



**PSI Services LLC**  
 3210 E Tropicana  
 Las Vegas, NV 89121  
<https://test-takers.psiexams.com/tnap>



# TENNESSEE REAL ESTATE APPRAISER COMMISSION



## TENNESSEE APPRAISERS CANDIDATE INFORMATION BULLETIN

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Please refer to our website to check for the most updated information at <https://test-takers.psiexams.com/tnap>

## EXAMINATIONS BY PSI

This Candidate Information Bulletin provides you with information about the examination and application process for an appraiser licensee in the State of Tennessee.

Tennessee state laws stipulate that a person may not act as an appraiser without first obtaining a license issued by the Tennessee Real Estate Appraiser Commission. To be licensed, you must pass an examination to confirm that you have attained at least a minimum level of knowledge regarding the principles, practices, statutes, and regulations relating to real estate.

The Tennessee Real Estate Appraiser Commission has contracted with PSI Services LLC (PSI) to conduct the examination program. PSI provides examinations through a network of computer examination centers in Tennessee. PSI works closely with the State to be certain that examinations meet local as well as national requirements in basic principles and examination development standards.

Following are the National Uniform Licensing and Certification Examinations, developed by the Appraiser Qualifications Board (AQB), as the Licensing Examinations for Appraisers in Tennessee offered by PSI:

- State Licensed Appraiser
- Certified Residential Appraiser
- Certified General Appraiser

### CONTACT INFORMATION

All questions and requests for information pertaining to the examination should be directed to PSI.

PSI  
3210 E Tropicana  
Las Vegas, NV 89121  
(855) 746-8173

<https://test-takers.psiexams.com/tnap>

All questions and requests for information pertaining to licensure should be directed to the Tennessee Real Estate Appraiser Commission.

Tennessee Real Estate Appraiser Commission  
Suite 620  
500 James Robertson Parkway  
Nashville, TN 37243-1166  
(615) 741-1831 or Fax (615) 253-1692  
[www.state.tn.us/commerce/boards/treac](http://www.state.tn.us/commerce/boards/treac)

## GUIDELINES FOR LICENSE APPLICATION/QUALIFICATION

To make the license qualification process go as smoothly as possible, be certain that you:

1. Obtain the appropriate eligibility (e.g., number of hours of education) with the Appraiser Commission.

2. After approval by the Appraiser Commission of your eligibility, prepare for the examination by using the content outline in this Candidate Information Bulletin.
3. Be sure that the examination registration form that you submit to PSI is complete and accurate, and that you include the correct fees.
4. Be sure to take proper identification with you to your scheduled examination appointment.

## EXAMINATION PAYMENT AND SCHEDULING PROCEDURES

### ELIGIBILITY AND FEES

- All eligibilities are valid for 1 year from the date that the application is approved by the commission. If you do not pass the examination within the 1 year period, you must reapply with the commission.
- You may take the examination up to 4 times during the 1 year period.
- The examination fee is valid for one year from date of eligibility.

### EXAMINATION FEE

|                                 |       |
|---------------------------------|-------|
| State Licensed Appraiser        | \$150 |
| Certified Residential Appraiser | \$150 |
| Certified General Appraiser     | \$150 |

**NOTE: REGISTRATION FEES ARE NOT REFUNDABLE OR TRANSFERABLE**

### INTERNET REGISTRATION

For the fastest and most convenient examination scheduling process, PSI recommends that you register for your examinations using the Internet. You register online by accessing PSI's registration website at <https://test-takers.psiexams.com/tnap>. Internet registration is available 24 hours a day.

Log onto PSI's website and select Sign in / Create Account. Select Create Account. You are now ready to pay and schedule for the exam. Enter your zip code and a list of the testing sites closest to you will appear. Once you select the desired test site, available dates will appear.

### TELEPHONE REGISTRATION

PSI registrars are available at (855) 746-8173, Monday through Friday between 6:30 am and 9:00 pm, and Saturday-Sunday between 8:00 am and 4:30 pm, Central Time.

