

## Valuation of Real Estate

**Keywords:** Cost, Price, Value, Marketability, Utility, Scarcity, Transferability, Market Value, Fair Value, Orderly Liquidation Value, Forced Sale Value & other, Factors: Physical, Legal, Economic & Social, Highest & Best Use, Value in Use, Value in Exchange, Rights, Interest, Ownership, Urban Infrastructure, Characteristic of Real Estate Market

<b>1</b>	<b>Real Estate means...</b>
<b>A</b>	<b>Land and anything permanently attached to the land</b>
<b>B</b>	Property that is not encumbered by leases
<b>C</b>	Building and other improvements
<b>D</b>	Building and Fixture
<b>2</b>	<b>Which of the following is not an economic characteristic of real estate?</b>
<b>A</b>	<b>Indestructibility (impossible to destroy or break)</b>
<b>B</b>	Improvement in trends
<b>C</b>	Stability of investment
<b>D</b>	Scarcity
<b>3</b>	<b>Which of the following are the limitations to property ownership?</b>
<b>A</b>	<b>Police power, eminent domain, taxation and escheat</b>
<b>B</b>	Scarcity, improvement in trends, and area preference
<b>C</b>	Right to enjoy, possess, exclude others, right to dispose
<b>D</b>	Interest, benefits, amenities
<b>4</b>	<b>What are the classifications of properties according to use?</b>
<b>A</b>	<b>Residential, industrial, commercial, agricultural, special</b>
<b>B</b>	Public domain and private ownership
<b>C</b>	Present property and future property
<b>D</b>	Agricultural, forest park or timber, mineral and Parks
<b>5</b>	<b>Which of the following represents the economic characteristics of real estate?</b>
<b>A</b>	<b>Scarcity, Improvements and permanence of investment</b>
<b>B</b>	Land is immobile, indestructible, land is unique
<b>C</b>	Land is scars and limited, land is unique and immobile
<b>D</b>	Scarcity, availability of land, uniqueness of land
<b>6</b>	<b>Which characteristics of real estate that does not affects its value?</b>
<b>A</b>	Economic and physical
<b>B</b>	Legal and social
<b>C</b>	<b>Natural and physical</b>
<b>D</b>	Economic and legal
<b>7</b>	<b>Which of the following is not an economic characteristic of real estate?</b>
<b>A</b>	Scarcity
<b>B</b>	Improvement in trends
<b>C</b>	Durability of investment
<b>D</b>	<b>Land is unique</b>
<b>8</b>	<b>Which of the following is not a physical characteristic of real estate?</b>
<b>A</b>	<b>Scarcity</b>
<b>B</b>	Land is immobile
<b>C</b>	Land is indestructible
<b>D</b>	Land is unique
<b>9</b>	<b>Zoning rules and regulations or ordinances, traffic regulations, fire codes, and other safety laws are examples of what right of government on real estate ownership?</b>
<b>A</b>	Taxation
<b>B</b>	<b>Policed power</b>
<b>C</b>	Eminent domain

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(please ignore typographical or grammatical or other error, if any)

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D	Escheat
<b>10</b>	<b>For which type of property, the income approach is most suitable in the valuation?</b>
A	Residential
B	Industrial
<b>C</b>	<b>Commercial</b>
D	Special purpose
<b>11</b>	<b>The market value of a real estate is...</b>
A	An estimate of its future benefit
B	The amount of money paid for the property
<b>C</b>	<b>An estimate of the most probable price it should bring</b>
D	Its value without improvement
<b>12</b>	<b>Demand has no effect on value unless there is also...</b>
A	Need
B	Purchasing power
C	Scarcity
<b>D</b>	<b>Ample supply</b>
<b>13</b>	<b>Which of the following is a physical factor affecting value?</b>
A	Community
B	Price
<b>C</b>	<b>Size</b>
D	Population
<b>14</b>	<b>Which of the following is the least important in determining the market value of a residential property?</b>
A	Size of plot
<b>B</b>	<b>Original cost</b>
C	Quality of construction
D	Location
<b>15</b>	<b>The Cost Approach is the most suitable for valuation of...</b>
A	Very old residential building
<b>B</b>	<b>New residential building</b>
C	Vacant plot
D	Shop
<b>16</b>	<b>Value of land can be estimated using the following approach or method except?</b>
<b>A</b>	<b>Cost approach</b>
B	Income approach
C	Sales comparison or direct market comparison approach
D	Residual method
<b>17</b>	<b>The valuation approach in which land and building are valued separately is ...</b>
<b>A</b>	<b>Cost approach</b>
B	Income approach
C	Market approach
D	Residual method
<b>18</b>	<b>In calculation of Replacement/Reproduction Cost, expenditures for labor and materials are known as which of the following?</b>
A	Indirect cost
B	Development Cost
<b>C</b>	<b>Direct cost</b>
D	Historical cost
<b>19</b>	<b>The total period of time over which an asset is expected to generate economic benefits for one or more users is called...</b>

