumb, the cushion should at least be equal to one member's monthly share of expenses.
- Always take the escalator clauses of the lease into consideration when preparing the budget. Either increase your cushion to cover all expenses at the end of the lease's term, or figure in a step increase in equal expense shares of the members and document it very clearly so it gets implemented when the escalator happens in two or three years.
- Always plan ahead for potential vacancies. Your house should be financially viable even with one vacancy, but in the case of two or more vacancies, you will need to either have a lot of money in savings or increase the monthly EES per member to at least cover all expenses.

Once the expenses have been calculated, you need to determine how many members, and at what EES you'll need in order to cover expenses. Take the total and divide by the number of house members. So, in this case, the total is \$3935. Divide by 9 = \$437.22.

Never let vacancies deplete your checking or savings account. Dig deep into your pockets to pay the house bills without operating a deficit. And remember, you can always do without cable.