

Circle *True* or *False* as the better answer.

1. The boundaries of a neighborhood may be determined by physical, economic, or legal factors.
True False
2. The neighborhood cycle is noted by development, stability, decline, and renaissance or renewal.
True False
3. The neighborhood is the starting point of the market data search in an appraisal.
True False
4. The so-called central town is selected mainly to provide services along a transportation route.
True False
5. A town seldom changes its main function.
True False
6. The economic base of a town depends upon its production for local use.
True False
7. A perfect market occurs only when an active and large role is played by government.
True False
8. Real estate markets do not meet any of the criteria of a perfect market.
True False
9. The direction and speed of price movements may suggest how strong or weak the market is.
True False
10. The sales price chart shown below suggest an average monthly increase of about one percent for the area under study.

<u>Month</u>	<u>Average Price</u>
April	\$170,000
May	\$171,700
June	\$173,500
July	\$174,000
August	\$176,000
September	\$178,750
October	\$180,500

True False

Multiple Choice Questions. Indicate the best answer.

1. The boundary of a neighborhood is influenced by
 - a. Economic factors
 - b. Physical features
 - c. Legal boundaries
 - d. All of the above
2. In a neighborhood profile, which of the following characteristic is usually rated as rapid, stable, or slow?
 - a. Demand/supply
 - b. Development and growth rate
 - c. Trend of property values
 - d. Land use change
3. Income levels, growth rate, value trends, supply and demand, and employment opportunities most nearly describe
 - a. The economic factors that affect neighborhood quality
 - b. The social factors of a community
 - c. The patterns of neighborhood growth
 - d. None of the above
4. The houses in a neighborhood under study were all built about 20 years ago. Most are owner-occupied and well maintained. In all likelihood, the neighborhood is in
 - a. The development phase
 - b. The stable phase
 - c. Decline
 - d. Renaissance
5. Neighborhood information assists the appraiser in
 - a. The selection of market data
 - b. The adjustment of sales and rental data
 - c. Defining the highest and best use of subject property
 - d. All of the above
6. The port city of New Orleans is a good example of a
 - a. Central town
 - b. Transportation service town
 - c. Special-function town
 - d. None of the above
7. The economic base of a town depends upon
 - a. Its local services
 - b. The type of function it serves
 - c. Its export production
 - d. Its land-use pattern

8. The land use patterns of a community will often be determined by
- The town's origin
 - The topography
 - The transportation systems in use
 - All of the above
9. Which of the following is not a characteristic of a perfect market?
- Large numbers of buyers and sellers
 - Products are similar and interchangeable
 - Government plays a large role
 - Items are small and inexpensive
10. Appraisers study real estate markets in order to
- Identify changing price trends
 - Evaluate market reaction to property differences
 - Evaluate the strength of various economic forces
 - All of the above
11. The trend of property values is under study. In recent months, the subject neighborhood has seen steady single-family price increases, per the following monthly averages published by the local realty boards:
- | | |
|-------|-----------|
| April | \$270,000 |
| May | \$272,700 |
| June | \$278,150 |
| July | \$282,300 |
- If your date of value is August, how much time adjustment would be required for an April sale in this neighborhood? (Hint: First, calculate the average market change per month and multiply it by the number of months between the sale date and the date of value. Note that method of calculation may have a slight affect on your answer.)
- 5%
 - 1%
 - 2.5%
 - 6%
12. Neighborhood rent levels and home prices often follow the cost of living or consumer price index. If the index increased from 154.6 to 159.1 over a recent year, what was the approximate annual increase?
- 2.9%
 - .97%
 - 9.7%
 - 3.0%