CENTER FOR REAL ESTATE EDUCATION

Chapter 17 Quiz

1. In a real estate exchange, the capital gains tax is
   A. deferred.
   B. eliminated.
   C. deducted.
   D. pyramided.

2. In addition to other skills, business opportunity brokers
   A. must have a real estate license for every business opportunity transaction they broker.
   B. must have a real estate license in every business opportunity transaction in which a real estate interest is present.
   C. are not required to have a real estate license since business opportunity transactions involve personal property.
   D. are required to be licensed under the Uniform Commercial Code.

3. The concept of "leverage" consists of
   A. putting down as much of one's own money in a transaction as possible to reduce debt.
   B. putting down as little of one's own money as possible to increase the rate of return on investment.
   C. applying pressure on the seller to reduce his asking price
   D. recovering the cost of an income-producing property by way of tax deductions over the asset's life

4. The body of law that covers such topics as security agreements, financing statements, and bulk transfers is the
   A. American Land Title Law.
   B. Uniform Commercial Code.
   C. Parol Evidence Rule.
   D. Statute of Limitations.

5. A bill of sale is used to transfer the ownership of
   A. real property.
   B. fixtures.
   C. personal property.
   D. appurtenances.

6. One of the disadvantages of real estate investments is its
   A. leverage.
   B. inflationary hedge.
   C. liquidity.
   D. income.

7. Investors who “pyramid” would be
   A. installing additional floors to a structure to increase its value.
   B. building over the airspace of others.
   C. refinancing property to buy additional property.
   D. using minimal leverage in a purchase.

8. In real estate, the difference between the adjusted basis of property and its net selling price is called
   A. depreciated effects.
   B. capital gains.
   C. property exchanges.
   D. cash flow through pyramiding.

9. The accounting concept that allows an investor to recover the cost of an income-producing asset by way of tax deductions is
   A. syndication.
   B. deferral.
   C. depreciation.
   D. recovery.

10. A property has an annual gross income of $100,000, taxes of $10,000, operating costs of $30,000 and mortgage payments of $40,000. What is the annual cash flow from the property?
   A. $10,000
   B. $20,000
   C. $60,000
   D. $100,000