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**"YOU DON'T HAVE TO CLIMB
A MOUNTAIN TO
GAIN ENLIGHTENMENT."**

BOOTSTRAP GENIE

Bootstrap Genie is a proposal for a self-educational project designed for enlightenment of from a few persons to perhaps eight or ten percent of the general electorate. Techniques of correspondence schools using multiple choice questions with automatic machine grading is to be employed. The purpose is to provide opportunities for straight, clear thinking about self; similar thinking about the production and consumption of goods and services and finally, similar thinking about carrying improved concepts into daily life. Therefore a blending of the disciplines of psychology, basic economics and political science will be emphasized, and in that order.

Summary of proposed procedure: Persons having a profound understanding of basic economics, especially as understood by Henry George, will be asked to devise and submit multiple questions in this discipline. A set of about 200 questions will be selected from those submitted for use as a "test". On separate pages preferred answers and references for further study will be prepared.

Next, the prepared test in economics will be handed to persons already skilled in the discipline of psychology. They will be asked to take the test in economics. Their papers will be graded and scored. For questions missed, they will be provided explanations of preferred choice from multiple questions. Thus it is expected the psychologists will develop a working knowledge of basic economics. The psychologists will then be asked to prepare and submit multiple questions, with multiple choice of answers in the field of their specialty. The psychologists will be informed of the program and the intended use of their questions, specifically, for later submission to the general electorate as first of a series, to be followed by economics (i.e. the test they had taken) and later tests in the discipline of political science. Thus the psychologists will be expected to prepare multiple choice questions which will help clear a person of any "hang-ups" they may have and set the stage for personal involvement in causes beyond selfish desires and tribal thinking.

Finally, persons already skilled in political science will be asked to take the tests in psychology and economics. When they have acquired a working knowledge in those disciplines, they will be asked to devise and submit many multiple choice

questions, with separate preferred answers and references in their specialty of political science. As with the psychologists, the political scientists will have knowledge of the intended use of their contribution. Therefore, it is expected their part of the program will give lay persons sufficient know-how to give their newly acquired economic concepts the force of law.

After persons in the three skills have made their contributions as described, persons skilled in the mass marketing of correspondence courses will become involved. Ways and means for selling the program to the public will be explored. Amounts of and rates of payment for taking "courses" will be included in pro forma projections for a profitable operation will be analyzed.

Finally, prospective limited partners (financial) on a joint venture will be contacted with view to investing risk capital in the project. If adequate commitments are made, the plan will be carried into effect.

Conclusion: The described method, or some modification of it, if successful, may eventually influence the course of history for the better. The integrated approach may, in and of itself, point the way to significant social progress. But regardless of the degree of eventual success, the proposed project appears to lend itself to wholesome personal rewards for whomever might become involved. As the name BOOTSTRAP GENIE implies, self enlightenment has its own reward. If it spreads throughout society in general one can only hope our collective wishes will lift us all to expanded opportunities.

Because it is relative easy for this writer to image projects, and because credit for any worthwhile project belongs to many people who toil for its accomplishment, the undersigned author has adopted a fictitious name. Please address all comments and suggestions to:

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The attached multiple choice questions were selected from those that once appeared on a qualifying examination for California real estate broker's license. They are submitted for the single purpose of showing the excellent teaching features and possibilities using many, many multiple choice questions as the center of attention.

Several schools throughout the State use the questions from past examinations as the focus for their training programs. The attached answers to the attached questions came from one of such schools.

Remove the economic and psychological pressure to make a passing grade, it may be found that extensive use of the multiple choice questions can be a super way to impart a meaningful amount of knowledge, skill and perhaps even wisdom to large numbers of educable persons.

Thousands of persons take the California licensing examinations. For the brokers, there are 200 questions; a passing score is 150 correct. Papers are graded by electronic sensor devices; letters are written to applicants by word processing machines. Failing scores only are reported; examinations can be taken any number of times on paying a fee of \$25 for each experience. The licensing board has many sets of questions to reduce the chance of repeating the same questions on subsequent examinations. There is some such duplication of questions but there is sufficient variety that applicants are induced to learn the subject matter rather than memorize answers by rote.