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<b>A</b>	<b>Economic Life</b>
B	Useful Life
C	Physical Life
D	All of above
<b>20</b>	<b>The period over which an asset is expected to be available for use by an entity is called...</b>
A	Economic Life
<b>B</b>	<b>Useful Life</b>
C	Physical Life
D	All of above
<b>21</b>	<b>Cost and Price are...</b>
<b>A</b>	<b>Fact</b>
B	Estimation
C	Imaginary
D	None of above
<b>22</b>	<b>Cost is...</b>
A	Amount required for to transfer an asset
<b>B</b>	<b>Amount required for to create or reproduce or built an asset</b>
C	Amount required for to sale an asset
D	Amount required for to purchase or sale an asset
<b>23</b>	<b>Valuation is...</b>
<b>A</b>	<b>the amount representing an opinion or estimate of value</b>
B	the amount representing an estimation of cost
C	the amount representing an opinion or estimate of profit
D	the amount representing an opinion or estimate of gross income
<b>24</b>	<b>Real Property is...</b>
A	Loss and profit inherent in the ownership
B	Benefits, and rights inherent in the ownership
<b>C</b>	<b>Interests, benefits, and rights inherent in the ownership</b>
D	All of above
<b>25</b>	<b>An indication of value by comparing the subject asset with identical or similar assets for which price information is available is called...</b>
A	Cost approach
B	Income approach
<b>C</b>	<b>Market approach</b>
D	All of above
<b>26</b>	<b>The amount at which an asset is recognized in the financial statements of an entity after deducting any accumulated depreciation and any accumulated impairment losses is called...</b>
A	Fair Value
B	Market Value
C	Fair Market Value
<b>D</b>	<b>Book Value</b>
<b>27</b>	<b>The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date is called...</b>
<b>A</b>	<b>Fair Value</b>
B	Market Value
C	Fair Market Value
D	Book Value
<b>28</b>	<b>The value of an asset to a particular owner or prospective owner for individual investment or operational objectives is called...</b>
A	Fair Value

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B	Market Value
C	Fair Market Value
<b>D</b>	<b>Investment Value</b>
<b>29</b>	<b>Which element makes difference between 'Orderly Liquidation Value' &amp; 'Forced Sale Value'</b>
A	Compulsion for seller
B	Willing buyer
<b>C</b>	<b>Timing of marketing or to find purchaser</b>
D	All of above
<b>30</b>	<b>In respect of basic elements of value, price of 'Gold' is higher than 'Steel' due to...</b>
A	Marketability
B	Utility
<b>C</b>	<b>Scarcity</b>
D	Transferability
<b>31</b>	<b>Mr. A make gift of a parcel of land to Mr. B with restriction in deed that Mr. B cannot sale a parcel of land upto life of Mr. B. Which element of value will be effect the Market Value of parcel of land?</b>
A	Marketability
B	Utility
C	Scarcity
<b>D</b>	<b>Transferability</b>
<b>32</b>	<b>_____ is an interest in a property that conveys use, but not ownership, over a portion of an owner's property.</b>
A	<b>Easement</b>
B	Mortgage
C	Deed
D	Agreement to sale
<b>33</b>	<b>The total rights of use and occupancy of a property limited to the lifetime of a designated individual is called...</b>
A	Easement
B	Lease
<b>C</b>	<b>Life Estate</b>
D	Agreement
<b>34</b>	<b>Zoning and environmental protection regulations are examples of...</b>
A	Escheat
B	Taxation
C	Eminent domain
<b>D</b>	<b>Police power</b>
<b>35</b>	<b>The right of government to take private or personal property for public use upon the payment of compensation is...</b>
A	Escheat
B	Taxation
<b>C</b>	<b>Eminent domain</b>
D	Police power
<b>36</b>	<b>Supply of land is...</b>
A	Increase with time
B	Decrease with time
C	Infinite
<b>D</b>	<b>Finite</b>
<b>37</b>	<b>Value in Use is...</b>
A	Market based value

