

Spring 2022 Final Exam Practice Questions - Answers

1)

Square Feet	200,000
Purchase Price	\$50,000,000
NOI	\$3,000,000
Cap Rate	6.0%

2)

Square Feet	100,000
Price per square foot	\$60
Loan to Value (Max)	70.0%
Acquisition Price	6,000,000
Debt	4,200,000
Equity Required	\$1,800,000

3)

Annual Appreciation	10.0%		
Property Value		100	110
Debt, Interest Only (LTV)	80.0%	80	80
Equity		20	30
Equity appreciation			50.0%

4)

Total Appreciation	40.0%		
Property Value		\$10,000,000	\$14,000,000
Debt, Interest Only (LTV)	75.0%	\$7,500,000	\$7,500,000
Equity		\$2,500,000	\$6,500,000
Equity appreciation			160.0%

5)

DSCR	1.4
NOI	\$70,000
Max Debt Service	\$50,000

6)

Purchase Price	\$9,000,000
Down Payment	\$1,500,000
Loan	\$7,500,000
Amortization (years)	25
Interest Rate	4.75%
Monthly Payment	\$42,758.80

Answer Key

1) C

2) D

3) C

4) C

5) B

6) C

7) B

8) C

9) C

10) A

11) D

12) C

13) B

14) D

15) A

16) C

17) D

18) A

19) C

20) B

21) A

22) A

23) B

24) C

25) C

26) B

27) C

28) B

29) D

30) C

31) B

32) A

33) B

34) D

7)

Purchase Price	\$9,000,000
Down Payment	\$1,500,000
Loan	\$7,500,000
Interest Rate	4.75%
Amortization (years)	25
Monthly PMT	\$42,758.80
Interest	\$29,687.50
Principal	\$13,071.30

8)

Square Feet	5,400
Purchase Price	\$4,000,000
Loan Amount	\$3,600,000
Amortization (years)	30
Interest Rate	4.25%
Monthly Payment	\$17,709.84
Prepayment Year	8
Future Value at year 8	\$3,034,083

9)

Purchase price	\$36,000,000	Incremental Borrowing Cost	
Loan 1		Different in Loan	\$1,800,000
LTV	70%	Difference in PMT	\$21,633
Loan Amount	\$25,200,000	Incremental Borrowing Cost	14.0%
Amortization (years)	25		
Interest Rate (annual)	6.0%		
Monthly PMT	\$162,364		
Loan 2			
LTV	75%		
Loan Amount	\$27,000,000		
Amortization (years)	25		
Interest Rate (annual)	6.6%		
Monthly PMT	\$183,997		

12)

Purchase Price	\$1,500,000
Loan Amount	\$1,200,000
Down Payment	\$300,000
Amortization (years)	30

35) D

36) D

37) B

38) A

39) B

40) D

41) D

42) C

43) A

44) D

45) C

46) D

47) D

48) C

49) A

50) C

Interest Rate	4.125%
Monthly Payment	5,815.80

13)	Purchase Price	\$1,500,000	Monthly Payment	\$5,815.80
	Loan Amount	\$1,200,000	APR	4.125%
	Amortization (years)	30		
	Interest rate	4.125%		
	Points	0%		
	Fees	\$0		
	Loan Proceeds (net of fees)	\$1,200,000		

14)	Purchase Price	\$1,500,000	Monthly Payment	\$5,815.80
	Loan Amount	\$1,200,000	APR	4.218%
	Amortization (years)	30		
	Interest rate	4.125%		
	Points	1.0%		
	Fees	\$1,200		
	Loan Proceeds (net of fees)	\$1,186,800		

15)	Purchase Price	\$1,500,000	Monthly Payment	\$5,815.80
	Loan Amount	\$1,200,000	Loan Repayment (years)	10
	Amortization (years)	30	Balance of Loan	\$949,383
	Interest rate	4.125%		
	Points	0%		
	Fees	\$0		
	Loan Proceeds (net of fees)	\$1,200,000		

16)	Purchase Price	\$1,200,000	<u>Incremental Borrowing Cost</u>	
	Amortization (years)	30	Different in Loan	120,000
	<u>Option 1</u>		Difference in PMT	\$1,322
	Down Payment	10%	Incremental Borrowing Cost	12.9%
	Interest Rate (annual)	6.0%		
	Loan Amount	\$1,080,000		
	Monthly Payment	\$6,475.15		
	<u>Option 2</u>			
	Down Payment	20%		
	Interest Rate (annual)	5.0%		

