

**2023 Level I
Review Questions**

1. A property's tax bill is \$15,000 and the property's market value is \$3,000,000. What is the effective tax rate?

- | | |
|---------|--------|
| A) 60% | C) 1% |
| B) .50% | D) 10% |

2. Business lot has a NOI monthly income of \$1,000. The rate of return is 10%. What is the value of the property?

- | | |
|-------------|--------------|
| A) \$10,000 | C) \$130,000 |
| B) \$12,000 | D) \$120,000 |

3. NE 1/4, SE 1/4, NE 1/4 of section 5 has how many square feet?

- | | |
|------------|--------------|
| A) 217,800 | C) 4,356,000 |
| B) 435,600 | D) 43,560 |

For question # 4 the following data is available, to develop an adjustment for time in the sales comparison approach.

Sale #1 sold 1 yr. ago for \$50,000 and 8 months ago for \$53,600

Sale #2 sold 1 yr. ago for \$48,000 and 5 months ago for \$54,048

Sale #3 sold 1 yr. ago for \$52,000 and 9 months ago for \$54,808

4. What is the time adjustment per month?

- | | |
|--------|---------|
| A) .9% | C) 1.8% |
| B) 18% | D) .5% |

5. Basement recreation room has 1,800 sq. ft. It has floor, ceiling, and wall finish. What is the cost to add for this room?

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|-------------|-------------|
| A) \$4,700 | C) \$7,600 |
| B) \$12,900 | D) \$10,400 |

Questions 6, 7, and 8 are based on the following information:

A building has 40,000 sq. ft of gross building, of which only 39,000 sq. ft. is the net leasable area. Mkt. rent is \$20 per sq. ft. for net leasable area. Vacancy and collection loss is 4% of the PGI. Miscellaneous income is \$4,000.00. Operating expenses are 35% of the EGI. Debt service is projected to be 75% of the NOI.

6. What is the Potential Gross Income of this property?

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|--------------|--------------|
| A) \$800,000 | C) \$680,000 |
| B) \$780,000 | D) \$750,000 |

7. What is the Effective Gross Income of this property?

- | | |
|--------------|--------------|
| A) \$768,000 | C) \$802,000 |
| B) \$752,800 | D) \$643,000 |

8. What is the Net Operating Income of this property?

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|--------------|--------------|
| A) \$767,999 | C) \$643,000 |
| B) \$489,320 | D) \$780,000 |

9. A property contains 15,000 sq. ft. Market rent is \$16.00 per sq. ft. The vacancy rate for this type business is 5%, and the collection loss rate is 1%. The property has miscellaneous income of \$500.00 per month. Net leasable area is 14,000 sq. ft. What is the EGI for this property?

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|--------------|----------------------|
| A) \$224,000 | C) \$222,550 |
| B) \$216,560 | D) None of the above |

10. A residential parcel has 10 acres. There is a dwelling on the property. 7 acres are being farmed. The farm land base rate is \$1,500 and the productivity factor is 1.10. Excess residential acreage is valued at \$1,250 per acre. Homesites are valued at \$6,000.00. What is the estimated value of this parcel rounded to the nearest \$100.00?

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|-------------|------------|
| A) \$20,100 | C) \$2,400 |
| B) \$9,600 | D) \$6,000 |

11. A two story frame house has 1,500 sq. ft. on each floor. The first floor has 2 increments of brick. The second floor has 1 increment of brick. What value would you have for the second floor?

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|-------------|----------------------|
| A) \$94,700 | C) \$36,600 |
| B) \$53,800 | D) None of the above |

12. If the Quality Grade for a dwelling is a C+1, what is the appropriate Quality Grade Factor?

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|---------|---------|
| A) 110% | C) 120% |
| B) 105% | D) 95% |

13. The house in question 11 has an open framed porch of 550 sq. ft. What value would you put down for the porch?

A) \$10,900

C) \$11,800

B) \$10,100

D) \$17,200

14. Apartment houses in the area have a GIM of 7.0. The EGI of the subject house is \$70,000 and the NOI is \$48,000. What is the estimated value of the subject property?

A) \$490,000

C) \$336,000

B) \$390,000

D) \$200,100

15. A house has an attic of 1,400 sq. ft. Of which 900 is finished. What value would you put on the property record card for the attic ?

A) \$17,600

C) \$8,400

B) \$14,900

D) \$7,400

16. Using the following information determine a value for a subject property.

Subject: Frame Construction, 4 rooms on 1st floor, hot water heater, 4 rooms on the 2nd floor, 2 bathrooms on the 2nd floor, a 2 car garage, and not located on the water.

Sale # 1: Brick construction 4 rooms on the 1st floor, 4 rooms on the 2nd floor, hot water heat, 1 second floor bathroom, 3 car garage, and located on the water. Sold for \$150,000 3 days ago.

Sale # 2: Frame Construction, 4 rooms on 1st floor, hot water heat, 4 rooms on the 2nd floor, 2 car garage, 2 bathrooms on the 2nd floor, and not located on the water. Sold for \$130,000 1 year ago.

Sale # 3: Brick Construction, 4 rooms on the 1st floor, forced heat and air, 3 rooms on the 2nd floor, 1 second floor bathroom, 2 car garage, and not located on the water. Sold for \$100,000 2 years ago.

Properties have increased in value 6% per year.

Brick is worth \$15,000 more than frame.

First floor rooms are worth \$10,000

Hot water heat is worth \$2000 more than forced air.