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<b>B</b>	<b>Non market based value</b>
C	Demand based value
D	Supply based value
<b>38</b>	<b>Going Concern Value may be a called...</b>
A	Fair market value
<b>B</b>	<b>Value in use</b>
C	Value in exchange
D	Fair value
<b>39</b>	<b>Cyclical boom &amp; depression period in real estate market is...</b>
A	Physical factor
<b>B</b>	<b>Economic factor</b>
C	Legal factor
D	Social factor
<b>40</b>	<b>A characteristic of Land is...</b>
<b>A</b>	<b>Physical factor</b>
B	Economic factor
C	Legal factor
D	Social factor
<b>41</b>	<b>Religious place is...</b>
A	Physical factor
B	Economic factor
C	Legal factor
<b>D</b>	<b>Social factor</b>
<b>42</b>	<b>Demand of offices (commercial space) is most affected by...</b>
A	The growth of population
<b>B</b>	<b>The growth of service segment</b>
C	The growth of industries
D	The growth of city limits
<b>43</b>	<b>Social factors that enhance residential property value are...</b>
A	Prestige, recreational area & low property tax
<b>B</b>	<b>Prestige, recreational area &amp; infrastructure</b>
C	Low property tax and low interest rate
D	Prestige, low property tax and low interest rate
<b>44</b>	<b>A power line easement is an example of an...</b>
<b>A</b>	<b>Easement in gross</b>
B	Easement by prescription
C	Appurtenant easement
D	Easement by necessity
<b>45</b>	<b>Due to improvement of urban infrastructure demand of real estate will...</b>
<b>A</b>	<b>Increase</b>
B	Decrease
C	Remain stable
D	All of above
<b>46</b>	<b>Electricity, water network, drainage, roads, sewage, healthcare, education, and telecommunication are example of...</b>
<b>A</b>	<b>Urban infrastructure</b>
B	Facilities of city
C	Locational construction
D	None of above
<b>47</b>	<b>Where urban infrastructure is adequately provided and efficiently managed, productive uses</b>

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	through better rent offers this competition for location with good urban infrastructure usually results in an _____ in land and housing values, either sales or rentals.
A	Increase
B	Decrease
C	Remain stable
D	All of above
<b>48</b>	<b>If buyer is going to buy unit in Co-operative Housing Society than buyer buys...</b>
A	Share in Co-operative Housing Society
B	Air & water rights as well as the unit
C	The land under the Co-operative Housing Society as well as unit
D	Sole ownership of the unit
<b>49</b>	<b>Element of Highest &amp; Use are...</b>
A	Income, Profit, Loss & Value
B	Legal, Physical, Financial & Economic
C	Permissible, Opportunity & Productivity
D	Legal, Physical, Loss & Value
<b>50</b>	<b>Out of following, which is not element of Market Value?</b>
A	Willing buyer and a willing seller
B	An arm's length transaction
C	Proper marketing
D	Under compulsion
<b>51</b>	<b>Mr. A &amp; Mr. B are occupied a property under joint ownership. If Mr. B gets death than rights and interest of Mr. B under joint ownership will passed to...</b>
A	Remain to Mr. B
B	Mr. A
C	Successor of Mr. B
D	Successor of Mr. A
<b>52</b>	<b>Mr. A &amp; Mr. B are occupied a property under co-ownership. If Mr. B gets death than rights and interest of Mr. B under co-ownership will passed to...</b>
A	Remain to Mr. B
B	Mr. A
C	Successor of Mr. B
D	Successor of Mr. A
<b>53</b>	<b>Mr. X (landlord) &amp; Mr. Y (lessee) have entered into lease agreement of a property for 10 years. So, Mr. Y has...</b>
A	Ownership of property for 10 years
B	Right to use of property for 10 years
C	Right to sale of property for 10 years
D	Right to mortgage of property for 20 years
<b>54</b>	<b>If lease period is for 999 years with renewal clause of other 999 years, than lease is called...</b>
A	Short term lease
B	Medium term lease
C	Long term lease
D	Perpetuity lease
<b>55</b>	<b>Major ports in India possess the land on the basis of...</b>
A	Lease
B	Sole ownership
C	Agreement of sale
D	All of above
<b>56</b>	<b>Valuer should _____ to see if an easement is present and how it may affect value.</b>

