

**Circle *True* or *False* as the better answer.**

1. If you are a state licensed or certified appraiser, your appraisals must always conform to USPAP.  
True                      False
2. USPAP provisions were revised in July 2006 to remove the departure rules which previously classified appraisals as Limited or Complete.  
True                      False
3. The typical appraisal assignment is to appraise the “fee simple” ownership.  
True                      False
4. The type of appraisal report used, (Self-Contained, Summary, or Restricted Use) should be decided upon in advance between the appraiser and the client.  
True                      False
5. Written appraisals usually consist of a letter, a printed form, or a narrative report.  
True                      False
6. Value in use is an objective kind of value that means the value to people in general.  
True                      False
7. In simple terms, market value essentially means the most probable sales price in an open market.  
True                      False
8. The cost approach is normally given more weight in the appraisal of old and substantially obsolete buildings.  
True                      False
9. In the sales comparison approach, the appraiser adjusts comparable sales by adding or subtracting amounts from their price to “improve” their comparability.  
True                      False
10. Income and commercial properties are most often appraised by emphasizing the income approach to value.  
True                      False

**Multiple Choice Questions. Indicate the best answer.**

1. The type of appraisal and report form often depends upon the intended users. To properly develop and complete the appraisal report the appraiser should
  - a. Ask the client what they want
  - b. Identify all possible users
  - c. Select form based upon fee
  - d. Identify client and intended users
2. The first step in the appraisal process is to
  - a. Choose an appropriate approach
  - b. Define the appraisal problem
  - c. View the property
  - d. Formulate a plan
3. The typical appraisal assignment is to appraise
  - a. The "fee simple" ownership
  - b. The value of the mining rights
  - c. Value subject to a loan
  - d. The leased fee
4. The letter format is probably best suited for a
  - a. Self-Contained Appraisal Report
  - b. Summary Appraisal Report
  - c. Restricted Use Appraisal Report
  - d. Limited Report
5. Market value most nearly means
  - a. The most probable selling price
  - b. The cost of replacement
  - c. The assessed value
  - d. The value to the user
6. Which of the following is not a test of market value?
  - a. Motives of buyer and seller
  - b. Informed parties
  - c. A good location
  - d. Terms of the sale
7. Which approach to value is considered to be the most direct?
  - a. The sales comparison approach
  - b. The cost approach
  - c. The income approach
  - d. None of these
8. The cost approach is more reliable when appraising
  - a. Developed housing
  - b. Income properties
  - c. Older houses
  - d. New properties
9. Investment properties are most often appraised by the:
  - a. Capitalization of income
  - b. Highest and best use analysis
  - c. Income averaging
  - d. None of the above

10. A 10-unit apartment building has market rents of \$700 per unit per month. The estimated factor for vacancies and collection losses is 3% of the total annual income. Annual operating expenses are estimated at \$17,480.

If the capitalization rate selected by the appraiser is 8%, what is the indicated market value by the income approach?

- a. \$1,000,000  
b. \$ 800,000  
c. \$ 675,000  
d. \$ 835,000
11. An appraisal is being made of a good quality, 25-year old, three-bedroom home. The appraiser locates three comparables that have similar square footage, number of rooms, and construction quality. After viewing and rating the comparables, a summary is made as follows:

<u>Data</u>	<u>Comparable #1</u>	<u>Comparable #2</u>	<u>Comparable #3</u>
Price Paid	\$295,000	\$300,000	\$350,000
Location	Inferior	Equal	Superior
Lot Size	Larger than subject	Smaller than subject	Equal to subject
Amenities & Condition	Equal to subject	Superior to subject	Superior to subject

Dollar Adjustments Indicated by Market Study

Location Difference	\$40,000
Lot size Difference	\$20,000
Amenities and Condition Difference	\$15,000

Problem:

Relying upon the comparables and the adjustments indicated, what is the best value conclusion for the subject property?

- a. \$300,000  
b. \$200,000  
c. \$275,000  
d. \$450,000
12. Assume you are applying the cost approach to suggest the value of a 2,500 s.f. four bedroom home under appraisal. Using the data presented here, what is the indicated value?

Given

Cost new	\$80 per sq. ft.
Depreciation	Comparable sales prices suggest about 1% per year depreciation. Present age is 10 years.
Land Value	\$60,000 based on recent comparable sales

Answer

- a. \$200,000  
b. \$240,000  
c. \$260,000  
d. \$250,000