

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS
III. REAL ESTATE DEPARTMENT ADMINISTRATION
E. Masters Program
1. Examinations for Master Candidates

Real Estate Department

Master of Science Exam

January, 1968

I. Develop two out of three of the following questions:

- a. It is said that property productivity estimated and computed in the competitive urban land market determines the land use structure of the city. Explain how this process operates. Also, explain the presence of zoning as an interference with this free market process of structure formation.
- b. In the field of urban economics much stress is placed on the operation of macro-location influences over urban economic activity groups. How does this portion of urban theory relate to the real estate appraisal field? Discuss in detail.
- c. Discuss in detail the nature of the obstacles to smooth and prompt land use succession in American cities.

II. Write on two out of three of the following questions.

- a. Discuss the various elements of feasibility analysis for a planned unit development and indicate how they impose constraints on the land planner and architect.
- b. Develop a critique of the Ratcliff appraisal process, suggesting in your essay to what degree $1/4$ represents a fourth approach to value and to what degree it represents simply a restructuring of the traditional appraisal report format.
- c. Explain how an individual can be considered an investor, a dealer, and a business user of real estate in the same year and summarize the effect of these classifications on his eligibility for capital gains and capital loss treatment or ordinary income or ordinary loss treatment in regard to his federal income tax.

Comprehensive Examination
Master's Candidates in Real Estate
May 20, 1968

Instructions: Write on five questions, selecting at least one question from each category. These categories reflect the content of the course numbers indicated so that you may choose questions primarily from course work in which you are prepared. Be concise and enrich your essays with detail indicating more than a casual acquaintance with the material in question.

I. Urban Economics (520, 534 and Section 1 of 937-38)

1. What are the strengths and weaknesses of the input-output method as applied to urban economic analysis?
2. Identify by means of name and example the principal forms of linkage found in a well-developed urban economy.
3. Explain, in theoretical terms, the system of priorities used in forming an urban economy development plan.

II. Urban Policy and Planning (533)

1. Explain the meaning and desirability of a performance approach to zoning and to building codes.
2. How would a site value tax influence central area blight and urban sprawl?
3. What are the leading views on the ways in which a central city municipal land reserve policy would assist in controlling metropolitan area growth?

III. Appraisal Theory and Practice (528, 935-36)

1. Discuss the advantages and limitations of the Ratcliff market simulation process for appraisal, underscoring those points in the Ratcliff view which conflict with the traditional appraisal process.
2. Discuss the implications in the selection of highest and best use in the appraisal of an individual parcel of property.
3. What is the function of collegiate education in appraisal as compared to training and on-the-job experience?

IV. Real Estate Finance and Property Development (522, 526, Section 2 of 937-38)

1. Explain how an individual can be considered an investor, a dealer, and a business user of real estate in the same year and summarize the effect of these classifications on his eligibility for capital gains and capital loss treatment or ordinary income or ordinary loss treatment in regard to his federal income tax.
2. Given a site how does one go about slotting the development of that site to a particular sub-market and to what degree does the search for a market need determine the character of development?

3. Illustrate the relationship among various components of physical design of improvements, total construction time required, operating income, return on invested capital, and the value of the site, for a specific type of investment property.
4. The current money market is reacting to the threat of inflation and the shortage of capital by creating high minimum interest rates, bonus interest provisions, and optional equity participation as the price for mortgage money in rental investment property. Suggest how these terms should affect real estate prices in terms of the Ellwood concept where value equals income divided by OAR and OAR is $Y - mc \pm$ adjustment for depreciation. How would you adapt Ellwood to adjust for the new mortgage forms?

Comprehensive Examination
MS. Degree--Construction Administration

May 20, 1968

Constructions
Instructions:

Choose ^{at least} one question from each of the following ^{four} sets of questions and write ^{for no more than one hour on each} question, drawing on your readings and research papers for your material.

I. Questions on construction engineering:

1. Explain the idea of "Relative Equating for Design Decision", as it might apply to management-engineering problems in housing new construction.
2. Why do materials engineers emphasize their interest in the water/cement ratios of portland cement concretes and masonry mortars?
3. How is Photogrammetry useful in your field of activity? How might the concept be used? Any limitations?