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<b>A</b>	<b>Search title</b>
B	Refer deed
C	Search lease agreement
D	None of above
<b>57</b>	<b>As per IBC Code, the estimated realizable value of the assets of the corporate debtor if the corporate debtor were to be liquidated on the insolvency commencement date is called...</b>
A	Forced sale value
B	Orderly liquidation value
C	Distress sale value
<b>D</b>	<b>Liquidation value</b>
<b>58</b>	<b>As per IVS 104, the amount that would be realized when an asset or group of assets are sold on a piecemeal basis is called...</b>
A	Forced sale value
B	Orderly liquidation value
C	Distress sale value
<b>D</b>	<b>Liquidation value</b>
<b>59</b>	<b>An owner buys an interest in an apartment that having numbers of individual owner for limited to a specific week of year is called...</b>
<b>A</b>	<b>Ownership based on timesharing</b>
B	Ownership based on co-operation
C	Ownership based on mutual understanding
D	Ownership based on tenant
<b>60</b>	<b>Residential land in commercial zone has Highest &amp; Best use as...</b>
A	Residential purpose
<b>B</b>	<b>Commercial purpose</b>
C	Industrial purpose
D	All of above
<b>61</b>	<b>An agreement whereby a landlord or owner grants the right to use an asset for an agreed period of time to another individual or person in return for a payment or series of payments is called...</b>
A	Sale
<b>B</b>	<b>Lease</b>
C	Occupancy
D	Auction
<b>62</b>	<b>An additional element of value created by the combination of two or more interests where the value of the combined interest is worth more than the sum of the original interests is called...</b>
A	Combination value
B	Summation value
<b>C</b>	<b>Synergistic Value</b>
D	Value in addition
<b>63</b>	<b>An asset with a physical manifestation is called...</b>
<b>A</b>	<b>Tangible asset</b>
B	Intangible asset
C	Land & building
D	Building
<b>64</b>	<b>An expression of the degree of an asset's usefulness is called...</b>
A	Marketability
<b>B</b>	<b>Utility</b>
C	Scarcity
D	Transferability

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<b>65</b>	<b>A price that would tend to prevail in a free, open and competitive market on the basis of equilibrium, set forces of demand and supply is called...</b>
A	Market value
B	Value in use
<b>C</b>	<b>Value in exchange</b>
D	Notional value
<b>66</b>	<b>An estimated price of the dismantled materials of the property which has become completely useless for any further use is called...</b>
<b>A</b>	<b>Scrap value</b>
B	Salvage value
C	Sentimental value
D	Speculative value
<b>67</b>	<b>Property that is land or a building, or part of a building, or both, held by the owner to earn rentals or for capital appreciation, or both is called...</b>
A	Residential property
<b>B</b>	<b>Investment property</b>
C	Special purpose property
D	Industrial property
<b>68</b>	<b>Rest Estate has value because of...</b>
A	Utility
B	Scarcity
C	Marketability & Transferability
<b>D</b>	<b>All of above</b>
<b>69</b>	<b>Demand of household (residential space) is most affected by...</b>
A	The growth of population
B	The growth of service segment
C	The growth of industries
<b>D</b>	<b>All of above</b>
<b>70</b>	<b>The 'Use' determines Value and the ' _____ ' determines Use.</b>
A	End user
B	Supply
<b>C</b>	<b>Market</b>
D	None of above

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