

Dearborn Math Quiz

Basic Real Estate Concepts

1. The current market value of a property is \$35,000. For tax purposes, it is assessed at 40 percent of market value. The tax rate of \$4 per \$100 is assessed value. What is the amount of the tax due?
 - a. \$560
 - b. \$625
 - c. \$705
 - d. \$740

2. The revenue stamps (transfer taxes) required to be placed on a deed when a property sells for \$75,000, with \$25,000 down and the buyer assuming existing mortgage of \$49,500 are:
 - a. \$75.00.
 - b. \$51.00.
 - c. \$25.50.
 - d. \$150.00.

Property Description

3. How many lots, each measuring 72.5 feet wide by 100 feet deep, could be made from a two-acre parcel of land?
 - a. 6
 - b. 7
 - c. 12
 - d. 14

4. A lot with a depth of 80 feet and an area of 4,800 square feet was sold for \$350 per front foot. What was the total sales price?
 - a. \$21,000
 - b. \$28,000
 - c. \$31,800
 - d. \$35,000

Real Estate Brokerage and Law of Agency

5. A parcel of vacant land 80 feet wide and 200 feet deep was sold for \$200 per front foot. How much money would a salesperson receive for her 60 percent share in the 10 percent commission?
 - a. \$640
 - b. \$960
 - c. \$1,600
 - d. \$2,400

6. W is a salesperson working for Broker V. W sells a \$150,000 home. The listed commission is 6.5 percent of the selling price. Out of this amount, 5% is payable to the referral network that referred the buyer, 35 percent goes to the listing broker, and 60 percent belongs to the cooperating broker. Broker V and W agreed that W would receive 55 percent of any commission that he generated for the office. For this transaction, W is entitled to receive
 - a. \$2,632.50.
 - b. \$3,217.50 .
 - c. \$3,412.50.
 - d. \$5,850.00.

7. Deleted.

Real Estate Contracts

8. A building sold for \$157,000. The broker charged a 6 percent commission and divided it as follows: 10 percent to the salesperson who took the listing, one-half of the balance to the salesperson who made the sale, and the remainder to the broker. What was the listing salesperson's commission?
 - a. \$239
 - b. \$942
 - c. \$1,570
 - d. \$4,239

9. If a seller needs to net \$50,000 after the sale, how much must the real estate sell for if the selling costs include a 7% commission and \$1,200 in other expenses?
 - a. \$54,700.00
 - b. \$54,963.44
 - c. \$55,053.76
 - d. \$55,633.25

10. The seller wants to net \$65,000 on the sale of his house after paying the broker a fee of 6%. How much must the gross selling price be?
- a. \$69,149
 - b. \$68,093
 - c. \$67,035
 - d. \$66,091

Landlord/Tenant

11. An office rents for \$450 per month and measures 12 feet by 20 feet. The advertised annual rent per square foot would be
- a. \$1.875
 - b. \$4.50
 - c. \$18.75
 - d. \$22.50

Real Estate Financing

12. If the quarterly interest at 10-1/2 percent is \$3,150, the principal amount of the loan is
- a. \$30,000
 - b. \$60,000
 - c. \$90,000
 - d. \$120,000
13. A building was sold for \$115,000. Earnest money in the amount of \$15,000 was deposited in escrow, and the buyer obtained a new loan for the balance of the purchase price. The lender charged two discount points on the loan. What was the total amount of cash used by the buyer for this purchase?
- a. \$2,300
 - b. \$15,000
 - c. \$17,000
 - d. \$17,300
14. If a buyer obtains a \$50,000 mortgage with 4 points, how much will the lender charge at closing?
- a. \$6,000
 - b. \$200
 - c. \$2,000
 - d. \$40,000

