|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | 1) | Jim Jordan is an appraiser. As such, he | |  | |  |  | | --- | --- | | a) | discovers value. | | b) | insures value. | | c) | estimates value. | | d) | sets value. |   . | |
| |  |  | | --- | --- | | 2) | No two parcels of land | |  | |  |  | | --- | --- | | a) | are worth exactly the same amount. | | b) | can be combined. | | c) | have the same highest and best use. | | d) | are identical. |   . | |
| |  |  | | --- | --- | | 3) | The appraiser who works for a number of different clients is known as a(n) | |  | |  |  | | --- | --- | | a) | fee appraiser. | | b) | freelance appraiser. | | c) | staff appraiser. | | d) | in-house appraiser. |   . | |
| |  |  | | --- | --- | | 4) | The appraiser who works for a number of different clients is known as a(n) | |  | |  |  | | --- | --- | | a) | fee appraiser. | | b) | freelance appraiser. | | c) | staff appraiser. | | d) | in-house appraiser. |   . | |
| |  |  | | --- | --- | | 5) | Value is the relationship between the desired object and | |  | |  |  | | --- | --- | | a) | potential buyer. | | b) | the power of a good to command other goods in exchange. | | c) | the present value of future benefits. | | d) | all of the above. |   . | |
| |  |  | | --- | --- | | 6) | A house should bring $400,000 but sells for $350,000 by a hard-pressed seller in a hurry. It is then mortgaged for $300,000 and insured for $375,000. Its market value is | |  | |  |  | | --- | --- | | a) | $300,000 | | b) | $350,000 | | c) | $375,000 | | d) | $400,000 |   . | |
| |  |  | | --- | --- | | 7) | An example of an arm's-length transaction is one between | |  | |  |  | | --- | --- | | a) | father and daughter. | | b) | employer and employee. | | c) | broker and salesperson. | | d) | two strangers. |   . | |
| |  |  | | --- | --- | | 8) | An amenity that contributed to a property's value might be its | |  | |  |  | | --- | --- | | a) | updated plumbing. | | b) | ocean frontage. | | c) | sale price. | | d) | replacement cost. |   . | |
| |  |  | | --- | --- | | 9) | Market value and cost are often equal when the property | |  | |  |  | | --- | --- | | a) | remains in the family for a long time. | | b) | was recently constructed. | | c) | is sold in an arm's-length transaction. | | d) | receives a weighted appraisal. |   . | |
| |  |  | | --- | --- | | 10) | The highest and best use of real estate is defined as the use that produces the MOST | |  | |  |  | | --- | --- | | a) | benefit to the community. | | b) | conformity. | | c) | progression. | | d) | money. |   . | |
| |  |  | | --- | --- | | 11) | "Why should I pay more when I can buy almost the same house new for less?" is an example of the principle of | |  | |  |  | | --- | --- | | a) | substitution. | | b) | conformity. | | c) | anticipation. | | d) | change. |   . | |
| |  |  | | --- | --- | | 12) | Houses are likely to reach their maximum value when | |  | |  |  | | --- | --- | | a) | a wide range of price levels is represented. | | b) | neighbors hold a mix of executive, blue-collar, and white-collar jobs. | | c) | each house is unique. | | d) | jobs, houses, and price levels are similar. |   . | |
| |  |  | | --- | --- | | 13) | The cost approach is MOST useful for | |  | |  |  | | --- | --- | | a) | a library. | | b) | insurance purposes. | | c) | new construction. | | d) | all of the above. |   . | |
| |  |  | | --- | --- | | 14) | From the reproduction or replacement cost of the building, an appraiser deducts depreciation, which represents | |  | |  |  | | --- | --- | | a) | the remaining useful economic life of the building. | | b) | remodeling costs to increase rentals. | | c) | loss of value due to any cause. | | d) | costs to modernize the building. |   . | |
| |  |  | | --- | --- | | 15) | The difference between reproduction cost and replacement cost involves | |  | |  |  | | --- | --- | | a) | functional obsolescence. | | b) | estimated land value. | | c) | modern versus obsolete methods and materials. | | d) | effective gross income. |   . | |
| |  |  | | --- | --- | | 16) | The appraised value of a residence with five bedrooms and one bathroom would probably be reduced because of | |  | |  |  | | --- | --- | | a) | locational obsolescence. | | b) | functional obsolescence. | | c) | curable physical deterioration. | | d) | incurable physical deterioration. |   . | |
