



OFFICE OF THE DEPUTY PRINCIPAL
ACADEMICS, RESEARCH AND STUDENT AFFAIRS

UNIVERSITY EXAMINATIONS

2024/2025 ACADEMIC YEAR

FOURTH YEAR FIRST SEMESTER REGULAR MAIN
EXAMINATION

FOR THE DEGREE OF BACHELOR OF BUSINESS
MANAGEMENT

COURSE CODE: BBM 411

COURSE TITLE: REAL ESTATE FINANCE

DATE: 06/01/2025

TIME: 8:00- 11:00AM

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF TWO PRINTED PAGES

PLEASE TURN OVER

Attempt question one and any other two

Q1

- a) Briefly describe the appraisal process used in valuation of Income properties. (12 marks)
- b) Discuss the main differences between the cost approach and sales comparison approach to valuation under real estate finance. (6 marks)
- c) The Bungoma Teachers Sacco has 16 acres of land along Bungoma-Webuye Road. The management has decided to put up houses which will form the Teachers Sacco-Bungoma Estate. They have appointed you as a Real Estate Developer who is expected to draw a plan on way forward. How will you go about in developing the Real estate? (12 marks)

Q2

- a) What is the difference between Real Property and Personal Property? (4 marks)
- b) Discuss the main functions of property management giving examples. (12 marks)
- c) What is a conventional mortgage? (4 marks)

Q3

- a) Kipchoge is interested in Real Estate Investment which will give him a return of 10 million at the end of 3 years. Assuming he desires an annual return of 15% interest on the amount invested, how much should Kipchoge pay for a such an investment? (12 marks)
- b) Describe the following terminologies as applied in the real estate finance industry.
 - i) Foreclosure
 - ii) Easements
 - iii) Mortgagee
 - iv) Mortgagor
 - v) A real estate broker

Q4

Write short notes on:

- a) Importance of mortgages in Real Estate Industry. (10 marks)
- b) Internal determinants of consumer behavior in relations to Real Estate Industry. (5 marks)
- c) Elaborate on Positive total leverage and Negative leverage (5marks)

Q5

a) Elaborate on the following as applied under real estate finance;

- i. Reversion
- ii. Fee simple Estate
- iii. Life Estate
- iv. Remainder
- v. Estate at will

(20marks)