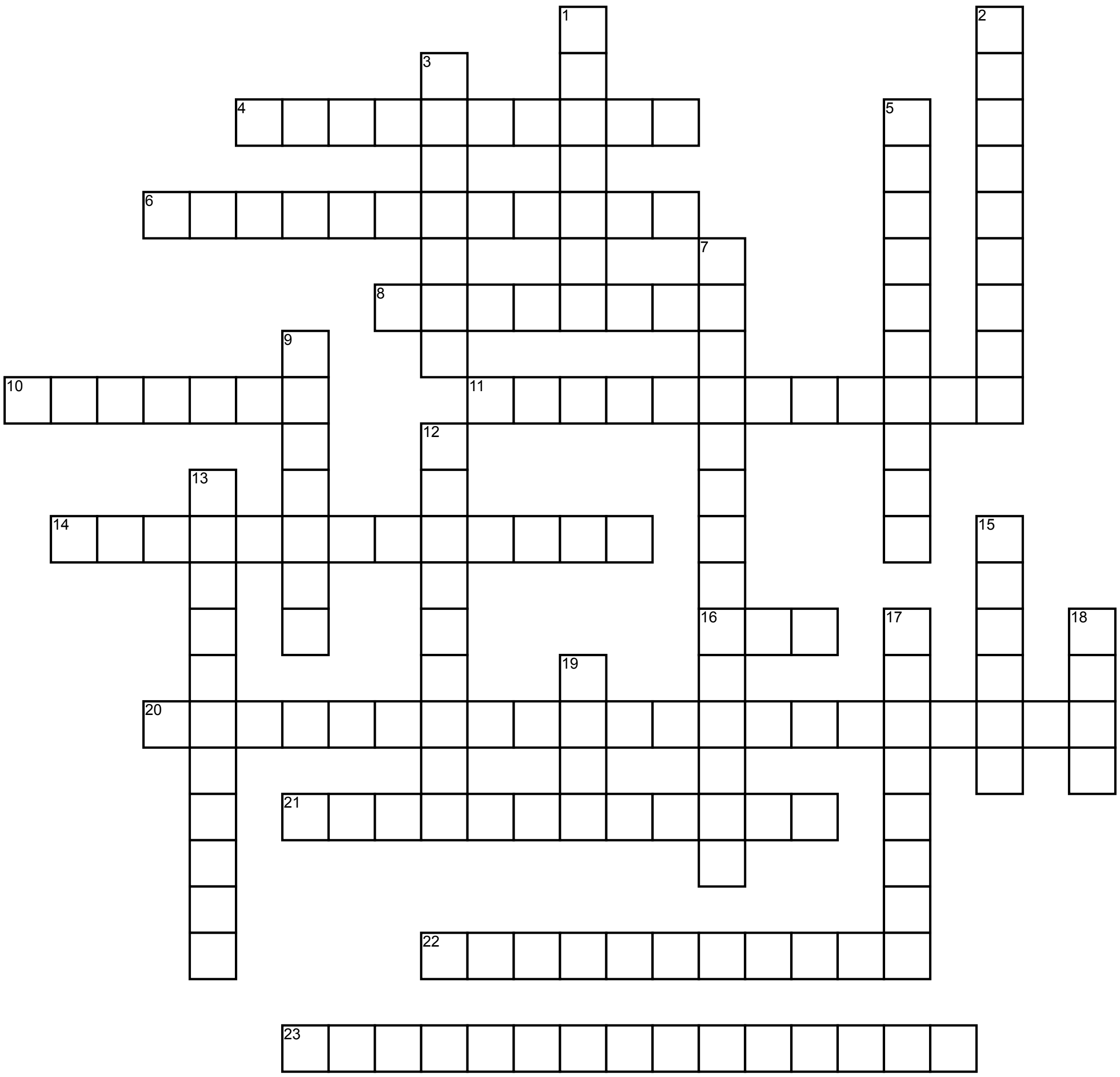
Real Estate Finance



Across

4. This type of mortgage is used to obtain additional financing on a property while keeping an existing loan in place (one that usually has a below market interest rate).

6. A tax on profits from the sale of an asset held for at least one year.

8. Pledges the designated property as security for the debt

10. A loan where the seller pays an amount to the lender to lower the interest rate on the borrower's loan for the first few years.

11. The fraction of the balance the lender expects to recover if default takes place.

14. A high risk and high return strategy.

16. Multiplying the cap rate by the purchase price or value of a property will get you this (acronym)

20. This is a measure commonly used for small apartments where the value of an investment property is obtained by dividing the property's sale price by its gross annual rental income.

21. This country on average has the longest FRM, or longest average initial fixed period.

22. The failure to meet an installment of the interest and principal payments. Or, the failure to pay taxes or insurance premiums

23. To find this, you must use DCF calculations - computing ATCFs and then discounting back at the opportunity cost of capital.

Down

1. Commercial real estate is a much smaller sector than this market, with about $10 trillion compared to $20 trillion.

2. This form of financing underlies the first mortgage debt. It refers to the layer between a company's senior debt and its equity and is secured by a pledge of ownership interests in the owner's entity.

3. This is a type of loan that does not fully amortize over its term. A payment is required at maturity to repay the remaining principal balance.

5. This is a type of penalty where a borrower must replace a mortgage loan with US Treasury securities that can produce similar cash flows.

7. This is a type of mortgage where instead of receiving a full loan at origination, you receive periodic payments until such payments plus interest reach the agreed upon amount.

9. Because of this sluggish prices in the asset market do not fully adjust immediately to reflect relevant market information.

12. This is a type of lease where the tenant would pay a pro-rata share of CAM, Ad Valorem Taxes, Hazard Insurance.

13. A type of mortgage where the lender has the option to buy a full or partial share in the property. To transform the mortgage balance to equity ownership at the end of a specified period.

15. In an ARM, this is the premium in addition to the index chosen

17. The "Three C's" of mortgage underwriting. 1. Collateral 2. Credit Reputation. 3.__________

18. A low risk and low return strategy with predictable cash flows.

19. These have become the second most important source of commercial property loans behind commercial banks (acronym).