| |  |  | | --- | --- | | 17) | The term economic obsolescence refers to | |  | |  |  | | --- | --- | | a) | poor landscaping. | | b) | faulty floor plan. | | c) | wear and tear. | | d) | problems beyond the property line. |   . | |
| |  |  | | --- | --- | | 18) | If a property's annual net income is $37,500 and it is valued at $300,000, what is its capitalization rate? | |  | |  |  | | --- | --- | | a) | 8% | | b) | 12.5% | | c) | 15% | | d) | 18% |   . | |
| |  |  | | --- | --- | | 19) | Expenses are subtracted from gross rental figures to arrive at | |  | |  |  | | --- | --- | | a) | debt service. | | b) | cash flow. | | c) | net operating income. | | d) | depreciation. |   . | |
| |  |  | | --- | --- | | 20) | Capitalization is the process by which the estimated future annual net income is used as the basis to | |  | |  |  | | --- | --- | | a) | determine cost. | | b) | estimate value. | | c) | establish depreciation. | | d) | determine potential tax value. |   . | |
| |  |  | | --- | --- | | 21) | Which of the following factors would NOT be important in comparing properties under the sales comparison approach to value? | |  | |  |  | | --- | --- | | a) | a difference in the dates of sale. | | b) | a difference in real estate taxes. | | c) | a difference in appearance and condition. | | d) | a difference in the original cost. |   . | |
| |  |  | | --- | --- | | 22) | Reconciliation refers to which of the following? | |  | |  |  | | --- | --- | | a) | loss of value due to any cause. | | b) | separating the value of the land from the total value of the property in order to compute depreciation. | | c) | analyzing the results obtained by the three approaches to value to determine a final estimate of value. | | d) | the process by which an appraiser determines the highest and best use for a parcel of land. |   . | |
| |  |  | | --- | --- | | 23) | In order to become a certified general appraiser, one must have a | |  | |  |  | | --- | --- | | a) | fellowship. | | b) | brokerage. | | c) | bachelor's degree. | | d) | designation. |   . | |
| |  |  | | --- | --- | | 24) | Some of the country's foremost appraisers have earned the designation | |  | |  |  | | --- | --- | | a) | MAI | | b) | REA | | c) | SRE | | d) | ARE |   . | |
| |  |  | | --- | --- | | 25) | Real estate appraisals must be performed by a licensed or certified real estate appraiser | |  | |  |  | | --- | --- | | a) | regardless of the value of the property involved in the transaction. | | b) | only if the value of the property involved in the transaction is greater than $150,000. | | c) | only if the property's fair market value is less than $100,000. | | d) | whenever a CMA has not been previously prepared by a real estate broker or salesperson. |   . | |
| |  |  | | --- | --- | | 26) | To be certified as a residential appraiser in New Jersey, an applicant must complete | |  | |  |  | | --- | --- | | a) | 2,000 hours of apprenticeship under a residential broker and undergo a physical examination. | | b) | 165 hours of education in approved courses, and undergo a criminal background check. | | c) | 1,500 hours of apprenticeship under a licensed or certified residential appraiser, and undergo a thorough psychological examination. | | d) | 200 hours in approved real estate and appraisal courses, and have 2,500 hours of experience in no less than two years. |   . | |
| |  |  | | --- | --- | | 27) | An apartment building has $65,000 in potential gross annual income. The vacancy rate is estimated at 5%. Total operating expenses are $29,000. The capitalization rate is 9%. What would be the value of the building using the income approach? | |  | |  |  | | --- | --- | | a) | $324,773 | | b) | $363,889 | | c) | $372,895 | | d) | $392,367 |   . | |
| |  |  | | --- | --- | | 28) | Sid is appraising a two-unit apartment building. In this neighborhood, the accepted gross rent multiplier is 144. The annual income on the building is $16,800 (both units rented). The monthly expenses are $300. What would Sid estimate the market value to be, based on the income approach? | |  | |  |  | | --- | --- | | a) | $201,600 | | b) | $232,500 | | c) | $224,800 | | d) | $258,600 |   . | |
