Seiler School of Real Estate Proration Quiz #1

1.____**Rick** sells an Upper Kula cabbage farm on November 10th . The principal balance on the mortgage as of November 1st is $68,955. @ 9 5/8% **Rick** will not be making the November 1st loan payment. Calculate the interest proration.

A. $553.08
B. $18.44
C. $719.16
D. $165.96

2.____**Dawn** paid $297. for fire insurance policies, which cover a tofu factory for a year and expire July 17, 2007. When the tofu factory sells on November 7, 2006, what are the prorations?

A. $207.08 @ credit seller, debit buyer
B. $197.30 @ debit buyer, credit seller
C. $234.75 @ credit seller, debit buyer
D. $282.50 @ debit seller, credit buyer

3.____Prorate **Lonny's** (the buyer's) portion of the annual tax bill of $1,638. (paid in full) for the calendar year when the sale is closed April 17th .

A. $623.35
B. $1,155.70
C. $409.50
D. $482.30

4.____**Graham's** Maui Meadows house is sold on May 15th . The annual taxes (calendar year) $760. and the annual water costs of $80. have been prepaid. Your prorations would be:

A. $455. @ credit seller, debit buyer
B. $527. @ debit buyer, credit seller
C. $385. @ credit seller, debit buyer
D. $595. @ debit seller, credit buyer

5.____Closing date of August 5, 2006; first installment of Maui fiscal year (July 1, 2006 through June 30, 2007) real estate taxes are not paid; assessed value of the property is $300,000. **Don,** the seller is 62 years old and an owner occupant. (use the appropriate homeowner exemption of $80,000.) The tax rate is $7.75 per $1,000.

A. $258.33 @ credit seller, debit buyer
B. $161.16 @ debit seller, credit buyer
C. $161.16 @ credit seller, debit buyer
D. $290.62 @ debit seller, credit buyer

6.____Closing date is April 20th. **Mike** the Buyer will assume homeowner's insurance that expires December 12th . Premium paid to Bishop Insurance is $162.

A. $162. @ debit buyer
B. $104.85 @ debit seller, credit buyer
C. $100.35 @ debit seller, credit buyer
D. $104.85 @ debit buyer, credit seller

7.____**Michele** had paid the annual taxes (Hawaii's fiscal year, July 1, 2005 through June 30, 2006) of $1,082.40 when the Puunene house closed escrow on February 20, 2006. What are the prorations?

A. $301. @ debit buyer, credit seller
B. $394. @ debit buyer, credit seller
C. $451. @ credit seller, debit buyer
D. $692. @ credit seller, debit buyer

8.____**Mark** has sold a Haiku property and will close escrow November 23rd . After making the November loan payment the outstanding balance is $125,560. at 10 7/8%; Calculate the interest due at closing.

A. $834.46
B. $303.44
C. $1,972.34
D. $1,137.89

9.____**Cindy**, the landlord has collected the June rent from all five tenants: two at $345. and three at $425. Compute the rent prorations to the buyer if the sale is closed June 19th.

A. $786.
B. $872.45
C. $1,244.50
D. $1,425.40

10.____**Ken** closes escrow September 21st on the sale of a watermelon farm on Molokai. The annual county water bill of $1,900. has been prepaid through the fiscal year. (July 1st through June 30th) The buyer will give **Ken** enough melons @ $3.50 to offset the proration.

A. 224 melons
B. 1,478 melons
C. 422 melons
D. 543 melons

11.____**Shawneen** is assuming the seller's mortgage loan balance of $24,569.20 @ 9%. The closing date is June 3rd . The seller has paid the June 1st mortgage payment of $265.42; The interest proration is:

A. $12.28 @ credit seller
B. $26.54 @ debit buyer
C. $20.45 @ debit seller
D. $12.28 @ debit seller

12.____The tax year is January 1st through December 31st . **Tammy** has paid taxes of $252. in full and the property is sold April 15th . What is the unused portion?

A. $73.50
B. $179.20
C. $199.50
D. $157.50

13.____**Harold** sells an oceanfront Wailea Point condo for $40,000. by way of a mortgage assumption. **Harold** makes the August 1st mortgage payment and the principal balance is now $26,310. What is/are the proration(s) if the interest rate is 8% and closing August 15th ?

A. $52.62 @ debit seller
B. $116.93 @ debit seller, credit buyer
C. $81.90 @ debit seller, credit buyer
D. $88.89 @ credit buyer, debit seller

14.____Closing date of November 1st ; **Stacey,** the seller has paid the real property taxes of $240.40 in full for the calendar year.

