Seiler School of Real Estate

Pro-ration Worksheet

1.) The formula below assumes the Buyer is responsible for costs on the day of closing.
2.) When doing pro-rations; 360 days in a year, 30 days in each month.
3.) Mortgage interest is paid in arrears; ie May 1st mortgage payment pays for interest from April 1st through April 30th.
4.) Loan balance x interest rate = annual interest amount, divide by 360 = daily interest amount.
5.) Rent is normally paid in advance. May 1st payment pays 5/1 through 5/31.
6.) To convert a fraction to a decimal; ie 5/8; divide 5 by 8 = .625
7.) The **1st Day of UnPaid Period** (**UPP**) is the day after the period that has been paid for; ie
   a) Rent paid for July 1998 (pays for entire month of July), 1st day of UPP is 98-08-01.
   b) September 1, 1998 mortgage payment (interest paid in arrears, ie month of August); 1st day of UPP is 98-09-01
   c) One year fire insurance policy paid March 15, 1998 (pays for 3/15/98 through 3/14/99) 1st day of UPP is 99-3-15.
   d) Real estate taxes paid for calendar year 1997; 1st day of UPP is 98-01-01.

Six Easy Steps to Pro-ration Calculations	A.	_____ / _____ / _____ . 1st day of UPP if **after** close date
1. Write down closing date on line B as follows: yy/mm/dd (use the current year if none is given in the problem)	B.	_____ / _____ / _____ . **Closing Date**
2. Determine the 1st day of the **UPP** (tip #7 above); determine whether UPP is after or before closing date and place on appropriate line, either line A or line C in yy/mm/dd format.	C.	_____ / _____ / _____ . 1st day of UPP if **before** close date
3. Subtract either Line B from Line A or Line C from Line B (remember to borrow 30 days from the months column and 12 months from the years column if you need to)	D.	_____ / _____ / _____ . yy / mm / dd
4. Convert the results from line D into: Line E. enter yy (years) from line D Line F. enter mm (months) from line D Line G. enter dd (days) from line D Add lines E, F, G	E. F. G. H.	____years x 360 = ____days ____months x 30 = ____days ____days **Total # of Days:_____**
5. Determine what item is to be prorated, convert the cost to an annual figure if it isn't already. (daily cost x 360 or monthly cost x 12) (it may involve a "pre-problem" ie. Determining the annual mortgage interest. See tip #4 top of page) enter on line I, divide the annual cost (line I) by 360, to arrive at a cost per day. (per diem) Line J	I. J.	_____ Annual Cost of item to be prorated _____ Divide Annual Cost by 360 To Get Cost Per Day (**Per Diem**)
6. Multiply the number of days (line H) times the per diem (line J).	K.	_____ Line H x Line J

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Determining the 1ˢᵗ Day of the Unpaid Period (UPP)

_____ / _____ / _____   1. July 1st, 1998 mortgage payment paid.

_____ / _____ / _____   2. July 1st, 1998 tenants rent paid.

_____ / _____ / _____   3. February 1999 condo maintenance fee paid.

_____ / _____ / _____   4. Date is September 1, 1998 and 1st installment of Maui's real property taxes have been paid.

_____ / _____ / _____   5. Closing date October 18th, 1998 monthly leasehold rent paid.

_____ / _____ / _____   6. Date is March 1, 1998 and 2nd installment of Maui's real property taxes are unpaid.

_____ / _____ / _____   7. Date is November 5th, 1998; 4th quarter cable TV bill has not been paid.

_____ / _____ / _____   8. Three year fire insurance policy paid July 11th, 1996

_____ / _____ / _____   9. Date is May 9th, 1998; 1st half of semi-annual water bill paid.

_____ / _____ / _____   10. One year hurricane insurance paid April 10th, 1998

Calculating the Per Diem (cost per day)

_____   11. February maintenance fee $363.00

_____   12. 2nd installment of Maui real property taxes $512.00

_____   13. Mortgage interest on $79,555.90 at 7 ¾%

_____   14. November maintenance fee $330.00

_____   15. May Lease Rent at Sugar Beach $82.47

_____   16. Quarterly special assessment of $845.00

_____   17. Annual real property taxes of $926.50

_____   18. Interest on mortgage payoff; balance of $75,942.47 at 6 ¼%

_____   19. Purchase Money Mortgage Interest; $117,500. At 7 & 7/8%

_____   20. Interest on delinquent state tax lien; $32,497.45 @ 9 ¼%

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Determining the 1ˢᵗ Day of the Unpaid Period (UPP)

98 / **07** / **01**	1.	July 1ˢᵗ, 1998 mortgage payment paid.
98 / **08** / **01**	2.	July 1ˢᵗ, 1998 tenants rent paid.
99 / **03** / **01**	3.	February 1999 condo maintenance fee paid.
99 / **01** / **01**	4.	Date is September 1, 1998 and 1ˢᵗ installment of Maui's real property taxes have been paid.
98 / **11** / **01**	5.	Closing date October 18ᵗʰ, 1998 monthly leasehold rent paid.
98 / **01** / **01**	6.	Date is March 1, 1998 and 2ⁿᵈ installment of Maui's real property taxes are unpaid.
98 / **10** / **01**	7.	Date is November 5ᵗʰ, 1998; 4ᵗʰ quarter cable TV bill has not been paid.
99 / **07** / **11**	8.	Three year fire insurance policy paid July 11ᵗʰ, 1996
98 / **07** / **01**	9.	Date is May 9ᵗʰ, 1998; semi-annual water bill paid in advance.
99 / **04** / **10**	10.	One year hurricane insurance paid April 10ᵗʰ, 1998

Calculating the Per Diem (cost per day)

$12.10	11.	February maintenance fee $363.00
$2.84	12.	2ⁿᵈ installment of Maui real property taxes $512.00
$17.13	13.	Mortgage interest on $79,555.90 at 7 ¾%
$11.00	14.	November maintenance fee $330.00
$2.75	15.	May Lease Rent at Sugar Beach $82.47
$9.39	16.	Quarterly special assessment of $845.00
$2.57	17.	Annual real property taxes of $926.50
$13.18	18.	Interest on mortgage payoff; balance of $75,942.47 at 6 ¼%
$25.70	19.	Purchase Money Mortgage Interest; $117,500. At 7 & 7/8%
$8.35	20.	Interest on delinquent state tax lien; $32,497.45 @ 9 ¼%