



SAMPLE QUESTIONS FOR LICENSED RESIDENTIAL, CERTIFIED RESIDENTIAL AND CERTIFIED GENERAL NATIONAL EXAMINATIONS

Please note: **Correct answers are in bold, green font and are underscored.**

1. A fee appraiser seeks to get on the approved list for a local mortgage company. In order to be considered for approval, the lender requires appraisers to provide sample appraisal reports performed within the past year. Can the appraiser provide the reports without violating USPAP?
 - A. No; unless the appraiser secures a release from the client of each sample appraisal report
 - B. No; the ETHICS RULE prohibits appraisers from soliciting appraisal work
 - C. Yes; if all essential elements of confidential information are removed through redaction or the process of aggregation**
 - D. Yes; an exception to the Confidentiality section of the ETHICS RULE permits an appraiser to provide appraisal reports to a lender for this purpose

2. The owner of a self-service car wash has a \$900,000 self-amortizing, 25-year mortgage at a 9.25% interest rate, payable monthly. The loan must be paid off after 10 years. What is the amount of the balloon payment due at that time, rounded to the nearest \$1,000?
 - A. \$540,000
 - B. \$833,000
 - C. \$808,000
 - D. \$749,000**

3. A shopping center has direct costs of \$2,500,000. Indirect and soft costs are equal to 10% of direct cost. Entrepreneurial profit is estimated to be 15% of hard and soft costs. What is the replacement cost of the shopping center?
 - A. \$3,125,000
 - B. \$3,162,500**
 - C. \$2,875,000
 - D. \$2,750,000

4. What interdependent economic factors create value?
 - A. Amenities, assemblage, scarcity and effective purchasing power
 - B. Utility, scarcity, desire, and plottage
 - C. Amenities, plottage, desire, and supply/demand
 - D. Utility, scarcity, desire, and effective purchasing power**

5. A 50-unit apartment complex is being appraised. The appraiser is calculating the appropriate annual replacement reserve allowance. Several items are new, but were determined to have useful lives shorter than the physical structure: the appliances are \$750 per unit, the roofs are \$200,000, and, the clubhouse furniture is \$11,000. The appraiser believes management can earn a safe rate of 4.5% on their reserve funds. What average annual reserve per unit must be allocated in order to take care of the short-lived items, assuming they must be replaced every seven years and have no salvage value?
- A. \$620
B. \$560
C. \$770
D. \$710
6. What type of lease is most advantageous to a lessor in a rising expense market?
- A. Base year stop
B. Triple net
C. Modified gross
D. Gross
7. The local zoning ordinance requires that any property with impervious coverage that discharges more than 100,000 gallons of water in a 4-inch rainstorm must have a retention pond to handle the water. The proposed subject property will have 260,000 s.f. of impervious surface. A cubic foot of water contains 7.48 gallons and retention ponds can hold no more than 500,000 gallons for safety reasons. There is no retention pond on the plan. How should the appraiser describe the building and its compliance or noncompliance?
- A. The building will discharge 86,667 gallons in a 4-inch rainstorm and will need a retention pond
B. The building will discharge 21,645 gallons in a 4-inch rainstorm and will not need a retention pond
C. The building will discharge 648,580 gallons in a 4-inch rainstorm and therefore needs a retention pond
D. The building will discharge 1,944,800 gallons in a 4-inch rainstorm and will need a retention pond
8. A new building representing the highest and best use of its site can be constructed at a total cost, including entrepreneurial incentive, of \$12,000,000. The building capitalization rate is 11% and the land capitalization rate is 7%. The property will generate a net operating income of \$1,500,000. What is the indicated value of the site, rounded to the nearest \$1,000?
- A. \$6,750,000
B. \$1,636,000
C. \$2,571,000
D. \$4,667,000

9. The subject property is 80 years old, and has a remaining economic life of 45 years, an observed age of 15 years, and, a total life of 60 years, using the straight line or age-life method. What is the total amount of accrued depreciation?
- A. 25%
 - B. 33%
 - C. 18%
 - D. 56%
10. An appraiser has developed an appraisal of a single-unit dwelling that is currently occupied by tenants. Although the subject's zoning is currently residential, the appraiser estimates that due to the rising price of commercial land along this street, the subject will be purchased for commercial development within two to three years. What term describes the current use of the property?
- A. Nonconforming use
 - B. Speculative use
 - C. Interim use
 - D. Special purpose use
11. A four-unit residential property recently sold for \$320,000. At the time of the sale it was fully occupied with each tenant paying \$900 per month rent. The average vacancy rate is 5%. What is the indicated monthly gross rent multiplier derived from this sale?
- A. 84.7
 - B. 84.4
 - C. 93.6
 - D. 88.9
12. A subject property is described as "the southeast 1/4 of the southwest 1/4 of the west 1/2 of Section 1, Township 32 South, Range 33 East." What type of legal description is exemplified in this situation?
- A. Recorded plat
 - B. Rectangular survey
 - C. Public records
 - D. Metes and bounds
13. The subject property has a two-car garage. The cost to add a third bay at the time of construction was \$5,000. The cost to install a third bay on an existing property is \$8,000. The market will pay \$10,000 more for a house with a three-car garage. What is the garage adjustment to the sale price of the comparable sale with a three-car garage?
- A. -\$5,000
 - B. -\$10,000
 - C. +\$5,000
 - D. -\$3,000

14. The subject is a 20-year-old residence with a replacement cost of \$500,000. The costs to replace short-lived items along with physical life expectancy are: HVAC - \$10,000, 25 years; and, roof cover - \$12,000, 25 years. The roof was replaced five years ago. The water heater is malfunctioning and will cost \$1,000 to replace. What is the incurable physical deterioration due to the HVAC?
- A. \$7,200
 - B. \$8,000**
 - C. \$4,800
 - D. \$2,400
15. A house in a commercial zone has a total property value of \$300,000 and a commercial site value of \$350,000. Which of the following house demolition cost estimates obtained by the homeowner will result in a highest and best use conclusion as a vacant commercial site?
- A. \$55,000
 - B. \$45,000**
 - C. \$65,000
 - D. \$60,000
16. An appraiser is asked to value the “E 1/2 of the SE 1/4 of the NE 1/4 of Section 35, T 4S, R 2E.” What is the value of the parcel if the appraiser determines that land value is \$1,500 per acre?
- A. \$60,000
 - B. \$30,000**
 - C. \$7,500
 - D. \$15,000
17. The subject property includes a two-story attached dwelling on a site subject to ground rent. The annual ground rent for the subject property is \$90. The owner of the property can obtain a fee simple title to the land by paying the owner of the leased fee the capitalized value of the current rent at the agreed rate of 6%. What is the value of the leased fee?
- A. \$9,000.00
 - B. \$18,000.00
 - C. \$1,500.00**
 - D. \$5.40
18. In the appraisal of a cooperative ownership, what property rights are valued?
- A. Leased fee
 - B. Fee simple
 - C. Partial interest**
 - D. Life estate