

Real Estate Investing Practice Test Questions and Answers

1. What is the cap rate in real estate investing?

- A) The maximum interest rate on a mortgage
- B) Net operating income divided by property value
- C) The total return on investment
- D) The property appreciation rate

2. Which strategy involves buying undervalued properties, renovating them, and selling for profit?

- A) Buy and hold
- B) Wholesaling
- C) House flipping
- D) REITs

3. What is the 1% rule in real estate investing?

- A) Monthly rent should equal 1% of purchase price
- B) Put down 1% for a down payment
- C) Expect 1% annual appreciation
- D) Reserve 1% for maintenance costs

4. What does NOI stand for in real estate analysis?

- A) Net Operating Income
- B) New Owner Investment
- C) Nominal Operating Interest
- D) Net Outstanding Income

Answers: 1-B 2-C 3-A 4-A

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