

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

1. Land or site value estimates are important only in the appraisal of vacant properties.
True False
2. An opinion of highest and best use is required for all land appraisals made for the purpose of estimating market value
True False
3. Whether the land is actually vacant or improved, it should be appraised as if it were vacant.
True False
4. Land value estimates by the abstraction method are just as accurate as those arrived at by the market method.
True False
5. The land residual method is based on the principle of surplus productivity.
True False
6. Recent sales of the subject property should be noted, but are always irrelevant to the current value of land.
True False
7. An adjacent site purchased by the local grocer for business expansion would be a good market comparable in your appraisal of a parcel one block away with the same size, shape, and zoning.
True False
8. The price per dwelling unit may be more important in multiple-residential land appraisals than the price per square foot.
True False
9. A subordination clause in a land sales agreement often involves seller financing.
True False
10. The greatest weight should generally be given to the comparable sales that require the least adjustment.
True False

Multiple Choice Questions. Indicate the best answer.

1. Of the following, which is a good reason for a separate estimate of site value?
 - a. Appraisal of vacant land
 - b. Allocation for tax purposes
 - c. Use in the cost approach
 - d. All of the above

2. The market or sales comparison method of appraising land is difficult in older built-up neighborhoods because
 - a. Vacant land sales are often scarce
 - b. The method is invalid
 - c. The ratio of land to building value is not constant
 - d. Values are too low

3. Which of the following methods would be most useful to appraise R-1 zoned raw acreage?
 - a. The land residual method
 - b. The allocation or abstraction method
 - c. The land development method
 - d. None of the above

4. If the site represents 40% of the total value in a particular neighborhood, how much land value would be allocated from a \$200,000 sale of a single family home?
 - a. \$120,000
 - b. \$ 8,000
 - c. \$ 80,000
 - d. \$200,000

5. In estimating the value of a commercial lot, which of the following methods would most likely be used, if there are no direct comparables?
 - a. The land development method
 - b. The market method
 - c. The unit of comparison method
 - d. The land residual or capitalized income method

6. For land sales to be considered valid comparables, they should be
 - a. Qualified as open market transactions
 - b. Competitive with the subject property and with each other
 - c. Both of the above
 - d. None of the above

7. A land sale motivated by adjacent business expansion would be
 - a. Not generally considered open-market
 - b. Acceptable if it were recent
 - c. Useful in the land residual method
 - d. At too low a price

8. The elements of comparison in the analysis of vacant land sales are the same as in improved sales. These are:
 - a. Square foot, front foot, acre
 - b. Terms of sale, time, location, physical features
 - c. Type lot, zoning, location
 - d. Direct and indirect
9. The most valid unit of comparison for vacant land sales is
 - a. The square foot unit
 - b. The price per buildable apartment
 - c. The unit considered to be important by the market
 - d. None of the above
10. To adjust the sales price of a comparable sale with a 10% better location, you should
 - a. Subtract 10% from the price
 - b. Add 10% to the price
 - c. Multiply the price by 10%
 - d. None of the above
11. Of the following sales, which require the least total adjustment when both the plus and minus adjustments are considered?
 - a. Location +10, size -10, view 0
 - b. Location +5, size +5, view -5
 - c. Location 0, size -5, view -5
 - d. Location -5, size +5, view +5
12. A new, lower density zoning code in a high rent neighborhood has changed some of the usual comparison units, and rules of thumb for appraising residential-income land.

If vacant income lots were selling for \$50 per square foot or \$50,000 per buildable unit before the zoning change, what is the likely effect of the new law?

 - a. A decrease in the value per square foot
 - b. An increase in the value per buildable unit
 - c. Both a and b are likely
 - d. Neither a or b is likely