

- Remember that when calculating gross rent multipliers you should use gross monthly rent; when calculating gross income multipliers you should use gross annual rent.
- The actual age of a building is the same as its chronological age.
- Fee, fee simple, and fee simple absolute all mean the maximum ownership in real estate.
- The contract rent is that amount of rent specified in a lease – it is also called scheduled rent.
- Constructive notice is a legal doctrine that requires a potential purchaser to take notice of available evidence that someone other than the owner may have an interest in the property.
- A non-conforming use is a property use that pre-dates current zoning.
- The cost approach tends to decrease in reliability in the appraisal of older improvements because of the difficulty in accurately estimating accrued depreciation.
- Know how to calculate the value of a house based on the cost approach if the house has a gross living area of 2,000 square feet, a current cost new of \$80 per square foot, an economic life of 50 years, and an effective age of 2 years.
- Know how to calculate the purchase price of an acre that sold for \$8.00 per square foot.
- Know that the leased fee is the owner's interest in rented property and the leasehold is the tenant's interest in rental property.
- Know the criteria for highest and best use and know that the highest and best use can change over time.
- If a tenant sub-leases the property to another tenant, the original tenant is said to hold a "sandwich" lease.
- An amortized loan is one that involves a periodic repayment of the debt in addition to the interest on the loan.
- Know the steps in the appraisal process.
- Be able to define and recognize examples of physical depreciation, functional obsolescence, and economic obsolescence.
- The amount of a mortgage loan or the loan to value ratio is based upon the purchase price or market value, whichever is less. The ratio of the loan is the loan to value ratio.
- An encroachment occurs when one property extends or trespasses onto the another property.
- The borrower in a mortgage transaction is the mortgagor and the lender is the mortgagee.

- The walls between two condominium units are generally considered to limited common elements.
- Assemblage is the combining together under one ownership of two or more parcels of property. If the value of the combined property is greater than the sum of the values of the individual properties, the difference is called plottage.
- Know that comparables which are superior to the subject should be adjusted downward and comparables which are inferior to the subject should be adjusted upward.
- The volume of new construction, land use and city growth, and standing stock affects the supply of real estate.
- Know the economic principals affecting value and which are the main or underlying principles for the three approaches to value.
- A report according to USPAP is any written or oral communication of an appraisal, review, or consulting service.
- The effective date of an appraisal is usually the last date of the inspection for a current appraisal or any other date required by the client – the effective date is specified in the report.
- Know how to calculate the area of a building that measures 40' x 80' and what units the area is expressed in.
- Know how to calculate the absorption rate for a new development which is expected to capture 10% of the market in a community that is expected to have a demand for 600 houses per year.
- Know the three factors in the income approach formula. Know the formula in words as well as the symbolic expression.
- Know the difference between classifications of physical depreciation and how to classify items as to curable and incurable, long-lived or short-lived.
- Examples of private involuntary limitations include encroachments, adverse possession, and mechanic's liens.
- Know how to calculate the gross rent multiplier and the gross income multiplier.
- While reconciliation takes place throughout the appraisal process, final reconciliation is performed after the application of the three approaches to value.
- Remember that an appraisal may be defined as the process of estimating value or the report containing that estimate.
- Remember that market value is best defined by the value to the typical purchaser.

- Know the cost approach formula.
- Effective demand for housing varies most directly with purchasing power.
- Know that the assessed value is used primarily to calculate property taxes.
- Market value is most closely associated with value in exchange.
- The most important consideration in the collection and analyses of data is that the data should have relevance to the estimate of the subject's value.
- Know the record-keeping requirement of USPAP.
- Market value is based in large part on well-informed buyers and sellers, typical financing, and typically motivated sellers.
- Know the competency rule.
- Know what has to be done to complete the first step in the appraisal process, "define the problem."
- In estimating accrued depreciation, the appraiser must know the actual or chronological age.
- The time adjustment to a comparable is made to adjust for market changes between the contract date of the comparable and the effective date of the report.
- Know which cost method is the most detailed.
- Examples of public limitations on real estate include subdivision regulations, zoning, and construction codes.
- A distorted sale results from the sale of a house from one family member to another.
- Externalities such as a landfill may have a negative impact on the value of the properties nearby.
- Adjustable rate mortgages change according to some index of interest rates.
- Police powers include such controls as zoning, subdivision regulations, and building codes.
- Know the different methods of calculating the value of a site or land for the cost approach.
- Know the four powers of government.
- Discount points are charged by lenders to offset fluctuations in interest rates in capital markets.
- Easements do not always have to be writing.

- Market value and the selling price of a property are sometimes equal.
- Fixtures are treated as real property.
- Remember that in a metes and bounds legal description, there must be a point of beginning.
- The effective date of an appraisal may be a current date, a prospective date (future date) or a retrospective date (past date).
- A comparable sale, which sold with a loan assumption and under conditions more favorable than conventional financing, would require a cash equivalency adjustment to be made.