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39	A	B	C	D	E

PRACTICE QUESTIONS

Arizona Department of Insurance and Financial Institutions (DIFI)

RZH7TTDD

Certified General Appraiser Examination

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for Arizona Department of Insurance and Financial Institutions (DIFI) **RZH7TTDD**, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, **RZH7TTDD**
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1

SINGLE CHOICE

An appraiser is developing the sales comparison approach and has selected three comparable sales closed within the past six months in the subject's neighborhood. Which adjustment must be applied as a matter of USPAP and appraisal standard practice?

- ☐ A A financing concession adjustment
- ☒ B A time (market conditions) adjustment
- ☐ C A functional obsolescence adjustment
- ☐ D A site value adjustment

ANSWER B

WHY When comparable sales closed at different points in time, a market conditions (time) adjustment is required to reflect changes in market conditions between the date of sale of each comparable and the effective date of the appraisal. While financing, functional, and site adjustments may be applicable in a given assignment, they are applied only when warranted by the data. The time adjustment is a standard component of the sales comparison approach.

QUESTION 2

SINGLE CHOICE

Under USPAP Standards Rule 1-4(a), the reconciliation section of a real property appraisal report must do which of the following?

- ☐ A State the highest and best use of the property as if vacant
- ☒ B Reconcile the quality and quantity of data and the applicability of each approach to produce a credible opinion of value
- ☐ C Identify the intended user and intended use of the report
- ☐ D Provide a legal description of the subject property

ANSWER B

WHY Standards Rule 1-4(a)(x) requires the appraiser to reconcile the quality and quantity of data considered and the applicability of the approaches used to produce a credible appraisal. Stating the highest and best use and identifying the intended user are separate report content requirements, not the reconciliation, and a legal description is not required by USPAP.

QUESTION 3

SINGLE CHOICE

An apartment property has an estimated gross monthly rent of \$10,000 and the appraiser derives a gross income multiplier (GIM) of 110 from the market. What is the indicated value of the subject property by the gross income multiplier technique?

- ☐ A \$100,000
- ☒ B \$1,100,000
- ☐ C \$11,000,000
- ☐ D \$110,000

ANSWER B

WHY The gross income multiplier technique multiplies the subject's gross monthly rent by the GIM. $\$10,000 \times 110 = \$1,100,000$. GIM is based on gross (not net) income and typically uses monthly figures when rents are quoted monthly.

QUESTION 4

SINGLE CHOICE

In determining the highest and best use of a parcel of land as though vacant, which four tests must be satisfied?

- ☒ A Legal permissibility, physical possibility, financial feasibility, and maximum productivity
- ☐ B Legal permissibility, physical possibility, locational adequacy, and maximum productivity
- ☐ C Legal permissibility, financial feasibility, market acceptance, and depreciation analysis
- ☐ D Physical possibility, locational adequacy, financial feasibility, and depreciation analysis

ANSWER A

WHY The four classic tests of highest and best use as if vacant are: legally permissible, physically possible, financially feasible, and maximally productive. These are universally applied in appraisal practice and are the standard tests referenced in appraisal textbooks and USPAP-compliant reports.

QUESTION 5

SINGLE CHOICE

When the cost approach is applied, the site value is typically estimated using which of the following methods?

- ☐ A The income capitalization approach only
- ☒ B The sales comparison approach applied to vacant land
- ☐ C Replacement cost new less accrued depreciation
- ☐ D The gross income multiplier method

ANSWER B

WHY Site value in the cost approach is derived primarily through the sales comparison approach applied to vacant land comparables. The income approach, replacement cost new, and the gross income multiplier are methods associated with the income or cost approaches for improved properties and are not standard methods for valuing the underlying land.

QUESTION 6

SINGLE CHOICE

Under the USPAP Conduct, Management, and Confidentiality section, an appraiser must not disclose confidential information except under specific circumstances. Which of the following is one of those permitted exceptions?

- ☐ A To a competitor for benchmarking purposes
- ☒ B With the consent of the client and intended user
- ☐ C To the news media upon request
- ☐ D To any party listed in public records

ANSWER B

WHY The Confidentiality section of USPAP permits disclosure of confidential information when consent is granted by the client or intended user, or when disclosure is required by law or a regulatory body acting within its jurisdiction. Disclosure to competitors, media, or public records are not permitted exceptions.

QUESTION 7

SINGLE CHOICE

A small office building has a potential gross income of \$400,000, vacancy and collection losses of 8%, and operating expenses of \$120,000. What is the net operating income (NOI)?

- ☒ **A** \$248,000
- ☐ B \$280,000
- ☐ C \$152,000
- ☐ D \$368,000

ANSWER A

WHY Effective gross income = PGI – Vacancy = \$400,000 – (\$400,000 × 0.08) = \$400,000 – \$32,000 = \$368,000.
NOI = EGI – Operating Expenses = \$368,000 – \$120,000 = \$248,000.

QUESTION 8

SINGLE CHOICE

A certified general appraiser in Arizona is performing an appraisal of a complex industrial property. Under Arizona statutes and USPAP, which combination of engagement and reporting options is required?

- ☐ A Any reporting option is acceptable because USPAP does not specify a report type
- ☐ B A Self-Contained Appraisal Report under Standards Rule 8
- ☒ **C A report option consistent with the intended use; for complex assignments a Self-Contained or Summary report is typically warranted**
- ☐ D Only an oral report is permitted for industrial properties

ANSWER C

WHY USPAP allows the appraiser to select the report type (Self-Contained, Summary, or Restricted Use) based on the intended use and intended users. For complex assignments such as industrial properties, a Self-Contained or Summary report is generally warranted to clearly communicate the analysis. USPAP does not mandate a specific report format for every assignment.

QUESTION 9

MULTIPLE CHOICE

An appraiser identifies accrued depreciation in a 40-year-old office building. Which of the following are examples of forms of accrued depreciation? (Choose two.)

- ☒ **A** Deferred maintenance requiring immediate repair (curable physical deterioration)
- ☐ **B** The original construction loan balance still shown on the title
- ☒ **C** Functional obsolescence due to an outdated floor plan
- ☐ **D** The original purchase price paid by the current owner

ANSWER A • C

WHY Forms of accrued depreciation include curable physical deterioration (such as deferred maintenance that is economically feasible to cure) and functional obsolescence (such as an outdated floor plan that reduces utility). The original construction loan balance is a financing matter, not depreciation, and the original purchase price reflects historical cost, not accrued depreciation.