

Level II
2026 Review Exam / Answers

1. & 2. Using the following information determine a net operating income and capitalization rate for the property below.

Potential gross income	\$150,000
Vacancy and collection loss	7%
Operating expenses	\$60,000
Mortgage payment (P&I)	\$50,000
Property value	\$800,000

1. Net operating income =?

- | | |
|--------------|--------------------|
| a) \$150,000 | <u>c) \$79,500</u> |
| b) \$60,000 | d) \$139,500 |

2. Capitalization Rate =?

- | | |
|---------|----------------|
| a) 5.7% | <u>c) 9.9%</u> |
| b) 25% | d) 10.1% |

3. A duplex rents for \$800 per month on the lower floor and \$700 per month on the upper floor. It recently sold for \$162,000. What is the potential gross rent multiplier for this property ?

- | | |
|--------|---------------|
| a) 203 | <u>c) 108</u> |
| b) 9 | d) 100 |

4. An industrial office has a wall height of 14'. It is a par 6, wall type 3 (fire resistant) construction. What if any is the wall hgt. adjustment for this building ?

- | | |
|------------------|------------|
| a) -\$1.80 | c) \$3.60 |
| <u>b) \$6.82</u> | d) -\$3.60 |

5. A building has a net income of \$2,500 per month and it recently sold for \$380,000. What is its capitalization rate?

- | | |
|----------------|--------|
| a) 0.6% | c) 10% |
| <u>b) 7.9%</u> | d) 11% |

6, 7 & 8.

Building has 40,000 square feet of total area and 5,000 square feet of common area. Market rent for similar bldgs. is \$20 per sq. ft. of net rentable area. Vacancy and collection loss is 6% and operating expenses are 35% of effective gross income.

6. What is the potential gross income?

- | | |
|---------------------|--------------|
| a) \$800,000 | c) \$658,000 |
| <u>b) \$700,000</u> | d) \$427,700 |

7. What is the effective gross income?

- | | |
|--------------|---------------------|
| a) \$800,000 | <u>c) \$658,000</u> |
| b) \$700,000 | d) \$427,700 |

8. What is the net operating income?

- | | |
|--------------|---------------------|
| a) \$800,000 | c) \$658,000 |
| b) \$700,000 | <u>d) \$427,700</u> |

9. A building has 8,000 square feet. 2,000 square feet is industrial office. The rest is heavy manufacturing. The walls are type 2 and the PAR is 11. The framing type is fireproof steel. What is the adjusted base rate for this building ?

- | | |
|-------------|--------------------|
| a) \$142.10 | <u>c) \$197.37</u> |
| b) \$99.56 | d) \$148.76 |

10., 11., & 12. Determine a value for a subject property given the following information:

	Sale 1	Sale 2	Sale 3	Subject
Sale Price				
Date of Sale				
<i>Time Adjustment</i>				
<i>Time Adjusted Sale Price</i>				
Age				12 yrs.
Condition				Good
Fronts on Lake				Not waterfront
Floor area (Sq. Ft.)				1,500
Garage				Attached
Quality				Good
Net Adjustment				
Adjusted sale price				

Sale #1 sold two years ago for \$95,000. It is 12 years old, has 1,700 square ft., and is in average condition. It is located on the lake. It has a good quality attached garage. The home is also good quality.

Sale #2 sold 18 months ago for \$89,500. It is 14 years old and in good condition. It has 1,600 square feet and is not on the lake. It has a good quality detached garage. The home is also good quality.

Sale #3 sold 18 months ago for \$82,000. It is 10 years old and in average condition. It has 1,500 square feet and is not located on the lake. There is also an average quality detached garage. The home is also average quality.

The following elements are the contributing factors in the value of the properties:

Time: \$400 increase per month

Condition: \$4,500 between average and good

Floor area: \$50 per square foot

Quality: \$4,100 between average and good

Age: \$1,500 per year

Location: Lakefront is worth \$3,300

Garage: \$900 less for detached

10. What is the time adjustment for sale #3?

- | | |
|-------------------|--------------|
| a) <u>\$7,200</u> | c) \$96,000 |
| b) (\$1,100) | d) \$100,000 |

11. What is the net adjustment for sale #2?

- | | |
|---------------------|--------------|
| a) \$7,200 | c) \$96,000 |
| <u>b) (\$1,100)</u> | d) \$100,000 |

12. What is the indicated value of the subject property, rounded to the nearest \$1,000?

- | | |
|--------------|--------------------|
| a) \$7,200 | <u>c) \$96,000</u> |
| b) (\$1,100) | d) \$100,000 |

13. A parking lot is 20,000 square ft. It is asphalt 2" over 8" base. It is grade B-1 and is in Decatur County. What is the adjusted base rate for this paving ?