| |  |  | | --- | --- | | 29) | Which of the following might be classified as functional obsolescence? | |  | |  |  | | --- | --- | | a) | Exterior needs painting. | | b) | Property fronts on a busy expressway. | | c) | Very small bedroom closets. | | d) | Neighborhood is 35 to 50 years old. |   . | |
| |  |  | | --- | --- | | 30) | A person paid $150,000 for a house with the intention of renting it out for $1,000 per month. The economic principle that led the person to pay this price based on the property's ability to generate this future income is known as | |  | |  |  | | --- | --- | | a) | substitution. | | b) | anticipation. | | c) | supply and demand. | | d) | utility. |   . | |
| |  |  | | --- | --- | | 31) | Which of the following situations illustrates the principle of contribution? | |  | |  |  | | --- | --- | | a) | a homebuyer makes a down payment of 20% instead of the 10% the lender requires. | | b) | a homeowner adds a third bathroom to a house and thereby increases the appraised value by $10,000. | | c) | the appraised value of a house goes up by $20,000 over a two-year period because of the prices recently paid for other houses in the neighborhood. | | d) | because of a decline in mortgage interest rates, a homeowner in a certain market is able to list her house at a higher price. |   . | |
| |  |  | | --- | --- | | 32) | A property owner buys an adjacent parcel and combines it with the original parcel to create a property with a higher value than the total of the two separate property values. The operative principle of value in this situation is called | |  | |  |  | | --- | --- | | a) | assemblage. | | b) | accretion. | | c) | progression. | | d) | subdivision. |   . | |
| |  |  | | --- | --- | | 33) | What is the difference between the appraised value of a property and its mortgage value, if any? | |  | |  |  | | --- | --- | | a) | they are the same. | | b) | the appraised value is an appraiser's estimate; mortgage value is the amount a lender will lend for the purchase of the property. | | c) | the appraised value is an appraiser's estimate; mortgage value is the value a lender imputes to the property as collateral. | | d) | appraised value is mortgage value multiplied by a lender's loan-to-value ratio. |   . | |
| |  |  | | --- | --- | | 34) | What is the difference between market value and market price, if any? | |  | |  |  | | --- | --- | | a) | they are the same. | | b) | market value is an estimate; market price is the price at which a property is offered. | | c) | market value is an average price derived from comparable sales; market price is a price based on the cost of creating the property. | | d) | market value is an estimate; market price is the price at which a property sold. |   . | |
| |  |  | | --- | --- | | 35) | An appraisal is | |  | |  |  | | --- | --- | | a) | a professional appraiser's opinion of value, supported by data and following approved methods. | | b) | a professional appraiser's estimate of market price. | | c) | an estimate of sale price offered by a knowledgeable real estate professional. | | d) | a broker's opinion of value, based on comparison with recent comparable sales and current listings in the multiple listing service. |   . | |
| |  |  | | --- | --- | | 36) | The first step in the appraisal process, regardless of the appraisal method, is to | |  | |  |  | | --- | --- | | a) | identify the highest and best use of the property to be appraised. | | b) | collect and analyze property data. | | c) | estimate the value of the land as if it were vacant. | | d) | define the appraisal problem and the purpose of the appraisal. |   . | |
| |  |  | | --- | --- | | 37) | In the final step of an appraisal, the appraiser reconciles the value estimates derived by the various appraisal approaches by | |  | |  |  | | --- | --- | | a) | disregarding the high and low extreme results. | | b) | averaging the results of all three approaches. | | c) | weighing the applicability of the approaches and considering the quality of data supporting each approach. | | d) | choosing the result that is closest to the average for properties in the immediate neighborhood. |   . | |