A. $40.20 @ credit seller, debit buyer
B. $242. @ debit buyer
C. $48.40 @ credit buyer, debit seller
D. $242. @ debit seller

Proration Quiz #1

Seiler School of Real Estate

Proration Question #1

- 2006-11-10 Closing Date
- -2006-10-01 First Day of Unpaid Period
- 00-01-09 = 39 Days
- To convert 5/8 = 5 divided by 8 = .625
- $68,955.00
- x 9.625%
- $6,636.92 year / 360 days in year = $18.44 per diem
- $18.44 x 39 = **$719.16** = **C**

Proration Question #2

- 2007-07-18 First Day of Unpaid Period
- -2006-11-07 Closing Date
- 00-08-11 = 251 Days
- $297.00 / 360 = .825 per diem
- .825 x 251 days = **$207.08** = **A**

Proration Question #3

- 2007-01-01 First Day of Unpaid Period
- -2006-04-17 Closing Date
- 00-08-14 = 254 Days
- $1,638.00 / 360 = $4.55 per diem
- $4.55 x 254 days = **$1,155.70** = **B**

Proration Question #4

- 2007-01-01 First Day of Unpaid Period
- -2006-05-15 Closing Date
- 00-07-16 = 226 Days
- $760.00 + 80.00 = $840.00 / 360 = $2.33 per diem
- $2.33 x 226 days = **$526.58** = **B**

Proration Question #5

- 2006-08-05 Closing Date
- -2006-07-01 First Day of Unpaid Period
- 00-01-04 = 34 Days
- $300,000. - $80,000. = $220,000. / $1,000. = 220 x $7.75 = $1,705.00
- $1,705.00 / 360 = $4.74 per diem
- $4.74 x 34 days = **$161.16** = **B** Unpaid so debit seller and credit buyer

Proration Question #6

- 2006-12-13 First Day of Unpaid Period
- -2006-04-20 Closing Date
- 00-07-23 = 233 Days
- $162.00 / 360 = $0.45 per diem
- $0.45 x 233 days = **$104.85** = **D**
- Paid in advance so credit seller, debit buyer

Proration Question #7

- 2006-07-01 First Day of Unpaid Period
- -2006-02-20 Closing Date
- 00-04-11 = 131 Days
- $1,082.40 / 360 = $3.01 per diem
- $3.01 x 131 days = **$394.31** = **B**

Proration Question #8

- 2006-11-23 Closing Date
- -2006-11-01 First Day of Unpaid Period
  (Interest paid in arrears)
- 00-00-22 = 22 Days
- $125,560. x 10.875% = $13,654.65 / 360 = $37.93 per diem
- $37.93 x 22 days = **$834.46** = **A**

Proration Question #9

- 2006-07-01 First Day of Unpaid Period
- -2006-06-19 Closing Date
- 00-00-12 = 12 Days
- $345.00 x 2 = $690.00
- $425.00 x 3 = $1,275.00
- $690.00 + $1,275 = $1,965.00 / 30 = $65.50 per diem
- $65.50 x 12 days = **$786.00** = **A**

Proration Question #10

- 2007-07-01 First Day of Unpaid Period
- -2006-09-21 Closing Date
- 00-09-10 = 280 Days
- $1,000.40 / 360 = $5.28 per diem
- $5.28 x 280 days = $1,478.40 / $3.50 = **422.4** = **C**

Proration Question #11

- 2004-06-03 Closing Date
- -2004-06-01 First Day of Unpaid Period
- 00-00-02 = 2 Days
- $24,569.20 x 9% = $2,211.23 year / 360 days in year = $6.14 per diem
- $6.14 x 2 = **$12.28** = **D**
- Interest Paid in Arrears so Debit Seller

Proration Question #12

- 2007-01-01 First Day of Unpaid Period
- - 2006-04-15 Closing Date
- 00-08-16 = 256 Days
- $252.00 / 360 = $0.70 per diem
- $0.70 x 256 days = **$179.20** = **B**

Proration Question #13

- 2006-08-15 Closing Date
- -2006-08-01 First Day of Unpaid Period
- 00-00-14 = 14 Days
- $26,310.00 x 8% = $2,104.80 year / 360 days in year = $5.85 per diem
- $5.85 x 14 = **$81.90** = **C**
- Interest Paid in Arrears so Debit Seller

Proration Question #14

- 2007-01-01 First Day of Unpaid Period
- -2006-11-01 Closing Date
- 00-02-00 = 60 Days
- $240.40 / 360 = $0.67 per diem
- $0.067 x 60 days = **$40.20** = **A**