

PRACTICE TEST

Question #1

The following are the four major influences on interest rates EXCEPT...

- fiscal policies of the NAR
- demand for money
- monetary policies of the Federal Reserve
- supply of money

Question #2

What does FCS stand for?

- Farmers Currency System
- Family Credit System
- Fiscal Currency System
- Farm Credit System

Question #3

All of the following are required in a residential loan application EXCEPT...

- credit references
- identification and sexual orientation of borrower
- anticipated monthly housing expenses
- employment and income data

Question #4

Which of the following is NOT one of the three categories used to identify an appraiser

- certified general appraiser
- licensed appraiser
- certified residential appraiser
- licensed public appraiser

Question #5

Which of the following is NOT specifically liable for cleanup costs under Superfund Section 107(a)?

- the prior owner or operator of the facility
- the ESO (environmental safety officer)
- the party that transported the hazardous substance or material to the facility
- the current owner or operator of the facility

Question #6

Which of the following statements is true?

- zoning laws are set by the federal government
- zoning laws are set by the local government

Question #7

If an area of land gets larger due to deposits that have occurred because of natural forces it is known as...

- avulsion
- alluvion
- accretion
- addition

Question #8

True or false: A broker can buy a property that he/she has listed without the knowledge and consent of the principal.

TRUE

FALSE

Question #9

“Highest and best use” means...

each property has one legal use that gives it its greatest profitability

“the value of an older, smaller property will be increased if larger homes are constructed near it”

a property’s value will be affected by the demand of similar properties in the surrounding area

the maximum value of a property is reached when it conforms to the surrounding land use

Question #10

The Truth in Lending Act is also known as...

Regulation Y

Regulation 9(a)

Regulation Z

Regulation 26

Question #11

What type of corporation allows a business to operate as a corporation but not pay corporate tax?

- C corporation
- S corporation
- both A and B
- none of the above, every corporation must pay corporate tax

Question #12

What does CBA stand for?

- Certified Broker Agency
- Consumer Budget Association
- Controlled Business Arrangements
- Capital Budget Act

Question #13

Which of the following can NOT be a policy set by an employer?

- dress code policy
- office hours and office after hours policy
- sexual orientation policy
- smoking policy

Question #14

Convincing people to sell real estate in a particular area by generating fear that people from protected classes are moving into the area is known as...

- steering
- redlining
- real estate fraud
- blockbusting

Question #15

What is the name given to the law that is intended to prohibit the creation of monopolies by outlawing direct or indirect attempts to interfere with the free and competitive nature of the production and distribution of goods?

- the Company Liability Act
- the Sherman Act
- the Clayton Antitrust Act
- the Anti Monopoly Act

Question #16

What is the name given to a real property investment that conveys a limited right of use?

- a license
- an encroachment
- an easement
- a tenancy in common

Question #17

Which type of appraisal approach would be best to use when valuing a single family, owned-occupied residence?

- sales comparison approach
- cost approach
- income capitalization approach
- networth approach

Question #18

Which of the following would be best used to describe a five-bedroom house with only one bathroom which is located on a different story to the bedrooms?

- potential obsolescence
- physical deterioration
- external obsolescence
- functional obsolescence

Question #19

Which of the following should an appraiser apply when using the income capitalization approach for a single family residence that only produces rental income?

- gross income multiplier
- gross rent multiplier
- gross excess multiplier
- gross net multiplier

Question #20

True or false: Simple interest is earned on only the original principal, not on the accrued interest.

- TRUE
- FALSE

Question #21

Which of the following has NOT changed the contemporary investment environment?

- securitization
- nationalization
- information and computer networks
- globalization

Question #22

In investment the portfolio for which each security is held in proportion to its market value is known as the...

- net worth portfolio
- retail portfolio
- market portfolio
- buyers portfolio

Question #23

What is the market value of goods and services produced over a period of time referred to as?

- Demand and Supply Shocks
- Budget Deficit
- Inflation
- Gross Domestic Product

Question #24

True or False: The return on assets (ROA) is the ratio of net profits to common equity.

- TRUE
- FALSE

Question #25

The relation of alpha investments to performance measures is also known as...

- Jensen's measure
- Clayton's measure
- Sherman's measure
- Everett's measure

Question #26

What is the name of a standardized conventional loan written on uniform documents that meets the purchase requirements of Fannie Mae and Freddie Mac?

- government-insured loan
- conforming loan
- jumbo loan
- nonconforming loan

Question #27

Which of the following is a legal principle that bars a party from denying or alleging a certain fact owing to that party's previous conduct, allegation, or denial?

- estoppel
- estovers
- grant deed
- true escrow

Question #28

Does groundwater include water that is flowing in underground streams that have an identifiable bed and bank?

- YES
- NO

Question #29

The temporary suspension of payments due under a financing agreement in order to help a distressed borrower recover thus avoiding a default or foreclosure is called what?

- redlining
- mandanum
- moratorium
- assiduity

Question #30

What type of zoning requires that street floors of office buildings be used for retail establishments?

- aesthetic zoning
- incentive zoning
- directive zoning
- cumulative zoning

Question #31

True or false: parentheses are used to identify the part of the operation that is to be completed after all other calculations have been performed?

- TRUE
- FALSE

Question #32

Which of the appraisal approaches can be expressed as the following formula? $\text{land value} + \text{building replacement cost} - \text{depreciation} = \text{estimated value}$

- sale comparison approach
- income approach
- cost approach
- gross net approach

Question #33

Which of the following is the basic formula for computing simple interest?