Second floor rooms are worth \$8,000

Bathrooms have a value of \$5,000

Garage bays are worth \$4,000

Waterfront is worth \$10,000 more than non waterfront.

	Sale 1	Sale 2	Sale 3	Subject
Sale Price				
Date of Sale	Current	1 year ago	2 years ago	
<i>Time Adjustment</i>				
<i>Time Adjusted Sale Price</i>				
Amenities				
Construction				Frame
1st floor rooms				4
Heat				Hot water
2nd floor rooms				4
2nd floor bathrooms				2
Garage				2 car
Location				Not waterfront
Net Adjustment				
Adjusted sale price				

16. What is the value determined for the subject property?

A) \$137,800

B) 112,000

C) 126,000

D) 125,266

17. To find the PRD, you divide the _____ by the Weighted Mean.

- | | |
|-----------|-------------------------------|
| A) Mean | C) Average Absolute Deviation |
| B) Median | D) Confidence Intervals |

18. For uniformity purposes, the PRD must be between _____ and 1.03.

- | | |
|--------|--------|
| A) .97 | C) .05 |
| B) .90 | D) .98 |

19. Subtracting Operating Expenses and Reserve for Replacements from the EGI equals the _____.

- | | |
|--------|--------------------------------|
| A) PGI | C) Vacancy and Collection Loss |
| B) NOI | D) Miscellaneous Income |

20. The availability of commodities and/or services for purchase that sellers offer at a certain price is known as?

- | | |
|-----------------|-----------|
| A) Market Value | C) Supply |
| B) Equilibrium | D) Demand |

21. In the sales comparison approach, attribute adjustments such as building size, # of bathrooms, year built are examples of _____ ?

- | | |
|----------------------------|-----------------------------|
| A) qualitative adjustments | C) quantitative adjustments |
| B) paired sales | D) a buyers market |

22. A corner doughnut shop has monthly NOI of \$1,250. The owner's overall cap rate for the property is 11%. What is the value of this property ?

- | | |
|--------------|--------------|
| A) \$138,180 | C) \$1,650 |
| B) \$11,360 | D) \$136,360 |

23. If an 18-unit apartment building has 4 vacant units, what is the occupancy rate?

- | | |
|--------|--------|
| A) 78% | C) 19% |
| B) 22% | D) 25% |

24. The sale price of a property divided by the annual effective gross income it generates is the _____.

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|----------------------------|--------------------------|
| A) gross income multiplier | C) gross rent multiplier |
| B) neighborhood factor | D) indicated value |

25. The _____ rate reflects the return on the investment.

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|-------------------|------------------|
| A) recapture | C) effective tax |
| B) capitalization | D) discount |

26. What value would you put down for a 20' by 30' brick attached garage?

- | | |
|-------------|-------------|
| A) \$9,200 | C) \$16,700 |
| B) \$19,400 | D) \$25,600 |

27. As taught in this Level I prep class, the first adjustment in the Sales Comparison Approach is for _____.

- | | |
|----------------|------------|
| A) bedrooms | C) garages |
| B) sale prices | D) time |

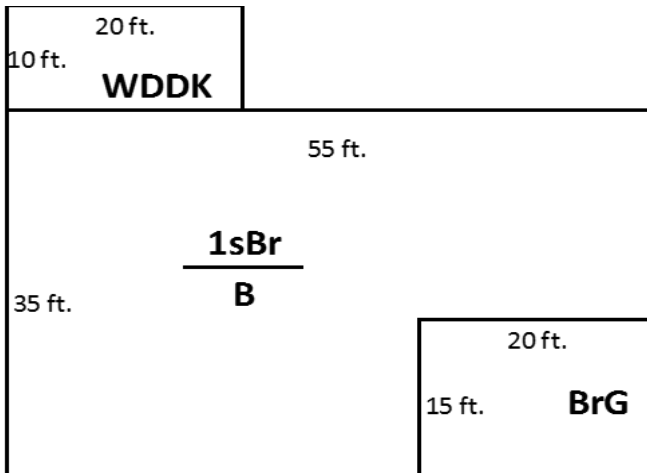
28. I am pricing a two-story dwelling that has air conditioning throughout. The dwelling has 1,900 square feet on the first floor and 1,300 square feet on the second floor. What is the air conditioning adjustment amount?

- | | |
|------------|------------|
| A) \$6,300 | C) \$6,900 |
| B) \$9,300 | D) \$8,200 |

29. If my subject property has 5 bedrooms and my comparable has 4 bedrooms, when making the adjustment to the comparable, this adjustment would be made _____.

- | | |
|-------------|---------------------------------|
| A) downward | C) no adjustment required |
| B) upward | D) as a paired sales adjustment |

For problems 30 - 32, use the following information and sketch.



This one story brick house was built in 2001 in Parke County. It was built over an unfinished basement and has central air conditioning throughout. It also contains an attached brick garage and a wood deck. The quality grade for this dwelling is a C+1 and its condition rating is good.

30. What is the square footage for the first floor of the dwelling?

- | | |
|----------|----------|
| A) 400 | C) 1,625 |
| B) 1,925 | D) 1,225 |

31. What is the Replacement Cost (RCN) of the dwelling?

- | | |
|--------------|--------------|
| A) \$163,770 | C) \$164,120 |
| B) \$160,000 | D) \$156,300 |

32. What is the Improvement Value of the dwelling?

- | | |
|--------------|--------------|
| A) \$152,600 | C) \$250,000 |
| B) \$195,000 | D) \$132,700 |