

Week 6. Practice Questions (20)
Funding, Real Estate Development Project Management,
and Environmental Issues

1. According to Mr. Campbell, there are three major types of industries: High risk, restricted, and lower risk industries. Out of these three classifications, real estate development is considered to be?
 - A. High risk industry
 - B. Restricted industry
 - C. Lower risk industry

2. Which of the following properly lists the items that you need when you apply for a business loan?
 - A. Business loan application; personal financial statement, spouse's personal information, history of the business, business debt schedule
 - B. Business loan application; personal financial statement, management resume, history of the business, business debt schedule
 - C. Business loan application; personal financial statement, management resume, history of the business, business physical capital depreciation schedule

3. Which of the following properly lists the items that you need when you apply for a business loan?
 - A. Personal tax returns for the most recent 3 years; aging of accounts receivable and payable; IRS Form 4506 signed for business tax returns of personal schedule C.
 - B. Personal tax returns for the most recent 10 years; aging of accounts receivable and payable; IRS Form 4506 signed for business tax returns of personal schedule C.
 - C. Personal tax returns for the most recent 1 year; aging of accounts receivable and payable; IRS Form 4506 signed for business tax returns of personal schedule C.

4. The five C's of credit are a system used by lenders to gauge the creditworthiness of potential borrowers. The system weighs five characteristics of the borrower and conditions of the loan, attempting to estimate the chance of default. The five C's of credit are Character, Capacity, Capital, Collateral and Conditions. The credit history of a borrower refers to:
 - A. Capacity
 - B. Conditions
 - C. Character

5. According to the five C's of credit, car loans secured by cars and mortgages secured by homes are the examples of:
 - A. Capital
 - B. Collateral
 - C. Character

6. According to Mr. Campbell, which of the following small business loan applicant is most likely to secure a business loan?

- A. An individual FICO score of 825 with no business experience
- B. An individual whose business has generated constant positive cash flows with the DSCR ratio being at least 1.25X.
- C. An individual whose business has run into liquidity problem, but has just partnered with a wealthy doctor as co-signer.

7. The real estate project development processes are broadly broken down into the followings **except one**.

- A. Swimming Pool & Tennis Court Study
- B. Economic Feasibility Study
- C. Design Feasibility
- D. Financial Feasibility

8. Financial Feasibility involves in analyzing investment Returns on (1) Property, (2) Equity and (3) Debt.

- A. True
- B. False

9. In economic feasibility study, market analysis is to identify _____ in the real property market, to help estimate the market value of the completed property, and to provide documentation for the financing decision.

- A. Deficit
- B. Supply
- C. Needs

10. In economic feasibility study, market analysis addresses several key components such as the relevant (sub-) market boundaries, market characteristics, characteristics of demand, product supply, barriers to entry, location of competing products, current market conditions, and _____.

- A. Impact analysis
- B. Cost-benefit analysis
- C. Market multiplier analysis
- D. Real estate cycles

11. Design Feasibility Site requires Foot Print, Parking, and Landscaping.

- A. True
- B. False

12. Which one is not an environmental concern?

- A. Asbestos

- B. Lead-Based Products
- C. Underground Storage
- D. Mold & Mildew
- E. Former Industrial Uses

13. Lead is a soft gray metal element that occurs naturally in the earth.

- A. True
- B. False.

14. Mold is a type of fungus. Mold colors are blue, red, and yellow.

- A. True
- B. False

15. Does environmental issues affect the inspection of a home for sale?

- A. Yes
- B. No

16. The Project Manager is the key to success in a construction project.

- A. True
- B. False

17. The Project Manager acts as :

- A. Owners Agent
- B. Contractors Agent
- C. The Parish Inspector Agent

18. Which is incorrect about the characteristics of a Project Manager:

- A. Define goals and objectives
- B. Define beginnings to end
- C. Refuse to work for the owner

19. Project management is the process of leading the work of a team to achieve goals and meet success criteria at a specified time. Numerous studies also document that some projects can be destined for failure. Which of the following correctly lists the five characteristics of a failing project?

- A. Lack of resources - lack of planning - lack of connections - lack of education - lack of knowledge
- B. Lack of planning - lack of clear roles & responsibilities - lack of change management - poor budgeting - poor scheduling
- C. Lack of visions - lack of goals - lack of objectives - lack of strategies - lack of outcomes

20. The "fortune is always in the follow-up."

A. True

B. False