

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

1. The four elements of comparison used in the sales comparison approach include the terms and time of sale, as well as location and physical elements about the property.
True False
2. Sales adjustments should be market-related.
True False
3. Two or more percentage adjustments should theoretically be multiplied (instead of added) together when they are dependent upon each other.
True False
4. Units of comparison are dollar or percentage amounts that are added to, or subtracted from, the comparable sales prices.
True False
5. To adjust the sales price of a comparable sale with a 10% better location, you should add 10% to the price.
True False
6. An example of an economic unit of comparison in the appraisal of land is the price per buildable apartment or dwelling unit.
True False
7. If the 1800 square-foot houses in the subject neighborhood sell typically at \$100 per square foot, you would expect that a 1400 square-foot house would sell for under \$100 per square foot.
True False
8. Variable unit of comparison can often be effectively analyzed by graphing the sales.
True False
9. Using “matched pairs” of comparables is considered an indirect method of estimating sales adjustments.
True False
10. A comparable should be adjusted for terms of sale when the sale involves unique financing that offers an advantage to the buyer.
True False

Multiple Choice Questions. Indicate the best answer.

1. The elements of comparison that need to be identified and compared include
 - a. Terms, conditions, and time of sale
 - b. Location elements
 - c. Physical elements
 - d. All of the above
2. When should the appraiser adjust sale prices for the effects of seller financing?
 - a. In all cases
 - b. In no cases
 - c. Whenever financing has influenced the price
 - d. Only when required by the lender
3. The direct comparison method resembles that used in
 - a. "Curbstone" or "Drive-By" appraisals
 - b. Adjusting by a dollar amount
 - c. Graphing the sales
 - d. Applying units of comparison
4. In adjusting a sale, the appraiser should always
 - a. Adjust the sale to the subject
 - b. Adjust the subject to the sale
 - c. Add or subtract dollar amounts
 - d. Consider all of the above rules
5. A market study show that prices have increased 1% per month recently. The appropriate type of an adjustment to price is a
 - a. Percentage adjustment
 - b. Unit of comparison adjustment
 - c. Lump-sum dollar adjustment
 - d. None of the above
6. The most reliable method for estimating sales adjustments is
 - a. Depreciated costs
 - b. Direct market or 'matched pair' method
 - c. Multiple regression
 - d. "W.A.G." method
7. Linear regression is
 - a. A mathematical technique that analyzes the relationship between price and a single property characteristic
 - b. Used to analyze many variables at the same time
 - c. Is of no help in setting up graphs
 - d. All of the above are true

8. Which of these is not considered a unit of comparison?
 - a. Price per square foot
 - b. Price per unit
 - c. Gross rent multiplier
 - d. Paired sales
9. The price per unit of comparison usually
 - a. Declines as the number of units increase
 - b. Increases as the number of units increase
 - c. Remains constant
 - d. None of the above
10. Which of the following procedures would be recommended in the sales comparison approach when comparing similar quality houses with relatively large size differences?
 - a. Apply the average price per square foot derived from sales
 - b. Graph the sales to discover the effect of size upon selling price, then adjust accordingly
 - c. Adjust each sale by the current cost of the size difference
 - d. Use the price per room
11. The final indicated value by the sales comparison approach should consider all of the following except
 - a. The average price of the comparables
 - b. The number and size of adjustments required
 - c. How the individual sales cluster or spread out between the high and low extremes
 - d. The range of indicated values
12. A comparable property sold six months ago for \$200,000 in a market that is seeing a 6% per year increase in value from appreciation. If you are making a current appraisal on a property that is judged to be 10% inferior in quality to the one cited, what is the indicated value of the subject (rounded to the nearest \$1,000)?
 - a. \$186,000
 - b. \$232,000
 - c. \$220,000
 - d. \$175,000