Questions

1. In an equity based Direct Participation Program, sponsors use proceeds from the offering for the following purposes:

a. General corporate spending
b. Purchase of tangible assets
c. Retirement of corporate debt
d. All of the above

2. A manager seeking to limit its liability with regard to a direct participation program that it manages would choose which corporate structure for the program:

a. Limited Partnership (LP)
b. Limited Liability Company (LLC)
c. Neither structure
d. Both structures

3. Investors seeking to understand the nature of the agreement between the manager and investors in a direct participation program structured as an LLC would study the:

a. Operating Agreement
b. Certificate of Limited Partnership
c. Limited Partnership Agreement
e. Articles of Organization

4. The advantages of using a flow-through entity for a direct participation program is:

a. Income and losses are not passed on to the investors
b. Tax benefits are passed on to the investors
c. To provide flexibility in making investment decisions
d. Liability is passed on to the investors

5. In an LLC structure, the Members elect:

a. To limit the maximum number of investors
b. To have the company taxed as a partnership
c. Management duties are assumed by Members
d. A spokesman to negotiate the dividends & interest paid

6. A Direct Participation Program:

a. Is a general name for a type of passive securities investment
b. Is also known as a DDP
c. None of the above
d. All of the above

7. Unit is defined as a:

a. Standard division of an investment
b. Standard quantity of an investment
c. An apartment or condominium
d. All of the above

8. Types of Direct Participation Programs are:

a. Equipment Leasing, non-traded REITs and mutual funds
b. Oil & gas, fixed annuities and REITs
c. Equipment leasing, oil & gas and REITS
d. REITs, call options and equipment leasing

9. The value of a Direct Participation Program is determined by:

a. The tax bracket of the investor
b. The price reported in the Stanger Report
c. Not known until maturity
d. The performance of the project

10. Fiduciary responsibility is defined as:

a. The duty to act on another's behalf as you would act for your own account
b. The duty to act on your own behalf as a prudent man would be expected to act
c. The duty to act on another's behalf with discretion as you would act for your own account
d. The duty to act on another's behalf as a prudent man would be expected to act