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37	A	B	C	D	E
38	A	B	C	D	E
39	A	B	C	D	E

PRACTICE QUESTIONS

California Appraiser Examination Program

KGNRTTP2

Certified Residential License Examination

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for California Appraiser Examination Program KGNRTTP2 , 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, KGNRTTP2
- 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 using the gross rent multiplier (GRM) method to estimate the value of a single-family rental property. Which of the following is the most appropriate source for the monthly market rent used in the GRM calculation?

- ☐ A The current actual rent being charged to the existing tenant
- ☐ B The rent the owner states they would like to charge
- ☒ C A market-derived rent supported by comparable rental properties
- ☐ D The average rent of all rental properties in the county

ANSWER C

WHY The GRM method requires a market-supported rent, not the contract rent of the subject or an aspirational rent. Comparable rental properties provide the market-derived rent estimate that, when divided into the comparable sale prices, produces a reliable GRM to apply to the subject's market rent.

QUESTION 2

SINGLE CHOICE

In the sales comparison approach, an adjustment is made for which of the following reasons?

- ☒ A To make the comparable properties more similar to the subject property
- ☐ B To make the subject property more similar to the comparable properties
- ☐ C To reflect the differences in financing between the buyer and seller
- ☐ D To reflect the personal preferences of the appraiser

ANSWER A

WHY Adjustments in the sales comparison approach are applied to the comparable sale prices to make the comparables more equivalent to the subject property. The subject property itself is not adjusted; rather, differences in market-oriented features between the comp and the subject are accounted for through dollar or percentage adjustments.

QUESTION 3

MULTIPLE CHOICE

Which of the following site characteristics typically affect a residential property's market value? (Choose two.)

- ☒ **A** Site size in square feet or acres
- ☐ **B** The appraiser's personal opinion of the neighborhood
- ☒ **C** Topography and view
- ☐ **D** The seller's preferred list price

ANSWER A • C

WHY Site size and physical features such as topography, view, shape, and access are objective site characteristics that the market recognizes and that influence value. The appraiser's personal opinion and the seller's asking price are not site characteristics and do not, by themselves, determine market value.

QUESTION 4

SINGLE CHOICE

Which type of legal description identifies a property by reference to a recorded plat map showing lot and block numbers within a named subdivision?

- ☐ **A** Metes and bounds
- ☒ **B** Lot and block (recorded plat)
- ☐ **C** Government rectangular survey
- ☐ **D** Reference to a deed book and page only

ANSWER B

WHY A lot-and-block (recorded plat) description identifies a parcel by its lot and block number within a platted subdivision, with reference to the recorded plat map. Metes and bounds uses distances and directions, the government rectangular survey uses township, range, and section, and a deed book/page reference alone does not by itself constitute a complete legal description.

QUESTION 5

SINGLE CHOICE

Under USPAP Standards Rule 1-1, when developing a real property appraisal, the appraiser must identify which of the following as part of the problem identification?

- ☐ A The client's preferred loan amount
- ☒ B The intended use and intended user of the appraiser's opinions and conclusions
- ☐ C The appraiser's own opinion of value before completing the analysis
- ☐ D The marketing plan for the subject property

ANSWER B

WHY Standards Rule 1-1(a) requires the appraiser to identify the problem to be solved, including the intended use, intended user, type and definition of value, effective date of the appraisal, and relevant property characteristics. The client's desired loan amount, the appraiser's precluded value, and the seller's marketing plan are not part of the required problem identification.

QUESTION 6

MULTIPLE CHOICE

Which of the following are appropriate considerations when reconciling the value indications developed from the three approaches to value? (Choose two.)

- ☒ A The quantity and quality of data available for each approach
- ☒ B The reliability and applicability of each approach to the subject property
- ☐ C The highest value indication among the approaches
- ☐ D The personal relationship between the appraiser and the property owner

ANSWER A - B

WHY Reconciliation weighs each approach based on the quantity and quality of supporting data and on how applicable the approach is to the subject property type and market. Simply selecting the highest indication or considering personal relationships are not acceptable appraisal practices and violate USPAP.

QUESTION 7

SINGLE CHOICE

Which of the following tests must a property's highest and best use satisfy?

- ☒ **A** Legally permissible, physically possible, financially feasible, and maximally productive
- ☐ **B** Legally permissible, physically possible, advertised by the owner, and maximally productive
- ☐ **C** Physically possible, financially feasible, personally desirable, and legally recorded
- ☐ **D** Financially feasible, historically accurate, physically possible, and legally permissible

ANSWER A

WHY The four classic tests of highest and best use are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The other choices introduce criteria (such as owner's wishes, personal desire, or historical accuracy) that are not part of the formal highest and best use analysis.

QUESTION 8

SINGLE CHOICE

In direct capitalization, the value of an income-producing property is calculated by dividing the:

- ☐ **A** Gross potential income by the capitalization rate
- ☐ **B** Effective gross income by the capitalization rate
- ☒ **C** Net operating income by the capitalization rate
- ☐ **D** Loan amount by the capitalization rate

ANSWER C

WHY Direct capitalization derives value by dividing the property's net operating income (NOI) by an overall capitalization rate. Gross figures or effective gross income are used earlier in the analysis to derive NOI but are not the direct inputs to the capitalization formula.

QUESTION 9

SINGLE CHOICE

A comparable property sold for \$400,000 and requires a \$20,000 upward adjustment for a feature the subject property lacks. What is the percentage adjustment expressed relative to the comparable sale price?

- ☐ A 2 percent
- ☒ B 5 percent
- ☐ C 10 percent
- ☐ D 20 percent

ANSWER B

WHY The percentage adjustment is the dollar adjustment divided by the comparable's sale price: $\$20,000 \div \$400,000 = 0.05$, or 5 percent. Appraisers examine the size of percentage adjustments to evaluate the reliability of a comparable.