- principal x rate - time = interest
- principal + rate x time = interest
- principal x rate x time = interest
- principal - rate x time = interest

Question #34

Which of the following can be described as being credited to the buyer, who assumes an obligation for future payments; also debited to the seller, who accepts the note as cash?

- purchase-money mortgage
- purchase price
- prorations
- interest

Question #35

In the metric system 100 meters =

- 1 decameter
- 1 hectometer
- 1 kilometer
- none of the above

Question #36

In most real estate transactions, a fiduciary relationship most likely exists between...

- buyer and broker
- seller and buyer
- seller and broker
- none of the above

Question #37

True or False: Dual agency is not confined to residential transactions.

TRUE

FALSE

Question #38

A single-agency broker only represents...

buyers

clients

sellers

none of the above

Question #39

Which of the following parties can pay the buyer's broker's fees?

only the buyer

only the seller

both the buy and seller equally

any of the above

Question #40

Real estate brokers should concentrate on the four D's, which of the following is NOT one of the four D's?

Do

Disbursement

Decide

Disclose

ANSWER KEY

Answer to Question #1	fiscal policies of the NAR
Reference:	Real Estate Finance / Seventh Edition / 16
Answer to Question #2	Farm Credit System
Reference:	Real Estate Finance / Seventh Edition / 49
Answer to Question #3	identification and sexual orientation of borrower
Reference:	Real Estate Finance / Seventh Edition / 152
Answer to Question #4	licensed public appraiser
Reference:	Real Estate Finance / Seventh Edition / 184
Answer to Question #5	the ESO (environmental safety officer)
Reference:	Real Estate Finance / Seventh Edition / 211
Answer to Question #6	zoning laws are set by the local government
Reference:	Mastering Real Estate Principles / Sixth Edition / 39
Answer to Question #7	alluvion
Reference:	Mastering Real Estate Principles / Sixth Edition / 120
Answer to Question #8	FALSE
Reference:	Mastering Real Estate Principles / Sixth Edition / 244

Answer to Question #9	each property has one legal use that gives it its greatest profitability
Reference:	Mastering Real Estate Principles / Sixth Edition / 327
Answer to Question #10	Regulation Z
Reference:	Mastering Real Estate Principles / Sixth Edition / 414
Answer to Question #11	S corporation
Reference:	Real Estate Brokerage: A Management Guide / Fifth Edition / 84
Answer to Question #12	Controlled Business Arrangements
Reference:	Real Estate Brokerage: A Management Guide / Fifth Edition / 90
Answer to Question #13	sexual orientation policy
Reference:	Real Estate Brokerage: A Management Guide / Fifth Edition / 180
Answer to Question #14	blockbusting
Reference:	Real Estate Brokerage: A Management Guide / Fifth Edition / 200
Answer to Question #15	the Sherman Act
Reference:	Real Estate Brokerage: A Management Guide / Fifth Edition / 382
Answer to Question #16	an easement
Reference:	Fundamentals of Real Estate Appraisal / Ninth Edition / 27
Answer to Question #17	sales comparison approach
Reference:	Fundamentals of Real Estate Appraisal / Ninth Edition / 69

Answer to Question #18	functional obsolescence
Reference:	Fundamentals of Real Estate Appraisal / Ninth Edition / 170
Answer to Question #19	gross rent multiplier
Reference:	Fundamentals of Real Estate Appraisal / Ninth Edition / 226
Answer to Question #20	TRUE
Reference:	Fundamentals of Real Estate Appraisal / Ninth Edition / 313
Answer to Question #21	nationalization
Reference:	Essentials of Investments / Eighth Edition / 14
Answer to Question #22	market portfolio
Reference:	Essentials of Investments / Eighth Edition / 191
Answer to Question #23	Gross Domestic Product
Reference:	Essentials of Investments / Eighth Edition / 366
Answer to Question #24	FALSE
Reference:	Essentials of Investments / Eighth Edition / 441
Answer to Question #25	Jensen's measure
Reference:	Essentials of Investments / Eighth Edition / 585
Answer to Question #26	conforming loan
Reference:	The Language of Real Estate / Fifth Edition / 85

Answer to Question #27	estoppel
Reference:	The Language of Real Estate / Fifth Edition / 148
Answer to Question #28	NO
Reference:	The Language of Real Estate / Fifth Edition / 194
Answer to Question #29	moratorium
Reference:	The Language of Real Estate / Fifth Edition / 265
Answer to Question #30	incentive zoning
Reference:	The Language of Real Estate / Fifth Edition / 437
Answer to Question #31	FALSE
Reference:	Mastering Real Estate Mathematics / Fifth Edition / 12
Answer to Question #32	cost approach
Reference:	Mastering Real Estate Mathematics / Fifth Edition / 136
Answer to Question #33	principal x rate x time = interest
Reference:	Mastering Real Estate Mathematics / Fifth Edition / 159
Answer to Question #34	purchase-money mortgage
Reference:	Mastering Real Estate Mathematics / Fifth Edition / 263
Answer to Question #35	1 hectometer
Reference:	Mastering Real Estate Mathematics / Fifth Edition / 369

Answer to Question #36	seller and broker
Reference:	Agency relationships in Real Estate / Second Edition / 86
Answer to Question #37	TRUE
Reference:	Agency relationships in Real Estate / Second Edition / 107
Answer to Question #38	clients
Reference:	Agency relationships in Real Estate / Second Edition / 111
Answer to Question #39	any of the above
Reference:	Agency relationships in Real Estate / Second Edition / 139
Answer to Question #40	Disbursement
Reference:	Agency relationships in Real Estate / Second Edition / 143