**APPRAISAL TOOLBOX**
EDUCATIONAL RESOURCES, ROBUST TOOLS & MORE

## CATEGORY: HP12c

## TOPIC: CALCULATE THE CASH-EQUIVALENT SALE PRICE BASED ON SELLER FINANCING

*Problem 1 – Calculate the cash-equivalent sale price due to below-market financing provided by the seller.*

| | |
|---|---|
| Sale price | $585,000 |
| Loan to value ratio | 80% |
| Loan term | 30 years |
| Amortization/compounding | Monthly |
| Seller's interest rate | 6% |
| Market interest rate | 7.25% |

*Problem Solution – NEXT PAGE*

# Practice Problems

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## Problem Solution

| KEYSTROKES | DISPLAY | COMMENTS |
|---|---|---|
| f CLX | 0.00 | Clear calculator registers |
| 585000 ENTER | 585,000.00 | Enter sale price |
| 80 % PV | 468,000.00 | Calculates loan amount and enters into PV register |
| 6 g i | 0.50 | Calculates periodic (monthly) seller loan rate and inserts into i register |
| 30 g n | 360.00 | Calculates number of periods for loan (months) and enters into n register |
| PMT | -2,805.90 | Calculates periodic (monthly) loan payment based on seller's interest rate |
| 7.25 g i | 0.60 | Calculates periodic (monthly) market interest rate and enters into i register |
| PV | 411,315.45 | Calculates the present value of the mortgage based on market interest rate |
| 585000 ENTER | 585,000.00 | Enter sale price |
| 20 % | 117,000.00 | Calculates downpayment (20%) of sale price |
| RCL PV + | 528,315.45 | Recalls value of mortgage (market) and adds to downpayment (cash-equivalent price) |

# Practice Problems

## CATEGORY: HP12c

## TOPIC:  CALCULATE THE CASH-EQUIVALENT SALE PRICE BASED ON SELLER FINANCING

*Problem 2 – Calculate the cash-equivalent sale price due to below-market financing provided by the seller.*

| | |
|---|---|
| Sale price | $317,500 |
| Loan to value ratio | 90% |
| Loan term | 20 years |
| Amortization/compounding | Monthly |
| Seller's interest rate | 4.00% |
| Market interest rate | 5.25% |

*Problem Solution – NEXT PAGE*

# Practice Problems

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## TOPIC: CALCULATE THE CASH-EQUIVALENT SALE PRICE BASED ON SELLER FINANCING

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| | |
|---|---|
| Sale price | $317,500 |
| Loan to value ratio | 90% |
| Loan term | 20 years |
| Amortization/compounding | Monthly |
| Seller's interest rate | 4.00% |
| Market interest rate | 5.25% |

*Problem Solution*

| KEYSTROKES | | | DISPLAY | COMMENTS |
|---|---|---|---|---|
| | f | CLX | 0.00 | *Clear calculator registers* |
| 317500 | ENTER | | 317,500.00 | *Enter sale price* |
| 90 | % | PV | 285,750.00 | *Calculates loan amount and enters into PV register* |
| 4 | g | i | 0.33 | *Calculates periodic (monthly) seller loan rate and inserts into i register* |
| 20 | g | n | 240.00 | *Calculates number of periods for loan (months) and enters into n register* |
| | PMT | | -1,713,59 | *Calculates periodic (monthly) loan payment based on seller's interest rate* |
| 5.25 | g | i | 0.44 | *Calculates periodic (monthly) market interest rate and enters into i register* |
| | PV | | 256,971.70 | *Calculates the present value of the mortgage based on market interest rate* |
| 317500 | ENTER | | 317,500.00 | *Enter sale price* |
| 10 | % | | 31,750.00 | *Calculates downpayment (10%) of sale price* |
| RCL | PV | + | 288,721.70 | *Recalls value of mortgage (market) and adds to downpayment (cash-equivalent price)* |

