

Education Services, Inc.
Real Estate Academy
Session Eleven Quiz – Chapters 19, 17-18

CHAPTER EIGHTEEN

1. A real estate broker acting as an owner's property manager:
 - a. Must not profit from private contracts at the expense of the owner
 - b. May manage the client's property to his or her own advantage
 - c. Need not maintain complete and accurate trust account records
 - d. Can personally collect the interest earned on trust account funds

2. All of the following are important functions of a property manager EXCEPT:
 - a. Supervising the maintenance of the property
 - b. Protecting the physical integrity of the property
 - c. Meeting the functional requirements of the tenants
 - d. Preparing the owner's income tax returns

3. The property manager's chief concern should be that:
 - a. The property is seldom vacant because it is consistently rented at the lowest possible rents
 - b. The property is managed to achieve the highest rate of return possible for the owner's investment
 - c. The property manager's time is maximized in his or her management of the property
 - d. The property exhibits the proper amount of the owner's pride of ownership

4. All of the following should be considerations in selecting a tenant for the property EXCEPT the:
 - a. Size of the available space relative to the tenant's requirements
 - b. Tenant's ability to make the rental payments
 - c. Compatibility of the tenant's business with those of other tenants
 - d. Ethnic background of the tenant and his or her employees

5. The type of maintenance that is most often overlooked is:
 - a. Corrective maintenance
 - b. Repairs
 - c. Routine maintenance
 - d. Preventative maintenance

6. The successful property manager does all of the following EXCEPT:
 - a. Screens the tenant's ability to pay
 - b. Studies rental rates in the area
 - c. Considers the type of business the tenant has
 - d. Appeases the tenants by repairing their equipment

7. Individuals whose real estate practice is limited to leasing or renting residential property, collecting rent, negotiating leases and similar activities:
 - a. Must be licensed real estate brokers
 - b. Must be licensed real estate salespersons
 - c. May obtain a leasing agent license
 - d. Do not to be license

CHAPTER NINETEEN

8. The income approach to value would be most important in the appraisal of a(n):
 - a. Condominium
 - b. Office building
 - c. Single-family residence
 - d. Vacant residential lot

9. In an old retail building, which of the following would most likely remain because of incurable functional obsolescence?
 - a. Deficient and inadequate lighting
 - b. Closely-spaced internal support columns
 - c. An unattractive store front
 - d. A decrease in the area's population

10. The effective gross annual income from a property is \$112,000. Total expenses for this year are \$53,700. What capitalization rate was used to obtain a valuation of \$542,325?
 - a. 9.75 percent
 - b. 10.25 percent
 - c. 10.50 percent
 - d. 10.75 percent

11. When appraising real estate, the first consideration of the appraiser should be the:
 - a. Asking price of the property
 - b. Highest and best use of the property
 - c. Original cost of the property
 - d. Selling prices of similar properties

12. In the valuation of a large apartment complex, the most weight would be given to which of the following approaches to value?
 - a. The cost approach
 - b. The income approach
 - c. The sales comparison approach
 - d. All approaches equally weighted

13. In the cost approach to value, the appraiser makes use of:
 - a. The owner's original cost of the building
 - b. The estimated replacement cost of the building
 - c. The sales prices similar buildings in the area
 - d. The assessed value of the building

14. An appraiser who is using the sales comparison approach to determine value would use all of the following comparable properties EXCEPT a similar home that was:
 - a. Sold over 6 months ago
 - b. Sold recently but is located on another similar neighborhood
 - c. Sold by the owner's who were undergoing a foreclosure
 - d. Sold recently but is located on a much larger lot

15. Using which of the following would require the value of land to be calculated separately from the value of the improvements?
 - a. The income approach
 - b. The cost approach
 - c. The sales comparison approach
 - d. The gross rent multiplier

16. A building is valued at \$215,000 and contains 4 apartments that rent for \$470 each per month. The owner estimates that the net operating income is 65 percent of the gross rental receipts. What is the capitalization rate?
 - a. 3.7 percent
 - b. 6.8 percent
 - c. 10.5 percent
 - d. 14.2 percent

17. The steps in the appraisal process include all of the following EXCEPT:
 - a. Gathering specific data on the subject property
 - b. Gathering general data for the area of the subject property
 - c. Considering the seller's estimate of the property's value
 - d. Applying the three approaches to value to the collected data

18. Reconciliation is an appraisal term used to describe:
- a. The appraiser's determination of a property's highest value
 - b. An average of real estate values for properties similar to the subject property
 - c. The appraiser's analysis and comparison of the results of each appraisal approach
 - d. The method used to determine the most appropriate capitalization rate for a property
19. An appraiser has been hired to prepare an appraisal on a property that includes an elegant old mansion that is now used as an insurance company office. Which approach to value would the appraiser rely on most?
- a. Income approach
 - b. Gross rent multiplier approach
 - c. Sales comparison approach
 - d. Replacement cost approach
20. The purpose of an appraisal is to:
- a. Estimate the value of a property
 - b. Set the market price of a property
 - c. Determine the projected income of a property
 - d. Set the amount of consideration the seller should accept from a purchaser