### SCHEDULING AN APPOINTMENT TO TAKE THE EXAMINATION

You are responsible for contacting PSI to schedule an appointment to take the examination. PSI will make every effort to schedule the examination site location and time that is most convenient for you. To schedule with a PSI registrar, call (855) 746-8173, Monday through Friday between 6:30 am and 9:00 pm, or Saturday-Sunday between 8:00 am and 4:30 pm, Central Time. If space is available in the examination site of your choice, you



may schedule an examination 3 days prior to the examination date of your choice, up to 6:00 pm Central Time. Please be prepared to offer alternate examination appointment choices.

### REREGISTERING FOR AN EXAMINATION

It is not possible to make a new examination appointment on the same day you have taken an examination; this is due to processing and reporting scores. A candidate who tests unsuccessfully on a Monday can call the next day, Tuesday, and retest as soon as Wednesday, depending upon space availability. You may access a registration form at <https://test-takers.psiexams.com/tnap>.

### CANCELING AND RESCHEDULING AN EXAMINATION APPOINTMENT

You may cancel and reschedule an examination appointment without forfeiting your fee if your *cancellation notice is received 2 days before the scheduled examination date*. You may call PSI at (855) 746-8173. Representatives are available Monday through Friday between 6:30 am and 9:00 pm, and Saturday-Sunday between 8:00 am and 4:30 pm, Central Time).

**Note:** A voicemail or email message is not an acceptable form of cancellation. Please use the PSI website or call PSI and speak directly to a Customer Service Representative.

### MISSED APPOINTMENT OR LATE CANCELLATION

Your registration will be invalid, you will not be able to take the examination as scheduled, and you will forfeit your examination fee, if you:

- Do not cancel your appointment 2 days before the scheduled examination date;
- Do not appear for your examination appointment;
- Arrive after examination start time;
- Do not present proper identification when you arrive for the examination.
- Do not present valid eligibility document(s) when you arrive for the examination.

### EXAM ACCOMMODATIONS

All PSI examination centers are equipped to provide access in accordance with the Americans with Disabilities Act (ADA) of 1990, and exam accommodations will be made in meeting a candidate's needs. A candidate with a disability or a candidate who would otherwise have difficulty taking the examination should request for alternative arrangements by [Clicking Here](#).

**Candidates granted accommodation in accordance with the ADA, MUST schedule their examination by telephone and speak directly with a PSI registrar.**

### EXAMINATION SITE CLOSING FOR AN EMERGENCY

In the event that severe weather or another emergency forces the closure of an examination site on a scheduled examination date, your examination will be rescheduled. PSI personnel will attempt to contact you in this situation. However, you may

check the status of your examination schedule by calling (855) 746-8173. Every effort will be made to reschedule your examination at a convenient time as soon as possible.

### SOCIAL SECURITY NUMBER CONFIDENTIALITY

PSI will use your social security number only as an identification number in maintaining your records and reporting your examination scores to the state. A Federal law requires state agencies to collect and record the social security numbers of all licensees of the professions licensed by the state. If you elect not to disclose your social security number to PSI, please enclose a separate letter explaining this with your Examination Registration Form. However, you must provide it to the state.

## **EXAMINATION SITE LOCATIONS**

The examinations are administered at the examination centers listed below. The following directions are generated from the most current mapping services available. However, new road construction and highway modifications may result in some discrepancies. If you are not familiar with the specific area of the testing site, please consult a reliable map prior to your test date.

#### **Chattanooga**

6918 Shallowford Rd, Suite 314  
Chattanooga, TN 37421

*Take I-24 thru Chattanooga. Merge onto I-75 N (toward Knoxville). Take Exit #5 - Shallowford Rd. Turn Left onto Shallowford. The office is on the left.*

#### **Jackson**

368 North Parkway, #3  
Jackson, TN 38305

*From I-40, Exit 80A onto South 45 Bypass. Third Signal light is North Parkway. Go left onto North Parkway and then go right into the first driveway on your right.*

*From the South, take Bypass 45 North to North Parkway and go right onto North Parkway and right into first driveway on the right.*

*North Parkway is also known as Business Route 412. Coming from the east on 412, turn left into last driveway on the left. Coming from the West on North Parkway, turn right into the first driveway on the right, after crossing the 45 Bypass.*