| |  |  | | --- | --- | | 38) | Which of the following statements properly describes the central concept of the sales comparison approach? | |  | |  |  | | --- | --- | | a) | find the median price of recently sold comparable properties and add or subtract dollar amounts in the subject property to account for competitive differences. | | b) | make dollar adjustments to the sale prices of comparable properties to account for competitive differences with the subject. | | c) | find at least three comparable properties that are currently tor sale and make dollar adjustments to the listing prices to account for competitive differences with the subject. | | d) | apply an appreciation factor to the price at which the subject property most recently sold and make dollar adjustments to account for competitive differences with comparable properties currently for sale. |   . | |
| |  |  | | --- | --- | | 39) | One of the strengths of the sales comparison approach is that it | |  | |  |  | | --- | --- | | a) | takes into account the subject property's investment value. | | b) | reveals the profit margin of the builder or developer of the subject property. | | c) | discovers the underlying value of the subject property apart from the influence of competing properties. | | d) | takes into account the competitive value of specific amenities of the subject property. |   . | |
| |  |  | | --- | --- | | 40) | In making dollar adjustments in the sales comparison approach, the appraiser | |  | |  |  | | --- | --- | | a) | adds value to a comparable that is inferior to the subject property. | | b) | adds value to the subject property if it is inferior to a comparable. | | c) | subtracts value from a comparable that is inferior to the subject property. | | d) | subtracts value from the subject property if it is inferior to a comparable. |   . | |
| |  |  | | --- | --- | | 41) | The best comparable property for use in the sales comparison approach is the one that | |  | |  |  | | --- | --- | | a) | is located closest to the subject property. | | b) | requires the fewest and smallest adjustments. | | c) | sold most recently. | | d) | was built according to the same plan as the subject and at about the same time. |   . | |
| |  |  | | --- | --- | | 42) | A house is being appraised using the sales comparison approach. The house has three bedrooms, two bathrooms, and a patio. The appraiser selects a comparable house that has three bedrooms, 2.5 bathrooms, and no patio. The comparable house just sold for $ 100,000. A half-bath is valued at $5,000, and a patio at $1,000. Assuming all else is equal, what is the adjusted value of the comparable? | |  | |  |  | | --- | --- | | a) | $100,000 | | b) | $104,000 | | c) | $96,000 | | d) | $106,000 |   . | |
| |  |  | | --- | --- | | 43) | Which of the following statements properly describes the methodology of the cost approach to appraisal? | |  | |  |  | | --- | --- | | a) | apply a depreciation factor to the reported actual cost of acquiring and improving the subject property. | | b) | estimate the cost of building the improvements on the subject property. | | c) | estimate the land value and add to this the actual cost of the improvements adjusted for competitive differences with similar property. | | d) | add the estimated land value and cost of improvements and subtract the accrued depreciation of the improvements. |   . | |
| |  |  | | --- | --- | | 44) | One of the strengths of the cost approach is that it | |  | |  |  | | --- | --- | | a) | takes into account the amount of money required to develop a similar property. | | b) | is very accurate tor a property with new improvements that represent the highest and best use. | | c) | results in an actual price in dollars instead of an estimated value. | | d) | reveals the owner's return on money invested in the cost of development. |   . | |
| |  |  | | --- | --- | | 45) | The principle underlying depreciation from physical deterioration is that | |  | |  |  | | --- | --- | | a) | eventually, a property loses all of its value. | | b) | a property loses a portion of its value each year because of economic obsolescence. | | c) | a property loses the same increment of value each year over the economic life of the property. | | d) | the value lost to depreciation is incurable. |   . | |
| |  |  | | --- | --- | | 46) | A property is being appraised by the cost approach. The appraiser estimates that the land is worth $10,000 and the replacement cost of the improvements is $75.000. Total depreciation from all causes is $7,000. What is the indicated value of the property? | |  | |  |  | | --- | --- | | a) | $68.000 | | b) | $92.000 | | c) | $82,000 | | d) | $78,000 |   . | |
