PSI 11 Real Estate Calculations

(Salesperson 10%, Broker 8%)

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INTRODUCTION

Real Estate Calculations - overview

BASIC MATH CONCEPTS - OVERVIEW

LOAN-TO-VALUE RATIOS

DISCOUNT POINTS

EQUITY

Down Payment

AMOUNT TO BE FINANCED

Property tax calculations

Prorations

Commission

Commission splits

Seller's proceeds of sale

Buyer funds needed at closing

Transfer fee/conveyance tax/revenue stamps

PITI (Principal, Interest, Taxes and Insurance) payments

CALCULATIONS FOR VALUATION, RATE OF RETURN - OVERVIEW

NET OPERATING INCOME

DEPRECIATION

CAPITALIZATION RATE

GROSS RENT AND GROSS INCOME MULTIPLIERS