INSTRUCTIONS:
- Answer question **ONE (compulsory)** and any other **TWO** questions

**QUESTION ONE**
(a) Explain the various alternatives that investors can consider in workouts (6 marks)
(b) Discuss any FIVE ways of real estate financing in real Estates markets (10 marks)
(c) Identify the determinants of mortgage interest rates when pricing and structuring mortgage loans (8 marks)
(d) Using relevant examples discuss the classification of real estates in Kenya (6 marks)

**QUESTION TWO**
(a) A fully amortizing mortgage loan is made for sh. 100,000 at 6% interest for 30 years. Determine payments for the following periods if interest is accrued (10 marks)
   i. Monthly
   ii. Quarterly (8 marks)
(b) A pension fund is making an investment of shs10,000 today and expects to receive shs 1,600 at the end of each month for the next five years. At the end of the fifth year, the capital investment of shs 100,000 will be returned. What is the internal rate of return compounded annually on this investment? (6 marks)
(c) With reference to the Kenyan Real Estate market explain THREE real estate modifiers within Nairobi County (6 marks)

**QUESTION THREE**
(a) In every mortgage loan, there are several clauses that state the rights of the mortgagor and the mortgagee during the term of the mortgage loan agreement. Discuss (10 marks)
(b) Discuss the motivations of investing in income properties (4 marks)
(c) Discuss the determinants demand for housing units in Kariakor Nairobi Kenya (6 marks)

**QUESTION FOUR**
(a) With the help of diagram explain the adjustment of housing units with respect to either an increase or decrease of the below factors (10 marks)
   i. Depreciation
   ii. Increase in demand
   iii. Construction costs
(b) Discuss the organization that are legally mandated to offer mortgage loans to customers in Kenya (10 marks)