| |  |  | | --- | --- | | 47) | Which of the following statements properly describes how to apply the income capitalization approach to appraisal? | |  | |  |  | | --- | --- | | a) | apply a desired rate of return to the price paid for an income property. | | b) | divide the income a property generates by a desired rate of return. | | c) | estimate the amount of income a property must generate to return the capital amount invested in it. | | d) | estimate the rate of return a property owner receives from income generated by the property. |   . | |
| |  |  | | --- | --- | | 48) | A strength of the income capitalization approach is that it | |  | |  |  | | --- | --- | | a) | uses a rate of return that is required for all potential purchasers in a market. | | b) | yields an accurate projection of investment income. | | c) | uses a method that is also used by investors to determine how much they should pay for an investment property. | | d) | can be used with any type of property in any market. |   . | |
| |  |  | | --- | --- | | 49) | A property is being appraised using the income capitalization approach. Annually, it has an estimated gross income of $30,000, vacancy and credit losses of $1,500, and operating expenses of$ 10,000. Using a capitalization rate of nine percent, what is the indicated value (to the nearest $1,000)? | |  | |  |  | | --- | --- | | a) | $206.000 | | b) | $167.000 | | c) | $222.000 | | d) | $150,000 |   . | |
| |  |  | | --- | --- | | 50) | An apartment building that sold for $450,000 had monthly gross rent receipts of $3,000. What is its monthly gross rent multiplier? | |  | |  |  | | --- | --- | | a) | 12.5 | | b) | 0.01 | | c) | .OX | | d) | 150 |   . | |
| |  |  | | --- | --- | | 51) | A rental house has monthly gross income of $1,200. A suitable gross income multiplier derived from market data is 14.1. What estimated sale price (to the nearest $1,000) is indicated? | |  | |  |  | | --- | --- | | a) | $169,000 | | b) | $102,000 | | c) | $203,000 | | d) | $173,000 |   . | |
| |  |  | | --- | --- | | 52) | A certified appraiser is one who has received certification by | |  | |  |  | | --- | --- | | a) | a licensed real estate school. | | b) | the Appraisal Institute. | | c) | the state in which the appraiser operates. | | d) | the Appraisal Review Board. |   . | |
| |  |  | | --- | --- | | 53) | The act that required federally-related appraisals to be conducted by a certified appraiser is known as | |  | |  |  | | --- | --- | | a) | the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). | | b) | the Uniform Standards of Professional Appraisal Practice Act (USPAPA). | | c) | the Appraisal Foundation Authorization and Reform Act (AFAR). | | d) | the Federal Institution tor Regulation and Enforcement of Appraisal Act (FIREAA). |   . | |
| |  |  | | --- | --- | | 54) | When capitalization is sought, a person is particularly interested in | |  | |  |  | | --- | --- | | a) | the potential future value. | | b) | cost value. | | c) | total capital invested. | | d) | converting income into value. |   . | |
| |  |  | | --- | --- | | 55) | In estimating the value lost by a structure due to physical deterioration, the appraiser places the greatest emphasis on | |  | |  |  | | --- | --- | | a) | the condition of the surrounding buildings. | | b) | the zoning of the neighborhood. | | c) | the original cost of the building. | | d) | the observed condition of the subject building. |   . | |
| |  |  | | --- | --- | | 56) | Of the three methods of appraising properties, the reproduction cost approach is particularly appropriate and would give the most accurate value in the appraisal of a(n) | |  | |  |  | | --- | --- | | a) | new home. | | b) | multiple dwelling. | | c) | old home. | | d) | medium-age home. |   . | |
| |  |  | | --- | --- | | 57) | The formula used in the direct capitalization of income property valuation is | |  | |  |  | | --- | --- | | a) | value equals the cap rate divided by income. | | b) | value equals annual net income divided by the cap rate. | | c) | value equals income multiplied by the cap rate. | | d) | value equals income divided by the net assets. |   . | |
