Real Estate Math Practice Questions

1. A home is appraised at $125,000 and the assessment level is 35%. There are a total of 40 mills in the taxing area. What are the normal taxes?

A. $1,750
B. $1,853
C. $2,361
D. $3,215

2. A house costs $100,000. The buyer is making a down payment of $32,000 and getting a $68,000 loan. If there are 4 points, how much money will be paid out of the closing for the points?

A. $400
B. $1,280
C. $2,720
D. $4,000

3. How many square feet are there in the S ½, SW ¼, NE ¼ of Section 28?

A. 136,125
B. 435,600
C. 720,480
D. 871,200

4. A homeowner wants to install a laminate floor in his kitchen. The room measures 12' x 18' and the flooring will cost $18.50 per square yard. How much will the materials cost?

A. $444
B. $1,332
C. $1,998
D. $3,996

5. Seller Andy requires a 3.5% deposit on all offers. Buyer Joe wants to offer $312,000 for the property. The property was appraised at $325,000. What must the earnest money deposit be if Joe presents his current offer?

A. 10,920
B. $11,375
C. $9,500
D. $10,538

6. Seller Melissa receives an offer of $689,000 on a property she listed at $749,000. How much is the offer as a percent of the listing price?

A. 87%
B. 89%
C. 92%
D. 109%

7. A borrower obtains a $700,000 interest-only loan. Rates are running at 7.25%. What will this borrower's monthly payment be?

A. $5,640
B. $5,075
C. $4,845
D. $4,229

8. A duplex that sold for $450,000 had monthly gross rent receipts of $3,000. What is its monthly gross rent multiplier (GRM)

A. 12.5
B. .01
C. 125
D. 150

9. A property has sold for $1,270,000. The listing agreement calls for a commission of 7%. The listing broker and selling broker agree to share the commission equally. What will the listing agent receive if the agent is schedule to get a 40% share from his broker?

A. $44,450
B. $35,560
C. $26,670
D. 17,780

10. A homeowner paid $370,000 for a house three years ago. The house sells today for $478,000. How much has the property appreciated?

A. 23%
B. 77%
C. 29%
D. 10%

Answers:
1. A: Assessed Value:
$125,000 x 0.35 (35%) = $43,750 | Multiply the assessed value by 40 mills (4% or 0.04)
$43,750 x .04 = $1,750 in annual taxes

2. C: One Point = 1% | Four Points = 4% | $68,000 x 4% (.04) = $2,720

3. D: First, we find the acreage: Multiply the denominators. 2 x 4 x 4 = 32 | How many acres in a section? 640 | 640 ÷ 32 = 20 acres | Each acre is 43,560 square feet | 20 x 43,560 = 871,200 SF

4. A: Find the square footage: 12 feet x 18 feet = 216 square feet | Divide by 9 to find square yards:
216 ÷ 9 = 24 | Multiply square yards by $18.50 to find cost: 24 x $18.50 = $444

5. A: Multiply the offer $312,000 by the percent required by the seller (3.5%) | $312,000 x .035 = $10,920

6. C: Divide the offer by the listing price. $689,000 / $749,000 = 92%

7. D: Using the formula, (Payment = Rate x Principal), you have $700,000 x 7.25% = $50,750 interest per year. Dividing by 12, this comes to $4,229 per month. TIP: The T Bar would come in handy for this problem!

8. D: GRM = Price / Monthly Rent. Thus, $450,000 / $3,000 = 150.

9. D: First, calculate the total commission, then the co-brokerage splits, then the agent-broker split. Thus: $1,270,000 x 7% = $88,900 total commission. ($88,900 x 50%) = $44,450 total listing broker share. ($44,450 x 40%) = $17,780 agent's share.

10. C: Appreciation as a percent can be estimated by (1) subtracting the estimated current market value from the price originally paid (478,000 – 370,000 = 108,000) and (2) dividing the result by the original price (108,000 / 370,000 = .29 or 29%).