Loan Amount	\$960,000
Monthly Payment	\$5,153.49

18)	Loan Amount	\$18,000,000	Index+Margin	3.3%
	Teaser Rate (2 years)	1.50%	Period Cap	1.5%
	Index (1-year LIBOR)	1.00%	Lifetime Cap	7.5%
	Margin	2.25%	Max Rate	1.5%
	Periodic Interest Rate Increase Cap	2.00%		
	Lifetime Interest Rate Increase Cap	6.00%	Monthly Payment	22,500
	Periodic Adjustments	0		

19)	Loan Amount	\$18,000,000	Index+Margin	5.3%
	Teaser Rate (2 years)	1.50%	Period Cap	3.5%
	Index (1-year LIBOR)	3.00%	Lifetime Cap	7.5%
	Margin	2.25%	Max Rate	3.5%
	Periodic Interest Rate Increase Cap	2.00%		
	Lifetime Interest Rate Increase Cap	6.00%	Monthly Payment	52,500
	Periodic Adjustments	1		

21)	Net Cash Proceeds	\$1,500,000
	Initial Investment by Mr. Whirty	\$600,000
	Split to Mr. Whirty	60%
	Split to Mr. Nguyen	40%
	Previous Distribution to Mr. Whirty	\$100,000
	Distribution on Sale to Mr. Whirty	
	Previous distribution	\$100,000
	Investment balance	\$500,000
	Proceeds to Mr. Whirty	\$1,100,000

22)	Appraised Value	\$2,500,000
	Max LTV	90.0%
	Max RAM Loan	\$2,250,000
	Term (years)	15
	Interest Rate (annual)	5.5%
	Monthly PMT	\$8,071.88

23)	Loan Amount	\$18,000,000	Index+Margin	5.3%
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Amortization	30	Period Cap	1.5%
Teaser Rate (2 years)	1.50%	Lifetime Cap	7.5%
Index (1-year LIBOR)	3.00%	Max Rate	1.5%
Margin	2.25%		
Period Cap	2.00%	Monthly Payment	\$62,122
Lifetime Cap	6.00%		
Periodic Adjustments	0		

24)	Loan Amount	\$17,035,285	Index+Margin	5.3%
	Amortization	28	Period Cap	3.5%
	Teaser Rate (2 years)	1.50%	Lifetime Cap	7.5%
	Index (1-year LIBOR)	3.00%	Max Rate	3.5%
	Margin	2.25%		
	Period Cap	2.00%	Monthly Payment	\$79,606
	Lifetime Cap	6.00%		
	Periodic Adjustments	1		

25)		Length	Width	Area
	Lot Size (feet)	60	200	12,000
	<i>Less: Setbacks from each side (feet)</i>	20	20	
	Adjusted Lot Size	40	180	7,200
	FAR	3.0		
	Buildable SF	21,600		

26)	Square Feet	100,000
	Rent/SF/Year	\$30.00
	Expenses/SF/Year	\$7.50
	Expense Stop	\$6.00
	Landlord Expenses	\$600,000

27)	Square Feet	100,000
	Rent/SF/Year	\$30.00
	Expenses/SF/Year	\$7.50
	Expense Stop	\$6.00
	Tenant Expenses	\$150,000

28)	Square Feet	100,000
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Rent/SF/Year	\$30.00
Expenses/SF/Year	\$7.50
Expense Stop	\$6.00
Revenue	\$3,000,000
Landlord Expenses	\$600,000
NOI to Owner	\$2,400,000

32)

Interest Rate	9%
PV (choose any initial amount)	\$100
FV (double the initial amount chosen)	(\$200)
Years	8

33-36)

Square Feet	39,000	Revenue	\$936,000
Purchase Price	\$7,800,000	Less: Operating expenses	\$327,600
Rent/SF/month	2.00	NOI	\$608,400
Expense Stop/SF/month	0.70	<i>Interest</i>	\$235,835
Year 1 Operating expenses	\$360,000	<i>Principal</i>	\$77,154
Loan Amount	\$5,000,000	Less: Debt Service	\$312,988
Interest Rate	4.75%	BTCF	\$295,412
Amortization (years)	30	Less: Depreciation	\$160,000
Annual Debt Service	\$312,988	Taxable Income	\$212,565
Building Depreciation Ratio	80%		
Depreciation Schedule (years)	39		

Period	Interest	Principal
1	19,792	6,291
2	19,767	6,316
3	19,742	6,341
4	19,717	6,366
5	19,691	6,391
6	19,666	6,416
7	19,641	6,442
8	19,615	6,467
9	19,590	6,493
10	19,564	6,518
11	19,538	6,544
12	19,512	6,570
	235,835	77,154