15. If the yield on a 30-year loan is $10 \frac{1}{4}$ percent and a mortgage lender charges 3 points, what is the interest rate on the mortgage note?
- $9 \frac{1}{2}$ percent
 - $10 \frac{5}{8}$ percent
 - 10 percent
 - $9 \frac{7}{8}$ percent
16. If the interest rate on an FHA-insured mortgage loan is $11\frac{1}{2}$ percent and the monthly interest payment is \$1,412, the principal sum would be
- \$12,278
 - \$147,339
 - \$162,383
 - \$194,561
17. If the amount of a loan is \$13,500 and the interest rate is $7 \frac{1}{2}$ percent what is the amount of the semiannual interest payment?
- \$596.55
 - \$506.25
 - \$602.62
 - \$457.14
18. If a house sold for \$80,000 and the buyer obtained a loan for \$72,000, how much money would the buyer pay if the lender charged 3 points?
- \$2400
 - \$2328
 - \$2160
 - \$240
19. Last month's loan payment included \$412.50 interest on a \$60,000 loan balance. What is the annual rate of interest?
- $7 \frac{1}{2}$ percent
 - $7 \frac{3}{4}$ percent
 - $8 \frac{1}{4}$ percent
 - $8 \frac{1}{2}$ percent

Real Property Valuation

20. Determine market value of a 1,850 sq.ft. home, 4BR, 2 ½ BA, 1 acre, using the following:

Comp #1: S/P @ \$105,000, 1,850 sq.ft., 3BR, 2BA, .7 acre lot

Comp #2: S/P @ 115,000, 1,900 sq.ft., 3BR, 2.5BA, .8 acre lot

Comp #3: S/P @ \$110,000, 1,875 sq.ft., 4BR, 2BA, .9 acre lot

Cost of construction is \$80/sq.ft., \$3,500 per BR, \$2,500 per BA, \$15,000 per acre, Weighted averages: Comp #1 @35%, Comp #2 @25%, Comp #3 @40%

Federal Income Taxation of Real Property

21. The Ls sold their vacation home for \$88,000. If they made a profit of 10 percent, what was the original cost of the property?

- a. \$61,000
- b. \$79,000
- c. \$79,200
- d. \$80,000

22. The selling price of a property is \$96,000. This can be financed if the buyer can put 10 percent down and pay a loan origination fee of 1.5 percent. How much cash must the buyer produce to complete this transaction?

- a. \$10,080
- b. \$10,896
- c. \$11,040
- d. \$11,084

23. The buyer of a \$125,000 home has paid \$2,000 as earnest money and has a loan commitment for 70 percent of the purchase price. The balance of the cash the buyer needs to complete the transaction is

- a. \$3,500.
- b. \$35,500.
- c. \$37,000.
- d. \$37,500.

24. Deleted.

Real Estate Mathematics

25. In 1982, a family purchased their house for \$26,500. They made no major improvements during the time they owned the property. Recently, they sold the property for \$62,275. What was their percentage of gross profit?
- a. 42.6 percent
 - b. 58.2 percent
 - c. 135 percent
 - b. 235 percent
26. A custom home containing 4,320 square feet was recently constructed on a \$145,000 lot. Construction costs were \$80.25 per square foot, and other fees and costs totaled \$12,785. What was the total cost of the property?
- a. \$145,000
 - b. \$346,680
 - c. \$359,465
 - c. \$504,465
27. A small office building sold for \$949,000 and the broker received a commission of \$54,990. What was the broker's commission rate?
- a. 5.8 percent
 - b. 6.2 percent
 - c. 7 percent
 - d. 11.3 percent
28. A 40-acre tract was sold for \$2,200 per acre. The seller realized a 14.5 percent profit from the sale. What was the original cost of the tract?
- a. \$75,240.00
 - b. \$76,855.90
 - c. \$100,760.00
 - c. \$102,923.98

