

Question #32

The asking price is \$240,000 and the property was sold at a 9 percent discount. The loan-to-value ratio is 70 percent and the processing fees are 2 percent of loan. How much must you borrow if you have cash on hand?

- a. \$157,714
- b. \$157,248
- c. \$154,560
- d. \$152,880

Question #33

You purchased a property for 80 percent of the asking price of \$250,000. You put down 20 percent of the purchase price as down payment. Processing fees is 1.60 percent of loan. How much did the bank give you on signing the loan agreement, assuming you have cash on hand?

- a. \$160,000
- b. \$157,440
- c. \$157,600
- d. \$197,000

Question #34

Use the information below to answer the following question.

You have cash on hand

Property value \$500,000

Loan-to-value ratio (LVR) of 70%

Interest rate (nominal) per annum is 7.50% per annum compounded semi-annually

Processing fees is 2.50% of loan

No cancellation penalty

Mortgage payment paid annually

Term of loan 15 years

What is the effective cost of borrowing (ECB)?

- a. 7.69%
- b. 8.01%
- c. 8.05%
- d. 7.84%