| |  |  | | --- | --- | | 58) | The economic life of a building has come to an end when | |  | |  |  | | --- | --- | | a) | the building ceases to represent the highest and best use of the land. | | b) | the value of the land and the building equals the value of the land only. | | c) | the rent produced is valued at less than a similar amount of money invested elsewhere could produce. | | d) | the reserve for depreciation equals the cost to replace the building. |   . | |
| |  |  | | --- | --- | | 59) | An appraiser's fee is typically based on which of the following? | |  | |  |  | | --- | --- | | a) | Time and expenses. | | b) | Percent of value estimate. | | c) | Percent of assessed valuation. | | d) | Percent of income. |   . | |
| |  |  | | --- | --- | | 60) | All but one of the following is used to estimate value | |  | |  |  | | --- | --- | | a) | Improvements. | | b) | Deterioration. | | c) | Livelihood. | | d) | Economic life. |   . | |
| |  |  | | --- | --- | | 61) | In regard to the capitalization rate | |  | |  |  | | --- | --- | | a) | as it increases, the value of the property increases. | | b) | as it decreases, the value of the property decreases. | | c) | as it increases, the value of the property decreases. | | d) | changing the capitalization rate has no effect on the value of the property. |   . | |
| |  |  | | --- | --- | | 62) | The difference between the cost of replacement and current valuation is equal to | |  | |  |  | | --- | --- | | a) | accrued depreciation. | | b) | assessed valuation. | | c) | market value. | | d) | book value. |   . | |
| |  |  | | --- | --- | | 63) | The most widely used approach to appraisal of real property is the | |  | |  |  | | --- | --- | | a) | income approach. | | b) | sales comparison approach. | | c) | cost approach. | | d) | SWAG approach. |   . | |
| |  |  | | --- | --- | | 64) | The useful life of a building, or period of time after which the income provided by it is not sufficient to warrant its maintenance, is called | |  | |  |  | | --- | --- | | a) | recapture limit. | | b) | economic life. | | c) | reversion limit. | | d) | investment duration. |   . | |
| |  |  | | --- | --- | | 65) | Which of the following is NOT an example of physical deterioration? | |  | |  |  | | --- | --- | | a) | Poor floor plan. | | b) | Peeling paint. | | c) | Cracked patio. | | d) | Missing shingles. |   . | |
| |  |  | | --- | --- | | 66) | Physical deterioration most closely means | |  | |  |  | | --- | --- | | a) | obsolescence. | | b) | wear and tear. | | c) | repair. | | d) | recapture. |   . | |
| |  |  | | --- | --- | | 67) | The sales comparison approach to value gives | |  | |  |  | | --- | --- | | a) | indication of the lowest value. | | b) | indication of the highest value. | | c) | indication of the future value. | | d) | range of probable value. |   . | |
| |  |  | | --- | --- | | 68) | A homogeneous community has what effect on real estate values? | |  | |  |  | | --- | --- | | a) | Stabilizes them. | | b) | Causes the value to increase. | | c) | Causes the value to decrease. | | d) | Doesn't have any effect. |   . | |
| |  |  | | --- | --- | | 69) | A house with four bedrooms and one bath is an example of | |  | |  |  | | --- | --- | | a) | economic obsolescence. | | b) | functional obsolescence. | | c) | physical deterioration. | | d) | all of the above. |   . | |
| |  |  | | --- | --- | | 70) | Real estate values are most affected by | |  | |  |  | | --- | --- | | a) | location. | | b) | availability of money. | | c) | appraisal. | | d) | national trends. |   . | |
| |  |  | | --- | --- | | 71) | The trend in architectural design in a neighborhood is toward more contemporary styled homes. Because of this trend, a conservatively designed home will tend to | |  | |  |  | | --- | --- | | a) | depreciate in value more rapidly. | | b) | depreciate in value less rapidly. | | c) | stay the same value. | | d) | appreciate in value. |   . | |
| |  |  | | --- | --- | | 72) | A residence located in an area where there are factories and plants, with much smoke and dust, is suffering from | |  | |  |  | | --- | --- | | a) | physical depreciation. | | b) | external obsolescence. | | c) | functional obsolescence. | | d) | none of the above. |   . | |
