



GARISSA UNIVERSITY

UNIVERSITY EXAMINATION **2017/2018** ACADEMIC YEAR **FOUR** **SECOND** SEMESTER EXAMINATION

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBM 416

COURSE TITLE: REAL ESTATE FINANCE

EXAMINATION DURATION: 3 HOURS

DATE: 07/05/18

TIME: 09.00-12.00 PM

INSTRUCTION TO CANDIDATES

- The examination has **SIX (6)** questions
- Question **ONE (1)** is **COMPULSORY**
- Choose any other **THREE (3)** questions from the remaining **FIVE (5)** questions
- Use sketch diagrams to illustrate your answer whenever necessary
- Do not carry mobile phones or any other written materials in examination room
- Do not write on this paper

This paper consists of **TWO (2)** printed pages

please turn over



QUESTION ONE (COMPULSORY)

- (a) write short notes on the following;
- i. Real Estates [2 marks]
 - ii. Future possessions [2 marks]
 - iii. Property rights [2 marks]
 - iv. Present possessions [2 marks]
 - v. valuation [2 marks]
- (b) Differentiate between freehold and leasehold. [5 marks]
- (c) Distinguish between remainder and reversion. [6 marks]
- (d) Outline the factors to consider when choosing the source of finance [4 marks]

QUESTION TWO

- (a) Discuss why real estate business can be one of the least risky types of business to engage [8 marks]
- (b) State the traits required by somebody wishing to be in the real estate financing [7 marks]

QUESTION THREE

- (a) Discuss in details how financing real estate development can be done [7 marks]
- (b) What are the factors to consider when doing the above [5 marks]
- (c) State other kinds of business that can be run alongside real estate. [3 marks]

QUESTION FOUR

- (a) Why is performance quite important in real estate [6 marks]
- (b) Describe how real estate finance performance can be done [9 marks]

QUESTION FIVE

- (a) What are secondary mortgage markets? [3 marks]
- (b) Highlight the mortgage related securities. [12 marks]

QUESTION SIX

- (a) Discuss the concept of financial leverage [5 marks]
- (b) Discuss the concept, debt structure and state its relevance in real estate financing [12 marks]