QUESTIONS

1. ~~2.~~ During an inflationary period, real estate values _____. During a recession or deflationary period, values _____. During neither of these periods, value does not necessarily _____.
(a) Fall, rise, fall; (b) Rise, fall, fall; (c) Rise, fall, rise; (d) Rise, fall, remain the same.
2. ~~3.~~ Presume that in a long-term lease there was no provision for periodic increases in the future rent. If the economic rent were greater than the contract rent the advantage would be to the: (a) Lessor; (b) Occupant; (c) Lessee; (d) No one.
3. ~~4.~~ A man bought an apartment house. Now, in a period of increasing interest rates, his rental payments remain the same. How is his equity affected:
(a) Increased; (b) Decreased; (c) Remains the same; (d) Had no affect at all.
4. ~~5.~~ Which of the following would contribute the most to the value of a retail property: (a) Vehicular traffic; (b) Pedestrian traffic; (c) Access; (d) Management.
5. ~~6.~~ Advertising properties in local newspapers is a method employed by some brokers and developers. The most effective advertising copy should be written to create: (a) Attention, interest and promotion of the developer; (b) Exposure, stimulation of business, gross commissions and wealth; (c) Competition, growth, attention and fair treatment; (d) Attention, interest, desire and action.
6. ~~7.~~ Which of the following colors makes a room larger: (a) White; (b) Ivory; (c) Black; (d) None of the above.
7. ~~8.~~ The type of depreciation which arises from social conditions, changes and influences and gives rise to the saying "more houses are being torn down than fall down" is: (a) Functional; (b) Fall away; (c) Economic; (d) Worn out mudsills.
8. ~~9.~~ Real property tax consciousness should begin: (a) Before acquisition of the property; (b) Before the close of escrow; (c) After disposition of the property; (d) During the decision-making period of the sale.
9. ~~10.~~ A man divided his land into several parcels for the purpose of sale. Which of the following methods do you believe he would use to establish the market value of his property: (a) The land residual technique; (b) The building residual technique; (c) The property residual technique; (d) All of the preceding.
10. ~~11.~~ Which of the following would be most likely to maintain a higher value in an area composed mainly of single-family residences: (a) An area where the property owners have substantially the same amount of income; (b) A new area where no down payment is required; (c) An area where there are high and low income families because the low income families will be trying to maintain the example set by the high income families; (d) An area with approximately 20% set aside for income property.

QUESTIONS

- ~~10.~~ 11. In appraising a property which has a building with no value, how do you treat the building in your appraisal report: (a) Add the cost to replace; (b) Subtract the salvage value; (c) Subtract the cost to replace; (d) Deduct the cost of demolition.
12. An increase in the utility by annexing lots in a contiguous manner under one ownership is referred to as: (a) Collecting; (b) Demurrage; (c) Plottage; (d) Foolishness.
- ~~12.~~ 13. Which of the following most nearly describes the classical definition of the ownership of land: (a) The surface only; (b) The horizontal and vertical area that extends a reasonable distance above and below one's domain; (c) All the land below one's domain in the shape of an inverted pyramid with its apex at the center of the earth and all above the land to the heavens; (d) All that one can perceive.
- ~~13.~~ 14. An owner of a beautiful old home on a corner lot is advised that considerably more income could be obtained if the house were torn down. This is an example of: (a) Regression; (b) Highest and best use; (c) Principle of substitution; (d) Supply and demand.
15. Which of the following is not used in the valuing of land: (a) Square foot; (b) Metes and bounds; (d) Acre.
- ~~16.~~ 16. A broker was given the job of selecting land that was to be used for industrial purposes. He would be least concerned with which of the following: (a) Location; (b) Sub-soil; (c) Topography; (d) Fertility.
- ~~17.~~ 17. Which of the following would be considered real property: (a) A stand of virgin timber; (b) Trade fixtures; (c) A vineyard of growing grapes that have been contracted for; (d) a water heater.
- ~~18.~~ 18. "Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization." The quotation above comes from: (a) The Creed of the Real Estate Commissioner; (b) The Realtor's Code of Ethics; (c) The Appraiser's Code of Ethics; (d) The State Constitution.
- ~~19.~~ 19. In analyzing the data to establish the value of urban commercial property, the most important feature would be: (a) location; (b) size of parcel; (c) Topography; (d) Depth of the parcel.