- | | |
|-----------|------------------|
| a) \$2.62 | c) \$2.13 |
| b) \$1.85 | <u>d) \$3.18</u> |

14. A property has a NOI of \$522,000 and an EGI of \$680,000. It has an overall cap rate of 7.9 %. If the land to building ratio is 1:3, what is the value of the property ?

- | | |
|-----------------------|----------------|
| a) \$522,000 | c) \$8,607,590 |
| <u>b) \$6,607,600</u> | d) \$5,425,000 |

15. A fast food restaurant was built in 1996. It is in average condition. How much depreciation should it get?

- | | |
|---------------|--------|
| <u>a) 75%</u> | c) 25% |
| b) 45% | d) 20% |

16. Calculate the median using the following assessment ratios: .982, 1.06, 1.02, .993, and 1.03.

- | | |
|----------------|----------|
| <u>a) 1.02</u> | c) 0.993 |
| b) 1.000 | d) 0.982 |

17 - 21. You are completing a ratio study with the following information. Using this information answer the following questions.

<u>Sales</u>	<u>A/V</u>	<u>Sale Price</u>	<u>Ratio</u>	<u>Median</u>	<u>Abs Dev</u>
Sale #1	\$103,200	\$88,500			
Sale #2	\$99,500	\$99,100			
Sale #3	\$127,400	\$134,000			
Sale #4	\$118,100	\$120,000			
Sale #5	\$112,900	\$127,500			

Total

17. Using the above information calculate the Median.

- a) .984
 b) 1.012
 c) 0.92
 d) 1.031

18. Using the above information calculate the Weighted Mean.

- a) 1.017
 b) 0.952
 c) 1.019
 d) 0.986

19. Using the above information calculate the Mean.

- a) 0.952
 b) 0.998
 c) 1.019
 d) 0.986

20. Using the above information calculate the PRD.

- a) 0.952
 b) 1.053
 c) 1.012
 d) 0.986

21. Using the above information calculate the COD.

- a) 0.984
 b) 6.809
 c) 8.32
 d) 1.051

22. & 23. A hotel has 22,000 square feet and has 50 rooms. The hotel is a center hall configuration.

22. Using the above information what is the average unit size of each hotel room?

- | | |
|-----------------------|----------------|
| a) 525 sq. ft. | c) 300 sq. ft. |
| <u>b) 440 sq. ft.</u> | d) 485 sq. ft. |

23. Using the above information what is the amount of unit finish adjustment?

- | | |
|------------------|-----------|
| <u>a) \$7.88</u> | c) \$5.25 |
| b) \$8.25 | d) \$6.00 |

24. You are pricing the first floor of a GCM General Retail store which does not have central air conditioning. What is the amount to be shown on the property record card for this adjustment ?

- | | |
|--------------------|-------------|
| <u>a) - \$6.16</u> | c) + \$4.10 |
| b) - \$2.05 | d) - \$4.55 |

25. What BPA adjustment factor you would apply to a 21 story building, in which the basement level is included in the story height of 21 ?

- | | |
|--------|---------------|
| a) 109 | c) 112 |
| b) 100 | <u>d) 108</u> |

Use the following information to answer the following questions #26, #27, & #28. A Burger Queen fast food restaurant was built in Jackson County in 1996. It contains 2,500 square feet, and is a Grade (B), in Good condition. It has a finished open basement of 1,600 square feet, used for storage. There is an asphalt parking lot (2" over 5") of 12,000 square feet, Graded C-1, in Average condition. The parking lot was constructed the same year as the building.

26. What is the replacement cost new of the basement?

- | | |
|---------------------|--------------|
| <u>a) \$211,060</u> | c) \$65,210 |
| b) \$98,900 | d) \$193,280 |

27. What is the total true tax improvement value of the fast food restaurant & paving?

- | | |
|--------------|---------------------|
| a) \$297,800 | c) \$352,400 |
| b) \$128,800 | <u>d) \$233,500</u> |

28. What is the true tax value of the asphalt paving?

- | | |
|-------------|-------------------|
| a) \$16,300 | <u>c) \$6,000</u> |
| b) \$9,230 | d) \$5,650 |