

Name: _____

***USING THE REALTY BLUE BOOK
Student Problem Work Set***

25 possible points - show all work (calculations, pg. numbers, formulas, etc.)

1. What is the monthly payment that is necessary to fully-amortize a \$125,000 loan at 13 1/8% in 17 1/2 years?
2. Determine monthly payment to amortize a \$7,000 loan at 12 7/8% interest in 78 months.
3. What is the monthly payment to fully-amortize a \$125,000 loan at 13% interest in 30 years?
4. What is the monthly payment necessary to amortize a \$15,000 loan at 12 1/2% interest in 25 years?
5. Your client wants to net \$125,000, excluding expenses, commission rate of 5%. What will be the gross selling price?
6. Your client has a note with \$7,000 balance with 12 1/2% interest and monthly payments of \$105. Compute the new loan balance after the first payment.

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7. What is the **first month** interest charge on a 30-year loan of \$45,000 at 9 ½%? Monthly payment is \$378.39.

8. Loan balance is \$59,283.76. Interest rate is 12 ¾%. What is the monthly interest rate portion of the monthly payment?

9. What will be the balance due in 15 years on a \$30,000 loan, 12%, 30 years amortization?

10. What will be the balance due in 17 years on a \$45,000 loan, 12 ½% interest, 25 years amortization?

11. Your client decides to take back a purchase money second trust deed in the amount of \$8,000 at 13% interest, with monthly payments of \$120, all due in 5 years. How much will he will receive when the note comes due?

12. What is the balloon payment in 5 years on a \$5,000 note at 13 ¼% interest with payments of \$55 per month?

13. In question #12, what would the payments be in order to pay the note off in 5 years?

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14. One of your clients who carried a purchase money second trust deed for \$9,000 at 13½% interest, payments of \$135 per month, all due in 5 years, asks you how much he would receive if he sold it. You have an investor who purchases trust deeds at 18% yield. You tell your client that he would expect to receive \$ _____.
15. On a \$6,000 note at 13 ¼% interest, payment of \$75 per month, due in 4 years, how much would an investor discount the note in order to receive a yield of 20%?
16. Your client has just purchased a home from you with a loan of \$96,000, 30-year amortization, 13% interest, payments of \$1,061.96 per month. How much equity will he have in his home at the end of the seventh year, when he plans to sell?
17. Same loan as question #16 above, with 20-year amortization instead of 30 years. How much equity at the end of the seventh year? (Payments would be \$1,124.73 per month).
18. What is the Annual Constant on a \$100,000 loan at 15%, 10 years, 6 months?

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19. You know the loan amount is \$92,000, monthly payment of \$1,128.27, term of 17 ½ years. find the interest rate.
20. Your client can buy a note with a \$6,000 face value at 13 ¼%, due in 6 years. Monthly payments are \$60. What is the balloon payment at 20% yield?
21. If you invested \$1,200 at 11 ½%, *compounded monthly*, what amount would you expect to receive at the end of the **sixth** year?
22. If you invested \$100 at the beginning of each month in a savings account at 11% interest *compounded monthly*, how much would you expect to receive at the end of the **fifth** year?
23. A party offers to sell you the income from his second trust deed which pays \$60 per month. Since you expect a yield of 14% on any investment, what would you offer for 5 years? (Be sure to convert monthly payments to annual payment.)

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24. You have an opportunity to purchase an option on a parcel of land valued at \$15,000 in 2 years. Since you estimate that the inflation rate will be 8%, you offer \$ _____?

25. An office building has a sale price of \$250,000 and requires a 20% down payment. The owner will carry back \$200,000 at 10% for 25 years. The equity cash flow is \$4,500. The buyer plans an 8-year hold. Use 14% discount and 7% growth. Compute the following problem:

1. Equity cash flow	=	_____
2. Present worth of \$1 @ _____% for _____ years	X	=====
3. Present worth of equity stream	=	_____
4. Sales Price @ _____% growth, for _____ years _____ X Price \$ _____	=	_____
5. Less cost of sale (use 7.3%)	-	=====
6. Equals Net Sales Price (in 8 years)	=	_____
7. Less remaining balance at end of _____ years @ _____% = _____ X \$200,000	-	=====
8. Equals net equity reversion	=	_____
9. Times present value (single sum) (14% x 8 yrs.)	X	=====
10. Present value equity reversion	=	_____
11. Plus present value of the equity stream (#3 above)	+	=====
12. Equals present value of the equity	=	_____
13. Plus proposed loan	+	=====
14. Equals the indicated value of the property now	=	=====