QUESTIONS

20. A \$60,000 house having been built among \$40,000 to \$45,000 homes would eventually seek the level of the surrounding homes. This influence on the value of the \$60,000 house is known as:
(a) Supply and demand; (b) Social obsolescence; (c) Deterioration; (d) Regression.

21. A man who is interested in investing in a commercial business could depend on a fewer number of customers or families and still support his business if he purchased: (a) A shoe store; (b) A liquor store; (c) An appliance store; (d) A restaurant.

22. The value of all vacant land is influenced by its best potential use. The principal factor in the valuation of urban industrial land is: (a) Front footage; (b) Square footage; (c) Corner influence; (d) Unearned increment.

23. Which of the following types of depreciation would be the most difficult to eliminate: (a) Physical depreciation; (b) Functional obsolescence; (c) Physical deterioration; (d) Economic obsolescence.

24. Which of the following terms most generally appears in an accredited definition of highest and best use: (a) Ground rent; (b) Economic rent; (c) Net return; (d) Contract rent.

25. To an appraiser, a definition of value is: (a) The relationship between the thing desired and the potential purchaser; (b) The ability of one commodity to command other commodities in exchange; (c) The present worth of all rights to future benefits arising out of ownership of property; (d) All of above.

26. By "subjective value" we mean: (a) Market value; (b) Utility value; (c) Exchange value; (d) Price paid.

27. Of the following, which would not be considered one of the three great forces influencing value: (a) Social ideal and standards; (b) Building restrictions; (c) Economic adjustments; (d) Government regulations.

28. One of the following is not an agent of production: (a) Depreciation; (b) Land; (c) Coordination; (d) Capital

29. Condominiums are increasing in number because of: (a) Taxes (b) Covenants; (c) Land; (d) Social

ANSWERS

16. (D) According to the principle of change no material thing remains static. Associated to the principle of change are three subsidiary principles. They are:
1. Integration: The development stage - values going up.
 2. Equilibrium: Values begin to level off - top of curve.
 3. Disintegration: Values declining.
25. (C) "Economic rent" is what property should rent for. "Contract rent" is what the property is renting for. For example, the lease contract between the lessor and lessee. If the real estate is currently leased at its fair rental value, contract rent and economic rent are the same. As conditions change, the two do not necessarily remain the same and the economic rent will generally exceed the contract rent. This is often a result of supply and demand or increasing costs compelling other lessors to raise their rent.
43. (B) The answer to this question is relative to other commodities. It is somewhat like owning stock. If the market drops, the value of the stock drops and your equity in the stock, if you were to sell, would have decreased. This is the analogy. If interest rates go up, other commodities appear to be more desirable. If investors turn to the other commodities, the property owner would have to lower his price to effect a sale. Lower price, lower equity.
44. (B) The pedestrian is the one who purchases the merchant's product. With obvious exceptions, such as being located next to a grammar school, the greater the number of persons passing a given location, on foot, the greater the value. These high pedestrian count locations are sometimes referred to as 100% locations.
45. (D) Associate this answer to the opera AIDA.
46. (D) This is a trick question. Colors never make a room larger. Light colors may make a room appear larger, but not larger.
47. (C) When a building fails to justify its existence it is torn down. This is an economic consideration. If the building fails due to functional obsolescence it is often remodeled.
48. (A) Tax conscientiousness should start prior to the acquisition of real estate, continue during ownership, and through its ultimate disposition.
49. (A) The land residual technique is a procedure in capitalization where a certain amount of the net income is said to belong to the building and a certain amount to the land. In this technique, the building income is subtracted from the total income to isolate what may be said to be the income to the land alone. The income to the land is then capitalized with no allowances for depreciation. The value arrived at by this process is said to be the value of the land only.

