

Week 1 Practice Questions (20)

Entrepreneurship and Small Business fundamentals in Real Estate Market

Choose the best answer.

1. The Spring 2023 Creating Sustainable Neighborhood Developers' Program includes twelve modules on: on (1) Entrepreneurship and Small Business fundamentals, (2) The State of Real Estate Development, (3) Real Estate Acquisition, (4) QuickBooks, (5) Team Management: Leadership, (6) Personal Finance & Funding, (7) Provisional Capacity Assessment, (8) Development & Construction, (9) License-Permits-Certifications-Insurance, (10) Understanding Blueprints, Bidding Projects, and Construction Documentation, (11) _____, and (12) Bonding Awareness and Project Management Fill up the blank using the following.

- A. Contractor Procurement
- B. Xactimate
- C. Quantum Computing

2. Which of the following most accurately describes "Creating sustainable neighborhood developer program"?

- A. the process of renovating and improving a house or district so that it conforms to middle-class taste
- B. the process of training, mentoring, and cultivating individuals who want to improve and develop the community (i.e., houses, subdivisions, community centers, etc.) they belong to.
- C. the process of renovation of deteriorated urban neighborhoods by means of the influx of more affluent residents

3. Who can develop neighborhoods?

- A. Individuals
- B. Non-profits
- C. For-profits
- D. You
- E. All-of the above

4. Similar to the broader economy, commercial real estate is a cyclical market. There are four phases to the real estate cycle: Recovery – expansion - hyper-supply - _____.

- A. deflation
- B. recession
- C. stagnation

5. Which of the following could be a good indicator of the expansion stage of real estate cycle?

- A. fear in the general population
- B. lower supply of property
- C. lower home mortgage rates

6. There are several factors that significantly affect the Real Estate Market. Which of the following is NOT considered as a major factor?

- A. Interest rates
- B. Demographics
- C. Exchange rates

7. What is the definition of an adjudicated property?

- A. A property that has been idled because of insufficient development funds
- B. A property for which a tax sale title is acquired by a political subdivision/ city
- C. A property that has been placed in state or local government by eminent domain law

8. Which of the following best describes the definition of entrepreneurship?

- A. Entrepreneurship a new business that is formed with a plan and expectation that financial gain will follow.
- B. Entrepreneurship is the use of innovative thinking to develop new products, services and
- C. Entrepreneurship is an ability to manage a unincorporated business owned by a single person who is entitled to its profits processes that lead to the creation of wealth for individuals and society.

9. Based on Dean Andrews' presentation, MIT Entrepreneurship Development Program teaches the process of how to start an innovation-driven enterprise using the 24 steps of disciplined entrepreneurship. These 24 steps are grouped into six (6) themes: (1) Who is your customer?; (2) What can you do for your customer?; (3) How does your customer acquire your product?; (4) How do you make money off your product?; (5) _____; and (6) How do you scale your business? 13. According to the real estate cycle model, _____ is surely followed by sky-rocketing prices, over-developments, and a rising number of vacancies in the housing market.

- A. How do you distribute your product
- B. How do you design and build your product
- C. How do you market your product

10. An Attorney is not needed in the acquisition process?

- (A) True
- (B) False

11. According to Mr. Cedric Grant, when you as property developers are doing business with municipalities, you need to build relationships and access to decision makers. Which of the following is NOT one of those mentioned in his presentation?

- (A) Mayor
- (B) Community leaders
- (C) Regulators
- (D) Citizens

(E) Educators

12. Broadly speaking, property developers (i.e., sustainable neighborhood developers) need to know the community issues and priorities such as crime, blight, sanitation, infrastructure, housing, _____, and poverty.

- (A) Investors
- (B) Capital
- (C) Homelessness

13. According to Mr. Grant, you as property developers, need to know the related to what they are trying to accomplish. Which of the following considerations is NOT mentioned in his presentation?

- (A) Local Ordinances and Code
- (B) Comprehensive Zoning Code
- (C) Community Development Plans
- (D) Special Drawing Rights
- (E) Special Districts

14. According to Fred E. Foldvary, the average real estate cycle lasts _____, and the current cycle will end by 2025?

- A. 4 years
- B. 8 years
- C. 18 years

15. The real estate market is part of the economy. As a result, the economy and the real estate market, in general, move together. For instance, a decrease in the market interest rate tends to increase the economic investments (i.e. machinery purchases and new plant construction by firms), so does the real estate market. There are also many other factors that affect the real estate market. Which of the following is one of the factors that greatly affect the real estate market?

- A. The Balance of Trade
- B. U.S. Government housing policies
- C. Inflation rates

16. Ms. Baaheth, former Louisiana Real Estate Commissioner, shared her observations on current housing markets. Which of the following is NOT part of her assessments?

- A. Home values – high but decreasing
- B. Foreclosures – slowly rising
- C. Rental properties - leveling
- D. Investment property – large inventory

17. Ms. Baaheth, former Louisiana Real Estate Commissioner presented that the housing inventory in March 2023 is 2.9 months whereas that in March 2022 was _____.

- A. 3.1 months

- B. 3.5 months
- C. 1.5 months

18. Which of the following companies is a real estate brokerage firm, which is based in Seattle and charges 1% of listing fee?

- A. Zillow
- B. Trulia
- C. Redfin

19. According to Ms. Baaheth, there are two types of real estate investments in a broad sense. Which of the following is considered as a long term real estate investment?

- A. Land Purchases
- B. Flipping real estate properties
- C. Purchasing a real estate funds

20. According to Ms. Deidra Jones, sustainable neighborhood developers (SNDs) acquire real estate property. Which of the following is NOT the main reasons?

- A. SNDs strive to get rid of blight because blighted properties lowers the property value.
- B. SNDs believe properties ownership is conducive to creating a more sustainable neighborhood.
- C. SNDs consider properties ownership is more likely to translate into generational wealth that continues in their lineage.
- D. SNDs believe in a process of urban development in which a city neighborhood develops rapidly over a short time, changing from low to high value.