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OBAFEMI AWOLowo UNIVERSITY
FACULTY OF ENVIRONMENTAL DESIGN AND MANAGEMENT
DEPARTMENT OF ESTATE MANAGEMENT
BACHELOR OF SCIENCE (ESTATE MANAGEMENT) PROGRAMME
2011/2012 HARMATTAN SEMESTER EXAMINATIONS

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COURSE TITLE: **ESM 403** -- Estate and Development Finance

TIME ALLOWED: 2½ Hours

INSTRUCTION: ANSWER ANY FOUR QUESTIONS

1. (a) Justify the need to introduce securitisation as a source of Finance into the Nigerian property market and discuss the practical problems/issues that must be resolved for its successful practical implementation especially with respect to assets to be securitised. [14 marks]
- (b) Dr Felix's son, Moses, obtained a mortgage loan from Access Bank for twelve (12) years at 9% p.a., without his father's knowledge. Five (5) years later, Access Bank wrote a letter informing Moses of an increase in the interest rate to 9.5% and also informed him of the fact that he has defaulted in payment for the whole 5 years; a letter which Dr. Felix accidentally stumbled upon. In the same letter, the new constant level payment was stated as N114,722.50 compounded and payable twice yearly. Calculate for Dr. Felix, the initial indebtedness of his son to Access Bank at the beginning of the loan transaction. [6 marks]
2. (a) Discuss your understanding of the two basic mortgage delivery systems known to you and examine, in detail, the main functions and participants involved in the systems. [15 marks]
- (b) Your client desires to borrow N125,000 from the Federal Mortgage Bank of Nigeria (FMBN) at an interest rate of 8.5%. However, given his property's rental level, he cannot afford more than N18,000 per annum as mortgage repayment. Considering his age and character, the Bank is willing to grant him the loan for a term that will bring his yearly level payment to N17,794.00. Establish how much of the loan will be outstanding at the end of 10 years, assuming regular repayment? [5 marks]
3. Discuss the transaction structure of securitisation with an identification and discussion of the roles of **five key** participants involved. Your discussion of participants must include the one relevant to your profession. [20 marks]
4. SHELTCO, a property development outfit based in Abuja wishes to construct a housing estate on six acres of land located in Gwagwalada, Federal Capital Territory. The project estimated to cost 2 billion naira is to be financed mainly through loan. Discuss five possible sources through which the project can be financed. [20 marks]
5. Describe five of the discipline or professional perspectives that are involved in preliminary studies, design, analysis and construction management of a typical real estate development. [20 marks]
6. Discuss five criteria that funds consider as paramount in funding a real estate project. [20 marks]

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