ANSWERS

- ~~82~~ 10. (A) If the incomes mentioned are sufficient, pride of ownership and competition will help maintain property values. Where there is great a variation in income those who are unable to maintain their properities adversely affect those who can.
- ~~120~~ 11. (D) The building has to be removed and would be an expense to the purchaser.
12. (C) The value of several parcels under one ownership which is often greater than the sum of the individual parcels taken separately is called plottage. Utility change could occur through rezoning.
- ~~25~~ 13. (C) Statement of fact.
- ~~22~~ 14. (B) Property should always be put to its highest and best use. If it is necessary to tear a building down, the reason may be economic, but the ultimate goal is to put the property to its highest and best use.
15. (B) Metes and bounds is a way of describing land, not measuring it. Commercial property is valued, another name for measured, by front foot. Industrial property is valued by the square foot and agricultural property by the acre.
16. (D) Location is most important. Topography pertains to the contour or roll of the land. Sub-soil tests are important in determining if the land is solid enough to support buildings. Fertility relates to growing things, not industrial property.
17. (A) A statement of fact. Water heater could be owned by a business.
18. (B) This is the first paragraph of the National Association of Realtors Code of Ethics.
19. Never forget that the three most important items in value are location, location and location. (A) is correct.
20. (D) The principle of regression states that between dissimilar properties or things in the same classification, the worth of the better property or thing will be adversely affected by the presence of the lesser when the lesser outnumbers the better.

ANSWERS

~~21~~ (D) A restaurant could, in all probability, survive on fewer customers. We are not referring to a Las Vegas type operation, but rather a small neighborhood store. Other businesses that can operate (survive) on smaller populations are: Grocery, Gas Station Beauty Shop, Drug Store. Those needing larger populations are: Bookstore, Camera and Photo, Variety Store, infant and Children's Wear.

~~22~~ (B) The available space for storage is the most important consideration in the valuation of industrial property. Front footage is used when considering the value of commercial property. The pedestrian traffic that looks at the merchandise on display. An unearned increment is added value due to no contribution of labor or materials by the owner. An example would be an increase in value because of the lack of similar properties.

~~23~~ (D) Difficulty in this question is measured by cost to cure. Economic obsolescence is by far the most expensive to cure. In fact, it is so expensive that it is classed as incurable.

~~24~~ (C) Highest and best use is defined as that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Ground rent is the net rent paid for the right to use and occupancy of a parcel of land, or that portion of the total rental paid that is considered to represent a return upon the land only. Economic rent is the rent the property should be producing and contract rent is the actual rent the property is producing.

~~25~~. (D) Statement of fact. All of the answers are excellent. Memorize.

~~26~~. (B) The word "subjective" means opinions, attitudes, and thoughts existing or formulated in the mind. Utility value is the value to the owner-user. The owner is subjective in his estimate of value. The purchaser is objective.

~~27~~ (B) Memorize this one. There are three forces that influence value. They are (a), (c) and (d)

~~28~~ (A) Surplus productivity is defined as the net income remaining after the cost of labor, capital, and coordination have been paid. This surplus may often be attributed to land in its present

ANSWERS

use.) Surplus productivity is dependent upon the principle of balance, the law of increasing and decreasing returns, and the proper apportionment of the four agents in production. The value of a property depends upon the balance of these four, which are:

- (1) Labor (wages)
 - (2) Capital (the investment in buildings and equipment)
 - (3) Coordination (management and entrepreneurial contribution)
 - (4) Land
29. (C) Scarcity of available land.