



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS
DEPARTMENT OF ACCOUNTING & FINANCE
UNIVERSITY EXAMINATION FOR:
BACHELOR OF COMMERCE
BACHELOR OF BUSINESS ADMINISTRATION

BFI4401: REAL ESTATE FINANCE

SUPPLEMENTARY/SPECIAL EXAMINATION

SERIES: MARCH, 2025

TIME: 2 HOURS

DATE: MAR. 2025

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other **TWO** questions.

Do not write on the question paper.

Question ONE

a) Assume the following:

Loan Amount: sh.100,000

Interest rate: 10 percent annually

Term: 15 years, monthly payments

i) What is the monthly payment? (4 marks)

ii) What will be the loan balance at the end of nine years? (4 marks)

b) Real estate assets and markets are unique when compared to other assets or markets. Discuss the primary ways that real estate markets are different from the markets for other asset that trade in well-developed public markets. (6 marks)

c) Discuss any Four job opportunities that generally exist in the Real Estate Industry. (6 marks)

d) Discuss the factors that determine demand and supply of housing in an economy. (10 marks)

Question TWO

- a) Write brief explanation on the following terms.
- i) Estates in possession (2marks)
 - ii) Estates not yet in possession (2marks)
 - iii) Reversion (2marks)
 - iv) Remainder (2marks)
 - v) Easement (2marks)
- b) Justify the need for property management in the current real estate industry. (10marks)

Question THREE

- a) An investor borrowed Ksh. 2000,000 on 1st.January 2020. The rate of interest was fixed at 12% per annum. The loan is to be repaid semiannually over a period of four years.
Required; Prepare a loan amortization schedule over the four-year period. (10marks)
- b) Discuss the factors that influence the value in Real estate. (10marks)

Question FOUR

- a) State and highlight any five types of mortgages (10marks)
- b) Highlight any five provisions of a mortgage instrument. (10marks)

Question FIVE

- a) Kenya housing market has over supply of low- cost buildings and scarcity of high cost buildings. Discuss why or why not this statement is true. (10marks)
- b) Examine the key areas a due diligence should cover when considering the acquisition of a property. (10 marks)