# Practice Problems

## CATEGORY: HP12c

## TOPIC: CALCULATE THE CASH-EQUIVALENT SALE PRICE BASED ON SELLER FINANCING

*Problem 3 – Calculate the cash-equivalent sale price due to below-market financing provided by the seller.*

| | |
|---|---|
| Sale price | $1,569,000 |
| Loan to value ratio | 75% |
| Loan term | 25 years |
| Amortization/compounding | Monthly |
| Seller's interest rate | 5.00% |
| Market interest rate | 6.00% |

*Problem Solution – NEXT PAGE*

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## TOPIC: CALCULATE THE CASH-EQUIVALENT SALE PRICE BASED ON SELLER FINANCING

*Problem 3 – Calculate the cash-equivalent sale price due to below-market financing provided by the seller.*

| | |
|---|---|
| Sale price | $1,569,000 |
| Loan to value ratio | 75% |
| Loan term | 25 years |
| Amortization/compounding | Monthly |
| Seller's interest rate | 5.00% |
| Market interest rate | 6.00% |

## Problem Solution

| KEYSTROKES | DISPLAY | COMMENTS |
|---|---|---|
| f CLX | 0.00 | Clear calculator registers |
| 1569000 ENTER | 1,569,000.00 | Enter sale price |
| 75 % PV | 1,176,750.00 | Calculates loan amount and enters into PV register |
| 5 g i | 0.42 | Calculates periodic (monthly) seller loan rate and inserts into i register |
| 25 g n | 300.00 | Calculates number of periods for loan (months) and enters into n register |
| PMT | -6,879.16 | Calculates periodic (monthly) loan payment based on seller's interest rate |
| 6 g i | 0.50 | Calculates periodic (monthly) market interest rate and enters into i register |
| PV | 1,067,693.36 | Calculates the present value of the mortgage based on market interest rate |
| 1569000 ENTER | 1,569,000.00 | Enter sale price |
| 25 % | 392,250.00 | Calculates downpayment (25%) of sale price |
| RCL PV + | 1,459,943.36 | Recalls value of mortgage (market) and adds to downpayment (cash-equivalent price) |

# Practice Problems

## CATEGORY: HP12c

## TOPIC: CALCULATE THE CASH-EQUIVALENT SALE PRICE BASED ON SELLER FINANCING

*Problem 4 – Calculate the cash-equivalent sale price due to below-market financing provided by the seller.*

| | |
|---|---|
| Sale price | $625,000 |
| Loan to value ratio | 70% |
| Loan term | 30 years |
| Amortization/compounding | Monthly |
| Seller's interest rate | 4.25% |
| Market interest rate | 5.75% |

*Problem Solution – NEXT PAGE*

# Practice Problems

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## CATEGORY: HP12c

## TOPIC: CALCULATE THE CASH-EQUIVALENT SALE PRICE BASED ON SELLER FINANCING

*Problem 4 – Calculate the cash-equivalent sale price due to below-market financing provided by the seller.*

| | |
|---|---|
| Sale price | $625,000 |
| Loan to value ratio | 70% |
| Loan term | 30 years |
| Amortization/compounding | Monthly |
| Seller's interest rate | 4.25% |
| Market interest rate | 5.75% |

## Problem Solution

| KEYSTROKES | DISPLAY | COMMENTS |
|---|---|---|
| f CLX | 0.00 | Clear calculator registers |
| 625000 ENTER | 625,000.00 | Enter sale price |
| 70 % PV | 437,500.00 | Calculates loan amount and enters into PV register |
| 4.25 g i | 0.35 | Calculates periodic (monthly) seller loan rate and inserts into i register |
| 30 g n | 360.00 | Calculates number of periods for loan (months) and enters into n register |
| PMT | -2,152.24 | Calculates periodic (monthly) loan payment based on seller's interest rate |
| 5.75 g i | 0.48 | Calculates periodic (monthly) market interest rate and enters into i register |
| PV | 368,803.48 | Calculates the present value of the mortgage based on market interest rate |
| 625000 ENTER | 625,000.00 | Enter sale price |
| 30 % | 187,500,00 | Calculates downpayment (30%) of sale price |
| RCL PV + | 556,303.48 | Recalls value of mortgage (market) and adds to downpayment (cash-equivalent price) |