| |  |  | | --- | --- | | 73) | All but which one of the following would be considered in the cost approach appraisal method? | |  | |  |  | | --- | --- | | a) | operating expenses. | | b) | depreciation. | | c) | land value. | | d) | replacement cost. |   . | |
| |  |  | | --- | --- | | 74) | In estimating value, the before and after method is used most often with | |  | |  |  | | --- | --- | | a) | condemnation. | | b) | exchange. | | c) | cost of reproduction. | | d) | option. |   . | |
| |  |  | | --- | --- | | 75) | Functional obsolescence is a decrease in value due to | |  | |  |  | | --- | --- | | a) | being "outdated." | | b) | decline in neighborhood. | | c) | something wearing out. | | d) | excessive cost. |   . | |
| |  |  | | --- | --- | | 76) | Market value is most closely related to | |  | |  |  | | --- | --- | | a) | selling price. | | b) | replacement price. | | c) | analysis. | | d) | reproduction price. |   . | |
| |  |  | | --- | --- | | 77) | With respect to an appraisal, which of the following is NOT correct? | |  | |  |  | | --- | --- | | a) | It is the appraiser's opinion of market value. | | b) | It is the appraiser's conclusion of market value. | | c) | It is the appraiser's estimate of market value. | | d) | It is the appraiser's determination of market value. |   . | |
| |  |  | | --- | --- | | 78) | The method most frequently used to determine value for a fire insurance policy is | |  | |  |  | | --- | --- | | a) | sales comparison. | | b) | cost approach. | | c) | income approach. | | d) | declining balance. |   . | |
| |  |  | | --- | --- | | 79) | Which of the following factors would have little or no effect in estimating the value of a commercial property? | |  | |  |  | | --- | --- | | a) | Purpose of the appraisal. | | b) | Income from property. | | c) | Original cost of the property. | | d) | Zoning. |   . | |
| |  |  | | --- | --- | | 80) | The use of the gross multiplier to assist in appraising real property leased to various tenants is based upon | |  | |  |  | | --- | --- | | a) | gross income in relation to capitalized value. | | b) | relationship between rental value and sale price of property. | | c) | gross income and anticipated gross income. | | d) | scheduled gross income and expected net income. |   . | |
| |  |  | | --- | --- | | 81) | In appraising a house, the appraiser finds that Comparable A is similar to the subject property and sold for $180,000. Comparable B is also similar except it has one additional bedroom and sold for $200,000. In regard to the extra bedroom, what adjustment is made? | |  | |  |  | | --- | --- | | a) | Add $20,000 to the subject property. | | b) | Add $20,000 to Comparable A. | | c) | Subtract $20,000 from the subject property. | | d) | Subtract $20,000 from Comparable B. |   . | |
| |  |  | | --- | --- | | 82) | The amount which a seller who does not have to sell will accept from a buyer who does not have to buy is called | |  | |  |  | | --- | --- | | a) | market value. | | b) | market price. | | c) | assessed value. | | d) | appraised value. |   . | |
| |  |  | | --- | --- | | 83) | The definition of market value assumes that | |  | |  |  | | --- | --- | | a) | the buyer is not under pressure to buy and the seller is not under pressure to sell. | | b) | the property has been on the market for a reasonable length of time. | | c) | Both A and B. | | d) | Neither A nor B. |   . | |
| |  |  | | --- | --- | | 84) | Which of the following statements is true? | |  | |  |  | | --- | --- | | a) | Market price and market value are interchangeable terms. | | b) | An appraiser would most likely use the cost approach to estimate the value of a church. | | c) | The income approach is used for most appraisals. | | d) | The cost approach is used to estimate the value of vacant land. |   . | |
| |  |  | | --- | --- | | 85) | If the subject property has central air conditioning valued at $2,000, and the comparable does not, the sale price of the comparable is adjusted by | |  | |  |  | | --- | --- | | a) | + $2,000. | | b) | - $2,000. | | c) | - $1,000. | | d) | Can't be computed based on the information given. |   . | |
| |  |  | | --- | --- | | 86) | Accrued depreciation may be defined as | |  | |  |  | | --- | --- | | a) | future depreciation. | | b) | the total depreciation from the time of construction to the date of appraisal from all causes. | | c) | deferred maintenance. | | d) | none of the above. |   . | |