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39	☐ A	☐ B	☐ C	☐ D	☒ E

PRACTICE QUESTIONS

California Appraiser Examination Program

YTLQWEJ

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 YTLQVVEJ , 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, YTLQVVEJ
- 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 analyzing a neighborhood where a new regional employer has just announced it will relocate 2,000 jobs to the area within 18 months. Assuming demand for housing remains constant, what is the most likely immediate effect on residential property values in the surrounding area?

- ☐ **A** Values will decrease due to expected overcrowding and infrastructure strain.
- ☒ **B** Values will increase due to anticipated growth in demand from incoming workers.
- ☐ **C** Values will remain unchanged because supply automatically adjusts to absorb the new demand.
- ☐ **D** Values will decrease because employers always suppress nearby residential prices.

ANSWER B

WHY The principle of anticipation states that value is created by the expectation of future benefits. The announcement of significant new employment typically increases anticipated housing demand, which increases current property values, holding supply constant. Option A inverts the principle of anticipation, option C describes a classical long-run adjustment that does not occur instantly, and option D contradicts basic supply-and-demand theory.

QUESTION 2

SINGLE CHOICE

An appraiser is valuing a single-family rental home that is 40 years old, has no recent comparable sales within the subject's subdivision in the last 12 months, but has reliable rental data available for similar nearby properties. Which approach to value is most appropriate as the primary indicator of value for this property?

- ☐ A The sales comparison approach, because it is always the most reliable for residential property.
- ☐ B The cost approach, because the property is older and depreciation must be considered.
- ☒ C The income approach, because the property is income-producing and market rent data is available.
- ☐ D All three approaches should be weighted equally regardless of property type.

ANSWER C

WHY When a residential property is held and operated as a rental and reliable market rent data is available, the income approach is appropriate and can serve as a strong indicator of value. The sales comparison approach is weakened by a lack of comparable sales in the subject's immediate market. The cost approach is generally less reliable for older, income-producing residential properties. Approaches should be weighted according to their relevance and the quality of available data, not equally.

QUESTION 3

SINGLE CHOICE

Under USPAP, the Standards Rules require an appraiser to retain specific workfile contents for a period of at least five years after preparation, OR at least two years after the disposition of any judicial proceeding in which the appraiser provided testimony, whichever period expires LAST. This minimum retention period applies to which type of appraisal work?

- ☐ A Only appraisal reports delivered in electronic format.
- ☐ B Only assignments performed for federal lending institutions.
- ☒ C All appraisal and appraisal review assignments performed under USPAP.
- ☐ D Only assignments where the client requests a written report.

ANSWER C

WHY USPAP's Record Keeping Rule (and its associated Standards Rules) applies to all appraisal and appraisal review assignments performed under USPAP, regardless of report format, client type, or whether the report is written or oral. The five-year/two-year-retention framework is the universal minimum required by USPAP.

QUESTION 4

MULTIPLE CHOICE

Under federal fair housing laws (including the Fair Housing Act and the Equal Credit Opportunity Act), a residential appraiser must not base valuation conclusions on prohibited factors. Which of the following are prohibited considerations in a residential appraisal? (Choose two.)

- ☒ A The racial composition of the residents in the subject's neighborhood.
- ☐ B The proximity of the subject property to a public school rated highly by the state.
- ☒ C The national origin of the current occupants of the subject property.
- ☐ D The presence of a fully fenced rear yard suitable for pets.

ANSWER A • C

WHY Federal fair housing law prohibits consideration of race (Option A) and national origin (Option C), along with other protected characteristics such as religion, sex, familial status, and disability. Proximity to a well-rated school (Option B) and physical property features such as a fenced yard (Option D) are legitimate, market-based considerations and are not prohibited.

QUESTION 5

SINGLE CHOICE

Which of the following best describes the economic characteristic of real property known as 'highest and best use' as it relates to an improved property?

