JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS
VII. INDUSTRY EDUCATIONAL COURSES - LONG TERM
       A.   EDUCARE
       7.   Proposed Professional Examination for EDUCARE
            Students (May 2, 1974)

PROPOSED EDUCARE PROFESSIONAL EXAM
co-sponsored by:
American Society of Real Estate Counselors
Society of Real Estate Appraisers
American Institute of Real Estate Appraisers

INSTRUCTIONS: This exam has two parts. Part I requires some brief essay-type explanations in the exam booklet to be completed in one and one-half hours. Part II consists of four problem exercises which must be done on a computer terminal. You will have four hours to complete the exercises and will be charged for the actual terminal time used as reported for your examination I.D. Each examinee will receive similar but unique data from the computer for his examination. You may use the EDUCARE manual, your EDUCARE course notes, and any other materials. You must, however, provide an affidavit that no person assisted you in your computer technique or selection of methods and models.

PART I (150 points)

A. For the following true-false questions, indicate whether you believe the statement to be true or false and then justify your selection in no more than three sentences.

Computer models for real estate analysis:

1. T F allow the professional to use techniques he doesn't fully understand.

2. T F allow far greater precision and accuracy in performing calculations.

3. T F are generally more expensive to use than alternative methods.

4. T F encourage the professional to use complex techniques on traditionally simple real estate problems.

5. T F provide the professional with identification of alternative courses of action for specific problems.

----

6. T F Alphabetic characters may be mixed with digits when providing numbers to a computer program because they will be ignored.

7. T F If two investments are compared, the one with the higher present value of receipts will always have the higher internal rate of return.

8. T F The adjusted internal rate of return attempts to recognize that cash generated by an investment might not be reinvested at the rate earned by that investment.

9. T F If estimated data used in a valid cash flow model are statistically certain to be within five per cent of their individual actual values, then the results of the model will also be within five per cent of actual value.

10. T F A density financial model will eventually be the best way to measure investment yield in terms of true risk.

B. For the following multiple-choice questions, select and circle all choices which complete the opening statement correctly.

1. Using a computer time sharing system always requires that you:

(a) know how to write computer programs.
(b) know how to "log-on" and call out programs.
(c) correct errors in data you provide.
(d) correct errors in programs you use frequently.
(e) know how to create a data file.

2. A commercial computer time sharing system (such as G. E. or Tymeshare) usually:

(a) is accessed by a standard telephone
(b) requires that you have access to a terminal (such as a teletype).
(c) requires a terminal with paper tape or magnetic tape.
(d) requires a clock or other time logging device in order to measure the shared time.
(e) requires that the user identify himself with a user number and confidential password.

3. Depending on the program used, a rate such as 8 1/2 per cent might be entered as:

(a) 8.5%.
(b) 8.5.
(c) .085.
(d) 8.5-2E.
(e) either (b) or (c) at the user's option.

4. The amount one million dollars would usually be provided to a computer program in the format:

(a) 1000000.
(b) $1000000.
(c) 1. 6E.
(d) $1,000,000.
(e) 1M.

5. Data, once stored in a computer file, can be modified by:

(a) anyone with a terminal.
(b) someone with a terminal and the user's number and password.
(c) (b) plus previous knowledge of the name of the file.
(d) only the time sharing service.
(e) no one.

6. The cost of computer processing (exclusive of terminals and communications) is:

   (a) increasing by more than 10% per year.
   (b) increasing, but at less than the rate of inflation.
   (c) is stable.
   (d) is decreasing slightly (by less than 10% per year).
   (e) is decreasing rapidly (by more than 10% per year).

7. An advantage of using a valid technique (such as cash flow models) where appropriate is that:

   (a) through use, the professional's understanding of the situation being modeled will improve.
   (b) the end user (client) will receive more detail to substantiate a conclusion.
   (c) the impression of accurate conclusions with inaccurate data is possible.
   (c) the end user (client) will be impressed with the sophistication of the analysis.

PROPOSED EDUCARE PROFESSIONAL EXAM
co-sponsored by:
American Society of Real Estate Counselors
Society of Real Estate Appraisers
American Institute of Real Estate Appraisers

PART II

A. (50 points). This problem involves a shopping center development which can be refinanced under two alternative mortgage plans involving combinations of a first and second mortgage and preferred stock as well as a common stock equity position. For your set of data, first log-in and call for the program ELLTEST. This will give you all the detail you need to work the problem on the program ELLWOOD. Then in five sentences or less justify your recommendation in support of one of the alternatives to the exclusion of the other. Attach all your computer output for this exercise to your exam booklet.

B. (100 points). This problem involves the use of an EDUCARE cash-flow model to forecast the internal rate of return and tax savings to other income of an apartment house investment of a used building with apartments in need of refurbishing and a small retail store on the first floor providing only 15% of gross rents on a long term lease with a per cent of sales as an overage feature. First, log-on and call for CASHTEST, a program which will provide all the data you need. Three alternative input forms are provided with this exam for EDUCARE cash flow models; select the one you thing best suited for the job, and fill it in before returning to the terminal to process the data. On your computer output, be sure to indicate where you modified an assumption, if necessary, to fit the facts to the model.

C. (150 points). This problem will test your ability to use simple statistics programs on the G. E. System. A data file has been created which you can access as TATS1. Using this data, determine the mean average price per front foot and then do a simple linear histogram which shows the relationship of price per front foot to (1) total area of the site; and (2) maximum depth of the site for these commercial land transactions.

D. (150 points). This problem involves the use of the MKTCOMP system. Five properties and their attributes will be made available to you when you call on MTEXM1. Their attributes for comparison purposes are coded in the very same format as a data file for 100 sales which is available to you as MKT66. One by one, appraise each of the subject properties and determine its estimated appraised value, its comparability index, and then state if you are satisfied with the results and why.