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MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS**

**2016/2017 ACADEMIC YEAR**

**FOURTH YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS**

**BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 416**

**COURSE TITLE: REAL ESTATE FINANCE**

**DATE: 27TH APRIL 2017 TIME: 2.00PM-4.00PM**

**INSTRUCTIONS TO CANDIDATES**

* ***Answer question ONE (compulsory) and any other THREE***
* ***Question one carries 25 marks***
* ***All other questions carry 15 marks***

*This paper consists of 2 printed pages. Please turn over*

**QUESTION ONE**

1. Define the following terms ;-

i) Mortgage **(2 marks)**

ii) Promissory note **(2 marks)**

b) Explain the rights of investors on real estate **(8marks)**

c) Discus the risks that affect mortgage loans **(8marks)**

d) Describe the advantages and disadvantages of using net present value (NVP) as a way of project appraisal **(5marks)**

**QUESTION TWO**

a)List and explain six major non residential properties **(15marks)**

**QUESTION THREE**

a) Why do most business companies lease space and do not own office blocks **(8marks)**

b) Describe the contents of a promissory note **(7marks)**

**QUESTION FOUR**

a) Explain why a company would own a building but opt to lease

**(5marks)**

b) Explain the property right approach process **(4marks)**

c) Explain about three major property types **(6marks)**

**QUESTION FIVE**

a) Explain why buying and selling of property occur **(10marks)**

b) Market rent depends on many factors. Explain these determinant factors  **(5marks)**