- ☐ A The current use of the property regardless of whether it is legally permissible or physically possible.
- ☐ B The reasonably probable and legal use that is physically possible, appropriately supported, and financially feasible, and that produces the highest present value of the land as though vacant.
- ☒ C The reasonably probable and legal use of vacant land or the improved property that is physically possible, appropriately supported, and financially feasible, and that results in the highest value.
- ☐ D Any use the owner desires, since ownership rights include the right to use the property in any manner.

ANSWER C

WHY Highest and best use is defined as the reasonably probable, legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. Option B incorrectly limits the test to land as though vacant. Option A ignores the four tests of legality, physical possibility, financial feasibility, and maximum productivity. Option D is incorrect because highest and best use is a market-based concept, not a subjective owner-preference.

QUESTION 6

SINGLE CHOICE

An appraiser has selected three comparable sales. After analyzing the market, the appraiser applies a \$10,000 adjustment for site size (positive to comparable with smaller site) and a \$5,000 adjustment for condition (negative to comparable in superior condition). The comparable sold for \$300,000. What is the adjusted sale price of the comparable?

- ☐ A \$285,000
- ☐ B \$295,000
- ☒ C \$305,000
- ☐ D \$315,000

ANSWER C

WHY Start with the comparable's sale price of \$300,000. Add \$10,000 because the subject has a larger site than the comparable (positive adjustment to the comparable): $\$300,000 + \$10,000 = \$310,000$. Then subtract \$5,000 because the comparable is in superior condition to the subject (negative adjustment to the comparable): $\$310,000 - \$5,000 = \$305,000$.

QUESTION 7

SINGLE CHOICE

An appraiser is valuing a 6,000-square-foot interior residential lot. There are no recent sales of similar vacant lots in the subject's subdivision, but there is a recent sale of an improved property one block away on a 7,500-square-foot lot for \$525,000. The site value of the improved lot can be estimated using which method?

- ☐ A The allocation method, by allocating a fixed percentage of the total sale price to the land.
- ☒ B The extraction (or land residual) method, by subtracting the depreciated value of the improvements from the total sale price.
- ☐ C The income capitalization method, applied directly to the vacant lot.
- ☐ D The gross rent multiplier method, applied to the improved sale.

ANSWER B

WHY When vacant land sales are scarce, the extraction (or land residual) method is appropriate: subtract the depreciated/replacement cost new of the improvements from the total sale price of an improved comparable to estimate site value. Allocation applies a typical ratio (used when there are many improved sales but few land sales). The income capitalization and gross rent multiplier methods are used to value income-producing properties, not to extract land value from a single improved sale.

QUESTION 8

MULTIPLE CHOICE

In the cost approach to value, accrued depreciation may be estimated using several recognized methods. Which of the following are valid methods for estimating accrued depreciation? (Choose two.)

- ☐ A The sales comparison method, by adjusting comparable sales for differences in site size.
- ☒ B The age-life method, using effective age and total economic life.
- ☒ C The breakdown method, which segregates depreciation into physical, functional, and external components.
- ☐ D The gross income multiplier method, applied to the subject's rental income.

ANSWER B • C

WHY The two principal recognized methods for estimating accrued depreciation are the age-life method (Option B), which is a general overall method, and the breakdown method (Option C), which itemizes the categories of depreciation: physical deterioration, functional obsolescence, and external (economic) obsolescence. Option A confuses depreciation estimation with the sales comparison approach. Option D is a tool used in the income approach, not in estimating depreciation.

QUESTION 9

SINGLE CHOICE

An appraiser is using a gross rent multiplier (GRM) to value a single-family rental property. A comparable rental home recently sold for \$360,000 and rented for \$2,500 per month. Based on this comparable, what is the GRM (rounded to the nearest whole number)?

- ☐ A 120
- ☒ B 144
- ☐ C 150
- ☐ D 175

ANSWER B

WHY $GRM = \text{Sale Price} / \text{Monthly Rent} = \$360,000 / \$2,500 = 144$. The GRM is typically expressed as a whole number representing the ratio of sale price to monthly gross rent.