UNIT 4

Shared Costs





Sharing costs with friends can be a convenient and cost-effective way to manage expenses. However, it is essential to be aware of your obligations and liabilities in these situations. To avoid misunderstandings and conflict, you should consider the following when sharing costs:

A Before agreeing to share expenses, you should communicate openly and clearly about how costs will be divided and clarify each person's share.

B Understand that sharing expenses means sharing responsibilities for payment. For example, if some of your friends leave a restaurant without paying their portion, you may be held responsible for the entire bill. The restaurant expects payment for the services provided, and as a customer, you have the responsibility to settle the bill.

C Be aware of legal implications. In some cases, shared expenses may have legal implications. For example, renting an apartment together may involve signing a lease agreement, making all tenants jointly responsible for rent and damages. Signing a rental agreement with others means that if they fail to pay their share or delay payments, you may still be legally responsible for the full rent and may face potential financial and legal consequences, including additional charges for late payments imposed by the landlord or property management.

D Avoid late penalty charges or other negative legal or financial consequences by ensuring that payments for shared spaces are made in a timely manner.

4.1 Dividing the Bill and Tip

1 You and two friends go out for dinner. The bill is $90, and you want to leave a 15% tip. How much does each person need to pay?

2 You and four friends have lunch. The bill is $120, and you want to leave a 20% tip. How much does each person need to pay?

3 You and three friends go out for a meal. The bill is $75, and you want to leave a 18% tip. How much does each person need to pay?

4 You and five friends have dinner. The bill is $200, and you want to leave a 15% tip. How much does each person need to pay?

5 You and three friends go out for dinner, and the bill comes to $120. You decide to split the bill and offer to pay 50% while the other three share the remaining 50% equally. How much does each person have to pay?

6 You and four friends dine at a restaurant and receive a bill of $200 in total. You want to split the bill, with everyone contributing equally, but your portion will be an additional $20. How much does each person have to pay?

7 You and five friends go out for a celebratory dinner, and the bill comes to $300. However, one friend is unable to contribute. How much does each person have to pay to cover the bill?

8 You and four friends go out for lunch, and the bill comes to $80. You decide to split the bill equally, but one friend realizes they only have enough money to pay for half of their portion of the bill. How much does each person have to pay to cover the bill?

9 You and four friends go out for dinner, and the bill comes to $150. You decide to split the bill based on each person's order. Person A's order was $30, Person B's order was $25, Person C's order was $35, Person D's order was $20, and Person E's order was $40. What percentage of the bill does each person pay?



4.2 Dividing the Rent

When signing a rental lease, especially with roommates, there are several important factors to be aware of. Here is a summary of key considerations:

- Understand the Lease Terms: Read the lease thoroughly and understand all the terms and conditions. Pay attention to details such as the lease duration, rent amount, security deposit, late payment penalties, maintenance responsibilities, pet policies, and any restrictions or rules specific to the property.
- Joint and Several Liability: Be aware that most leases hold all tenants jointly and severally liable. This means that each roommate is individually responsible for the full rent payment and any damages or lease violations, regardless of the contributions or actions of other roommates.
- Rental Payment Arrangements: Discuss and agree upon the rental payment arrangements with your roommates. Determine how the rent will be divided among roommates, who will be responsible for submitting the payment to the landlord, and establish a plan for handling any late or missed payments.
- Security Deposit: Understand the security deposit requirements and ensure that it is clearly documented how the deposit will be divided among roommates at the end of the lease. Consider creating an inventory checklist and taking photos of the rental unit's condition to avoid disputes when reclaiming the deposit.
- Roommate Agreement: Consider drafting a roommate agreement that outlines shared responsibilities, such as chores, utilities, visitor policies, quiet hours, and any other expectations to maintain a harmonious living environment. This agreement can help address potential conflicts and provide clarity on roommate-specific matters.
- Subletting and Lease Termination: Review the lease provisions regarding subletting and early termination. Determine the procedures and requirements for adding or removing

roommates from the lease, as well as the potential financial implications.

- Communication and Conflict Resolution: Establish open lines of communication with your roommates to address any issues or concerns promptly. Encourage respectful dialogue and establish a process for conflict resolution to maintain a positive living environment.
- Documentation: Keep copies of the signed lease agreement, rent payment receipts and any written communication related to the rental. These documents can serve as evidence in case of disputes or misunderstandings.
- Legal Advice: If you have any concerns or uncertainties regarding the lease agreement, it is advisable to seek legal advice. A lawyer experienced in real estate or tenant law can review the lease and provide guidance specific to your situation.

By being aware of these considerations and addressing them proactively, you can help ensure a smooth and mutually beneficial living arrangement with your roommates while minimizing the potential for conflicts or misunderstandings.

Think about these concepts as you work through the following problems.