II. Questions on urban land economics:

1. Discuss the physical foundations of real estate value as defined by Professor R. U. Ratcliff.
2. Discuss the concept of linkage as it relates to the locational basis of real estate value.
3. What is the basic function of the real estate market mechanism and why does real estate fail to fit classical economic requirements of a competitive market?

III. Questions on housing problems of the underdeveloped countries:

1. In your opinion should an underdeveloped country attempt to follow development patterns of industrialized countries or first attempt to improve its agrarian economy. ~~Why?~~ State your reasons in economic terms.
2. Briefly outline the problems of feasible land development projects in your capital city in view of your discussions on components of a feasibility analysis.
3. What are the limitations in your country on creating cooperative savings and loan organizations like our credit unions, agricultural banks and savings and loan associations to finance small home ownership?

Comprehensive Examination
Master's Candidates in Real Estate
August 1, 1968

Instructions: Write on four questions, selecting two from each category. Each question is referenced with a course number in which the subject was stressed, to aid you in choosing questions related to course work in which you are prepared. Be concise and outline answers where it may be appropriate to enrich your essays with detail indicating more than a casual acquaintance with the material in question.

Group A: Write on two of the following questions:

1. Explain the possible effects of a site value tax on urban land use and structures. (533)
2. Identify the principal economic linkage patterns that may occur in a well-developed manufacturing and commercial city. (520)
3. Discuss the principle of performance zoning in terms of its effects on urban development. (533)
4. Discuss the pro's and con's of municipal subsidization of manufacturing as a means of community economic expansion. (534)

Group B: Write on two of the following questions:

5. Define the term 'disintermediation' and explain how this current tendency would affect the price of (a) residential real estate, and (b) investment income real estate. (522)
6. Discuss the various elements of feasibility analysis for a planned unit development and indicate how they impose constraints on the land planner and architect. (935)
7. How does cash flow valuation of income real estate differ from the traditional view of income/overall cap rate and is this difference one of degree or a significant redirection or correction in theory?
8. Develop a critique of the Ratcliff appraisal process, suggesting in your essay to what degree V_p represents a fourth approach to valuation and to what degree it represents simply a restructuring of the traditional appraisal report format.

Real Estate Department

Master of Science Exam

January, 1969

Instructions:

Write on question choices below which are referenced to course number in which the subject was stressed so that you can relate your choice of questions to your course work preparation. Be concise and outline answers where it may be appropriate to enrich your essay with details which indicate more than a casual acquaintance with the subject matter in question.

I. Everyone must write on this question: (520)

A. Discuss the bearing of the ratio system of the urban economy on the process of investment analysis in commercial property.

II. Write on one of the following two questions: (533)

A. What are the strengths and weaknesses of the input-output method as applied to urban economics analysis?

B. Explain and criticize Florence's contribution to the concept of urban economic linkage.

III. Write on two of the following questions:

A. To offset the investment disadvantages for equity committed to real estate, the federal government subsidizes real estate investment by means of the federal income and estate tax laws. What are these disadvantages and suggest how government encourages investment despite these disadvantages for (a.) the single family home owner, (b.) the investor in rental property. How do these "subsidies" complicate comparison of yields on real estate equities with other forms of long term investment? (937-760)

B. Discuss the implications in the selection of highest and best use in the appraisal of an individual parcel of property. (935-36)

C. Develop a model formula of relationships for analyzing the optimal size and form of a proposed downtown high-rise office building. You may assume such given constraints as you wish and define your own symbols, etc. (526)

D. Discuss the concept of "feasibility analysis" relative to a low rent housing project to be built by a non-profit organization. What decision making system will you use when yield is expected to be 0? Is a feasibility analysis possible or required? (938-761)

Comprehensive Examination

~~MSA and~~ MS Candidates in Real Estate

May 15, 1969

Instructions: Write on four questions, selecting two each from category A and B. Each question is referenced with a course number in which the subject was stressed, to aid you in choosing questions related to course work in which you are prepared. Be concise and outline answers where it may be appropriate to enrich your essays with detail. Indicate more than a casual acquaintance with the material in question.

Group A: Write on two of the following questions:

1. based on Urban Land 520, write on:

- a. Discuss the make-up of land use accessibility patterns and their role in explaining value.

(OR)

- b. Prepare a classification of the sub-markets in urban real estate. Explain to what extent these sub-markets interact.

2. based on Urban Land 524, write on:

- a. Explain the changing position of housing in the consumer preference scale.