29. The commission of the sale of a house is \$4,410. Five percent of the commission goes to the multiple listing service. Twenty-five percent goes to the broker who listed the property. Of the remainder, the broker whose salesperson completed the transaction gets 45 percent, and the salesperson receives the balance. How much does the salesperson who made the sale receive?
- a. \$1,389.15
 - b. \$1,697.85
 - c. \$1,728.85
 - d. \$2,425.50
30. A property owner wishes to net \$56,500 from the sale of her small building. After paying an advertising allowance of \$160 and a 7 percent commission, what must the selling price be, rounded to the nearest dollar?
- a. \$60,455
 - b. \$60,626
 - c. \$60,753
 - d. \$60,925
31. A home valued at \$168,500 has just had a 70 percent mortgage loan placed on it. The interest rate is 11.25 percent. The monthly payment is \$1,292.22 including principal and interest. What will the principal balance of the mortgage loan be after the next monthly payment is made?
- a. \$117,560.28
 - b. \$117,763.56
 - c. \$117,913.56
 - c. \$117,950.00
32. A buyer offers \$26,280 for a 20 percent interest in a commercial property. What is the total value of the property?
- a. \$31,536
 - b. \$32,850
 - c. \$105,120
 - d. \$131,400

33. A house was listed for sale at \$84,900. The seller received \$71,424 after paying the broker a 7 percent commission. What was the selling price of the property?
- a. \$76,423.68
 - b. \$76,800.00
 - c. \$78,957.00
 - d. \$79,345.79
34. A developer is planning a building that will contain 103,000 square feet. Construction costs are estimated to be \$62.00 per square foot. Ninety-five percent financing is available for the structure. How much money must the developer put up to complete the project?
- a. \$319,300
 - b. \$638,600
 - c. \$5,747,400
 - d. \$6,066,700
35. A buyer has deposited 10 percent of the sales price with the broker as earnest money, and the bank has agreed to lend \$51,000, which is 80 percent of the sales price. How much additional funding must the buyer provide to complete this transaction?
- a. \$5,100
 - b. \$5,500
 - c. \$6,125
 - d. \$6,375
36. A parcel of vacant land has an assessed valuation of \$274,550. If the assessment is 85 percent of market value, what is the market value?
- a. \$315,732.50
 - b. \$320,000.00
 - c. \$323,000.00
 - d. \$1,830,333.33

37. The seller-landlord has collected the September rent from all five tenants: two paying \$345 per month each and three paying \$425 per month each. Determine the prorated amount to be allowed the buyer when the sale closes on September 19th.
- a. \$720.50
 - b. \$786.00
 - c. \$1,244.50
 - d. \$1,965.00
38. A \$75,000 mortgage loan requires a discount of \$1,875 to be paid by the seller. How many points is this equivalent to?
- a. 2
 - b. 2.5
 - c. 4.5
 - d. 5
39. Assume that the listing and selling brokers split the commission evenly. What is the sales price of a house if the listing broker received \$2,593.50 and the total commission rate is 6 1/2 percent?
- a. \$88,400
 - b. \$79,800
 - c. \$76,200
 - d. \$39,900
40. A vacant lot that measures 100 feet wide by 125 feet deep is listed at a price of \$250 per front foot. The broker will collect an 8% commission on the sale. If the lot sells for the full asking price, how much is the broker's fee?
- a. \$2,500
 - b. \$2,000
 - c. \$1,500
 - d. \$1,250
41. If a mortgage lender intends to yield 10 3/8 percent on a 30-year loan and charges 9 3/4 percent interest, how many points should the lender charge?
- a. 8 points
 - b. 5 points
 - c. 7 point
 - d. 4 points

42. If the borrower paid \$189.06 interest last month on a \$27,500 loan, what is the interest rate?
- a. 7 1/2 %
 - b. 7 3/4 %
 - c. 8 1/4 %
 - d. 8 1/2 %
43. The taxes for 1994 are \$1743.50 and have not been paid. If the sale is to be closed on August 12, 1994, what is the tax proration that will be charged to the seller based on a 360-day year?
- a. \$1,104.05
 - b. \$1,220.26
 - c. \$668.26
 - d. \$1,075.15