1. You and three roommates share an apartment with a monthly rent of $2,800. You agree to pay 60% of the rent, while the other three share the remaining 40% equally. How much does each person need to pay?
2. You and two friends decide to rent a beach house for a week, costing $3,500 in total. You want to split the cost proportionally based on each person's income, relative to the total income of all three friends. Your income is $40,000, Friend A's income is $50,000, and Friend B's income is $60,000. How much does each person have to contribute?

3 You, Malika and Shinaya decide to split the rent for a three-bedroom apartment. The total monthly rent is $2,400. You decide to take the master bedroom, which costs $900 per month. Malika takes bedroom A (75% of remaining rent, and Shinaya takes bedroom B (25% of remaining rent). How much does each person need to pay towards rent?

4 You and three friends decide to rent a vacation home for six days. The total cost is $2,700. However, one friend can only stay for the first three days. How much does each person have to pay to cover the cost?

5 You and three friends rent a four bedroom beach house for a weekend, costing $1,200. You and Ibrahim agree to pay 60% of the rent, while Amjad and Mike will share the remaining rent equally. There is an additional $75 electricity charge that will also be shared based on room consumption. Your room consumes 32% of the electricity bill, while the other rooms combined consume 68%. How much does each person have to pay in rent and electricity?

6 You and two roommates rent an apartment for $2,400 per month. Karima pays 40% of the rent, while you and Amari split the remaining 60% equally. How much does each person need to pay?

7 You, Mary and Joe rent a vacation house for $2,050 per week. You and Mary will remain for the entire week, while Joe will only stay for the first three days and does not want to pay for the entire week. How much should each person pay?

8 You and three roommates decide to divide the monthly rent of $1,800 based on the square footage of each room. The total square footage of the apartment is 2,000 square feet. Your room is 600 square feet, Roommate A's room is 500 square feet, Roommate B's room is 400 square feet, and Roommate C's room is 500 square feet. How much does each person need to contribute?

9 Rushabh, Arman and Isht decide to evenly split the monthly rent of $2,500, but Isht will join the lease and move in after two months. How much does each person need to contribute for the first two months?

10 Rubin, Messi and Ronaldo decide to divide the monthly utility bills based on usage. Rubin's room consumes 47% of the electrical charges and 19% of the internet charges. If this month's electricity bill is $150 and the internet bill is $98, how much will Rubin pay towards utility bills?

11 You, Mariam, Fatima and Julie decide to split the monthly utility bill of $240 equally. However, Julie will be away for two weeks and wants to only pay for the time that she spends at the apartment. How much does each person need to contribute?

12 You and your roommates decide to split the monthly water bill of $80 based on the number of people in each room. Your room has one person, Roommate A's room has two people, Roommate B's room has three people, Roommate C's room has two people, and Roommate D's room has one person. How much does each room need to contribute?

13 You, Ajesh and Kumar decide to divide the monthly electricity bill of $120 equally. However, Kumar will be away for a week and wants to pay a reduced amount. How much does each person need to contribute?

14 You and seven roommates decide to split the monthly internet bill of $90 based on the number of people in each room. Your room has two people, Roommate A's room has one person, Roommate B's room has three people, and Roommate C's room has two people. How much does each room need to contribute?

15 You, Brigitte, Isabelle and Florence decide to sign a nine-month lease for $9,360 to be split equally. However, Florence will only be staying for the first eight months and wants to pay a reduced amount. How much does each person need to contribute in total for the duration of the lease?

16 You and three roommates decide to split the monthly gas bill of $80 based on the square footage of each room. The total square footage of the apartment is 1,200 square feet. Your room is 400 square feet, Roommate A's room is 300 square feet, Roommate B's room is 200 square feet, and Roommate C's room is 300 square feet. How much does each room need to contribute?

17 You and your two roommates decide to rent a two-bedroom apartment and split the monthly rent and utilities based on room type, with single rooms paying 50% in rent and utilities. Your room is a single room and the other room is a double room. The monthly rent is $960 and the monthly utility bills are $140. How much does each person pay in monthly rent and utilities?

18 Madonna, Kylie, Kim and Chloe decide to divide the monthly internet bill of $90 equally. However, Chloe will only be staying for one week and wants to pay a reduced amount. How much does each person need to contribute?

Let's Explore

19 Imagine you're planning to rent an apartment with two roommates. The monthly rent for the apartment is $1,500. The landlord requires a security deposit equal to one month's rent, and the first and last month's rent upfront. Each roommate will be added to the lease. Here is the scenario:

- You and your roommates will equally split the rent.
- Each of you will be responsible for paying one-third of the rent each month.
- The security deposit and first/last month's rent will be split equally among you.

Now let's consider the following situations:

A What financial challenges might arise if one of your roommates doesn't pay their share of the rent or decides to move out unexpectedly?

B If one of your roommates causes significant damage to the apartment, how might this impact the security deposit and the relationship among your roommates?

C What proactive steps can you take to address these potential issues and ensure a smooth co-living experience among your roommates?