(OR)

- b. Comment on the claim that cost is not a major problem in the supplying of housing.

3. based on Urban Land Economics 533, write on:

- a. Explain and criticize the ratchet theory of urban economic growth.

(OR)

- b. Discuss the pro's and con's of input-output as a means of urban economic analysis.

4. based on Land Economics 534, write on:

- a. Evaluate performance zoning ideas as applied to residence use.

(OR)

- b. Evaluate the arguments pro and con for urban dispersal.

Comprehensive Examination
Master of Science Degree Candidates in Real Estate

July 31, 1969

Instructions: Write on ~~four~~ ^{two} questions, ~~selecting two each from category A and~~ ^{from Group A and two from Group B} ~~each~~ ^{selecting only one of each}
Each question is referenced with a course number in which the subject was stressed, to aid you in choosing questions related to course work in which you are prepared. Be concise and outline answers where it may be appropriate to enrich your essays with detail. Indicate more than a casual acquaintance with the material in question.

Group A: Write on two of the following questions:

1. Based on Urban Land 520, write on:

- a. Discuss the institutional influences on ultimate values of residential urban land suitable for development.

OR

- b. Compare and contrast the three traditional ^{theories} ~~series~~ of residential urban location patterns and indicate their ~~relevance~~ ^{application} to today's urban ~~analysis~~ ^{land use forecast analyses}.

2. Based on Urban Land Economics 533, write on:

- a. Discuss the pros and cons of input-output ~~analysis~~ ^{theory} as a means of urban economic analysis.

OR

- b. Develop the concept of primary based employment as it might be used as a value forecasting tool.

3. Based on Property Development 526, write on:

- a. Identify and state the influence of the physical factors in land development which affect the alternatives available to the land planning designer.

OR

- b. Discuss the relationship between the retailing function of a shopping center, its physical design, and its leasing pattern.

Group B: Write on two of the following questions:

1. Based on Appraisal Theory 935-36, write on:

- a. How does the Ratcliff concept of identifying the most probable buyer modify the essential premises and conditions of a marketplace which are inherent in the traditional theoretical approach to 'fair market value'?

OR

- b. Trace the evolution of application of the basic income approach model of $I/C=V$ to current cash flow models and then comment ^{relative to the appraisal profession} on the basic function of any economic model and the constraints imposed on the model by the skill of the user and the reliability of the data or the cost of modeling.

24. Based on Equity Investment 760, write on:

- a. ~~Based~~ Identify the various tax ploys or basic strategies available in real estate investment and suggest how they affect value determined by present value theory.

OR

- b. Identify as many forms of equity investment in real estate-backed securities as you can and suggest the advantages of each relative to the standard investment criteria of safety, liquidity, management, and yield.

3. Based on Feasibility Analysis 761, write on:

- a. Discuss the conceptual differences between a feasibility analysis and a fair market appraisal in the traditional mold.

OR

- b. Outline and describe the "tree of logic" for measuring supply and demand for a luxury apartment project.

Master of Science
Comprehensive Examination
Urban Land Economics
January 8, 1970

PART I.

(Answer 3 questions)

1. Explain the relationships among the factors of site rent, land use location, and city structure.
2. Discuss real property equity investment decision making as it relates to each of the major urban land use categories.
3. Describe the major economic linkage patterns found in the modern American city.
4. Evaluate the performance approach to urban zoning and building codes.

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Comprehensive Examination
MS Candidates in Real Estate
January 8, 1970

Part II

Instructions: Select two questions from the following alternatives. Each question is referenced with a course number in which the subject was stressed, to aid you in choosing questions related to course work in which you are prepared. Be concise and outline answers where it may be appropriate to enrich your essays with detail indicating more than a casual acquaintance with the material in question.

- A. Discuss the concept of "feasibility analysis" relative to a low rent housing project to be built by a non-profit organization. What decision making system will you use when yield is expected to be 0? Is a feasibility analysis possible or required? (760-761)
- B. A lease is a risk management device. From the developers viewpoint identify all of the risk management type clauses in a shopping center long-term lease for store space on the mall. (526-522)
- C. Develop a critique of the Ratcliff appraisal process, suggesting in your essay to what degree V_p represents a fourth approach to value and to what degree it represents simply a restructuring of the traditional appraisal report format. (935-936)
- D. Using after-tax cash flow techniques build a little model by which a single family home owner could compare the relative financial advantages of moving to a rental apartment or a condominium living unit. State your assumptions and required inputs in simple algebraic symbols and indicate your formulas for reaching a decision. (760)

Comprehensive Examination

~~MS Candidates~~ MS Candidates in Real Estate

May 15, 1969

Group B: Write on two of the following questions:

1. Based on Property Development 526, write on:

- a. Discuss the economic advantages of a 100-acre planned unit development and suggest how these might or might not complicate the fair market value appraisal of the site.

