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Question 1

Question Type: MultipleChoice

Four types of credit enhancements are offered by state bond banks. Which of the following is NOT out of those enhancements?

Options:

- A- A moral obligation reserve that will fund one year of debt service
- B- A state intercept fund that diverts state aid to a defaulting local unit from the state bond bank
- C- Additional collateral pledge
- D- None of these

Answer:

C

Question 2

Question Type: MultipleChoice

_____ on the bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes.

Options:

A- Premium

B- Discount

C- Interest

D- None of these

Answer:

C

Question 3

Question Type: MultipleChoice

To find a nationally recognized bond counsel, governments can consult _____ which lists

Options:

- A- the Directory of Municipal Bond Dealers
- B- Financial Adviser
- C- Tax-exempt bond counsel
- D- All of these

Answer:

A

Question 4

Question Type: MultipleChoice

The financial adviser gives advice regarding the financial feasibility of a bond. Thus, the financial adviser's fee should not be contingent on a bond's sale because of:

Options:

- A- The potential conflict of interest

- B-** The nonequilibrium of market prices
- C-** Unavailability of large local units
- D-** None of these

Answer:

A

Question 5

Question Type: MultipleChoice

Localities contract with a consulting engineer to make a preliminary feasibility study of a project, prepare a detailed design and construction specifications, coordinate construction activities, and advice on special problems that might occur during construction. Consulting engineers are compensated in which of the following way/s?

Options:

- A-** A lump-sum payment when a project is clearly defined
- B-** Cost-plus-fixed-fee basis when a project is not clearly defined

- C- A percentage of construction costs, the percentage being based on a scale developed by the Society of civil engineers
- D- All of these

Answer:

D

Question 6

Question Type: MultipleChoice

Projecting demand is relatively easy for some services. But, forecasting the need for some projects is somewhat dictated by the Insurance Service Office (ISO), which assigns rates to the concerned department upon which insurance companies set homeowners' insurance rates. For instance:

Options:

- A- Water and sewer plants
- B- Fire stations
- C- Solid waste landfill systems

D- All of these

Answer:

B

Question 7

Question Type: MultipleChoice

The principal advantage of a CIP (Capital improvement Program) is that _____, including their project designs, land acquisition, permitting, and acquiring financing.

Options:

- A-** It provides for sufficient lead time to plan for projects.
- B-** ensures the orderly replacement of capital facilities
- C-** Minimal costs of putting the asset in operating conditions
- D-** None of these

Answer:

A

Question 8

Question Type: MultipleChoice

A government borrows \$20,000 for one year at a 10 percent interest rate. What will be the non-discounted loan?

Options:

A- 11%

B- 10%

C- 12%

D- None of these

Answer:

B

Question 9

Question Type: MultipleChoice

Lenders charge four types of interest depending on the nature of the loan. Which one of the following is NOT out of those interests?

Options:

- A- Annual percentage rates
- B- A discounted note
- C- An installment loan
- D- A non-discounted note

Answer:

A

Question 10

Question Type: MultipleChoice

_____ are in anticipation of improved market conditions in which to issue longterm debt. It typically matures within 15-45 days.

Options:

- A- Bond anticipation notes (BANs)
- B- Revenue anticipation notes (RANs)
- C- Tax-exempt commercial paper (TECP)
- D- Variable rate demand notes (VRDNs)

Answer:

C

Question 11

Question Type: MultipleChoice

Governments borrow from the either banks or tax-exempt money market funds in anticipation of taxes, revenues, bonds, or improved market conditions. Some of such conditions are as follows EXCEPT:

Options:

- A- Tax anticipation notes (TANs)
- B- Revenue and Bond anticipation notes (RAN and BANs)
- C- Tax-exempt commercial paper
- D- None of these

Answer:

D

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