(OR)

- b. Discuss the various physical factors which define economic constraints on the design of a high-rise office building in a downtown commercial center.

2. Based on Appraisal Theory 935-36, write on:

- a. Describe the basic conceptual issues and flaws of the income approach to value and the successive innovations in its application which have resulted therefrom.

(OR)

- b. What are the essential premises and conditions inherent in the traditional appraisal analytical approach to an opinion of fair market value?

3. Based on Equity Investment 760, write on:

- a. To offset the investment disadvantages for equity committed to real estate, the federal government "subsidizes" real estate investment by means of the federal income and estate tax laws. What are these disadvantages and suggest how government encourages investment despite these disadvantages for (a.) the single family home owner, (b.) the investor in rental property.

4. Based on Feasibility Analysis 761, write on:

- a. Compare and contrast the elements of the Ratcliff simulation approach to market value and of a feasibility analysis for the same property.

(OR)

- b. Discuss the conceptual differences between a feasibility analysis and a fair market value appraisal in the traditional mold.

Mr Lynch

MS Comprehensive Examination
Real Estate Department
May 7, 1970

Instructions: Write on two questions from Group A and two from Group B, selecting only one question under each selected course category. Each question is referenced with a course number in which the subject was stressed, to aid you in choosing questions related to course work in which you are prepared. Be concise and outline answers where it may be appropriate to enrich your essays with detail. Indicate more than a casual acquaintance with the material in question.

Group A: Write on two of the following questions.

1. Based on Urban Land 520, write on either:

A. How do institutions affect the range of market values for residential dwelling units, both single-detached and multi-family dwellings?

OR

B. Identify the principal linkage patterns that may be found in a growing and well balanced urban area. What do these tell you about the direction and timing of development?

2. Based on Urban Land Economics 533, write on either:

A. Discuss the pros and cons of input-output theory, as a means of urban economic analysis.

OR

B. Develop the concept of primary base employment as it might be used as a value forecasting tool.

3. Based on Property Development 526, write on either:

A. The relationship between the shape, dimensions, and height of an office building and the economic productivity of the building.

OR

B. Discuss how topography of raw land for residential development will affect or constrain the character and features built into the final development.

Group B: Write on two of the following questions:

4. Based on Appraisal Theory, 935-36, write on either:

A. How does the Ratcliff concept of identifying the most probable buyer modify the essential premises and conditions of the marketplace which are inherent in the traditional theoretical approach to "fair market value" in the following applications:

1. Appraisal for an owner wishing to sell.
2. Appraisal for eminent domain proceedings.
3. Appraisal of a 236 low-rent apartment project for a private investor.

B. Trace the historical significance of the "market comparison approach to value" over the years including arguments both for and against and the potential for refining this technique inherent in computer capabilities.

OR

C. Describe those sub-areas of the field of real estate appraisal in which there still exist substantial conceptual and analytical problems. What is the current prospect for the resolution of these problems?

5. Based on Investment 760-61, write on one of the following:

A. Briefly identify and describe the significant reforms of the 1969 tax bill as they affect the real estate investor.

OR

B. Develop the theoretical design concept of "context, form, and ensemble" as it structures an approach to real estate feasibility analysis specifically.

OR

C. Develop a financial model of the inputs for determining rent per dwelling unit for low-income housing given a fixed rent which can be paid by the tenant served by a specific apartment type. (Assume for your model that there is only one type of apartment unit in the project but state other assumptions upon which the model is based and define your symbols.)

JBA
4/27/7

M. S. Comprehensive
May 7, 1970

1. Comment in detail on the significance of or contribution by real estate appraisal to each of the other principal functional areas of the real estate profession. How, if at all, have the relations of appraisal to these other areas changed over the past 25 years?

2. Describe those sub-areas of the field of real estate appraisal in which there still exist substantial conceptual and analytical problems. What is the current prospect for the resolution of these problems?

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FBA
4/27/70

M. B. A. Comprehensive
May 7, 1970

1. Describe the type of business you plan to enter on graduation with an M.B.A. and explain how your major work in real estate will relate to it in general and to its peculiar problems in particular.

2. Explain in some detail how you think the present M.B.A. program might be improved paying particular attention to the real estate portion of your program and its relation to the total program.

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MBA Comprehensive Examination
Real Estate Department
May 7, 1970

Instructions: Write on two questions from Group A and two from Group B, selecting only one question under each selected course category. Each question is referenced with a course number in which the subject was stressed, to aid you in choosing questions related to course work in which you are prepared. Be concise and outline answers where it may be appropriate to enrich your essays with detail. Indicate more than a casual acquaintance with the material in question.

Group A: Write on two of the following questions.

1. Based on Urban Land 520, write on either:

A. How do institutions ^{factore} affect the range of market values for residential dwelling units, both single-detached and multi-family dwellings?

OR

B. Identify the principal linkage patterns that may be found in a growing and well balanced urban area. What do these tell you about the direction and timing of development?

2. Apply your course in Problems in Business Organization or Problems in Marketing Management to one of the following property development (526) issues.

A. Merchandising of a luxury apartment project of more than 100 units on the Gold Coast of Chicago:

OR

B. ~~Development~~ of a free architectural program for the home office of a major ~~insurance~~ national insurance company free to locate anywhere in the United States.

Group B: Write on two of the following questions:

3/ A. Briefly identify and describe the significant reforms of the 1969 tax bill as they affect the real estate investor.

OR

B. Develop the theoretical design concept of "context, form, and ensemble" ^{specifically} as it structures an approach to real estate feasibility analysis ~~specifically~~.

OR

C. Develop a financial model of the inputs for determining rent per dwelling unit for low-income housing given a fixed rent which can be paid by the tenant served by a specific apartment type. (Assume for your model that there is only one type of apartment unit in the project but state other assumptions upon which the model is based and define your symbols.)

- D. Explain in some detail how you think the present MBA program might be improved paying particular attention to the real ~~est~~ estate portion of your program and its relation to the total program.

Proposed Questions for MBA examination
Andre' L. Delbecq

1. A Major change in contemporary organization structures has been the development of program (and/or) project management within the firm.
 - a. Suggest the causes for the superimposition of project management on functional departmental structures; and specify conditions favorable as well as unfavorable to the development of such organizational forms.
 - b. Indicate control problems which are implicit in such organizational arrangements, as well as coping mechanisms for dealing with these problems.
2. Many firms have now committed themselves to programs aimed at providing employment for the "underemployed" or "unemployable." Assume you have been asked to comment on the appropriateness of participation in such a program by a medium sized manufacturing firm with operations in the Northwest corner of a large metropolitan area of a city of 700,000 residents.
 - a. Write a short statement of your position on such programs in general.
 - b. Indicate what types of specific additional information you would need in establishing such a program.
 - c. Suggest the critical variables which would determine
 - 1- the economic soundness of the program
 - 2- the social effectiveness of such a program

Assume you have been asked to advise a coalition of local businessmen willing to help underwrite the initial capitalization of a light manufacturing firm to be located in and serve the unique problems of an inner city. "ghetto" community. The firm will be located in a low income section of a city within a large metropolitan area of 700,000 residents.

1. Write a short statement of your position in general on "poverty pocket" programs to foster local resident capitalism.
2. What problems would you expect to encounter in financing the enterprise? Suggest methods of financing the business which do not rely exclusively but use creatively government assistance and which could eventually leave the ownership in the hands of residents of the ghetto.
3. What problems do you anticipate occurring as you attempt to provide employment for the "underemployed" or "unemployable"? What solutions do you recommend taking into account:
 - a. standards for employment
 - b. methods of training
 - c. economic feasibility

(Answer 1 and 2 or 1 and 3 of the above questions.)

MBA Comprehensive Question Offered by
Harold Fraine

Much concern is currently expressed in the public press that inflation in the general price level may not be brought under control. In the event of continued inflation, would the effect on corporate net profits be selective or uniform? Why? If not uniform, what factors might cause some corporations or businesses to be less adversely affected than others? Why?