#### **Johnson City**

904 Sunset Drive, Ste 7A  
Johnson City, TN 37604

*Take I-26 to Exit 19 (Old number 36). Go South on Highway 381 (North State of Franklin Road) approximately 2.2 miles. At the 4th light turn left (this is Sunset Drive), go approximately .7 tenths of a mile. There is a large building on the left hand side of the road. This is 904 Sunset Drive. Suite 7A is in the row of office spaces behind this building.*

#### **Knoxville**

301 South Gallaher View Rd, Suite 114  
Knoxville, TN 37919

*Traveling I-40/I-75 East Bound, take exit #379 (Bridgewater Rd.) Turn right onto Bridgewater Rd. Turn left onto Kingston Pike. Turn right onto South Gallaher View Rd.*



Traveling I-40 W/I75 S West Bound, take Gallaher View exit #379. Turn left at lights, go through Kingston Pike, pass Bearden High School, and down slight hill on right.

Arrive at Suburban Office Plaza and go to back of building to Suite 114.

### Memphis

Apple Tree Center  
6099 Mt. Moriah Extended, Suite 17  
Memphis, TN 38115

Coming North from Mississippi on Interstate Hwy 55, take Interstate Hwy 240 East. Proceed 8.5 miles to Mt. Moriah Rd. Exit. Go South on Mt. Moriah Road 2.2 miles. Apple Tree Center is on the right (just past the intersection with Hickory Hill and Ridgeway roads).

Coming West on Interstate Hwy 40 from Nashville, exit on Interstate Hwy 240 West (the ring road). Proceed approx. 6.5 miles. Pass Poplar Ave. exit and then take Mt. Moriah Road Exit. Turn left (South) on Mt. Moriah and proceed 2.2 miles to Apple Tree Center on the right.

Coming East on Interstate Hwy 40, exit onto Interstate Hwy 240 South. Go approx. 6 miles to the junction with Interstate Hwy 55. Then proceed another 8.5 miles on Interstate Hwy 240 East, passing Airways Blvd., Lamar Ave., Getwell and Perkins Road exits, before exiting on Mt. Moriah Road.

For all going South on Mt. Moriah Rd., take the second entrance into Apple Tree Center. Turn left between the two buildings on the left. Then, proceed to Suite 17, which is the last suite on the left (in Bldg. 6099).

### Nashville

The Oaks  
1102 Kermit Drive, Suite 101  
Nashville, TN 37217

From I-40 East: take exit onto I-24 (Exit 213-A). Take Murfreesboro Road at the first exit (Exit 52). Stay in the right lane on the ramp, as the exit appears while you are still in the curve. On Murfreesboro, stay in the left lane. You will pass Days Inn and Super Gigante grocery on your right. Turn left onto Kermit Drive when there is a McDonalds on your right. PSI is in the second building on your left. Suite 101 is on the northwest side of building 1102.

From I-40 West: take exit onto Briley Parkway, turn left onto Briley. Exit onto Murfreesboro Rd. Stay in the right lane. Turn right onto Kermit Drive. PSI is in the second building on your left. Suite 101 is on the northwest side of building 1102.

## REPORTING TO THE EXAMINATION SITE

On the day of the examination, you should arrive at least 30 minutes prior to your scheduled appointment time. This allows time for the sign-in and identification verification procedure as well as providing time to familiarize yourself with the examination process. *If you arrive late, you may not be admitted to the examination site and you will forfeit your examination registration fee.*

## REQUIRED IDENTIFICATION AT EXAMINATION SITE

**You must provide 2 forms of identification.** One must be a VALID form of government issued identification (driver's license, state ID, passport), which bears your signature and has your photograph or a complete physical description. The second ID must have your signature and preprinted legal name. All identification provided must match the name on the Examination Registration Form.

If you cannot provide the required identification, you must call (855) 746-8173 at least 3 weeks prior to your scheduled appointment to arrange a way to meet this security requirement. *Failure to provide all of the required identification at the time of the examination without notifying PSI is considered a missed appointment, and you will not be able to take the examination.*

## SECURITY PROCEDURES

The following security procedures will apply during the examination:

- Candidates will not be permitted to use any calculator that is alpha programmable. In addition, as stipulated by the AQB, each candidate is required to bring the **written instructional manual** that was provided with the programmable calculator when purchased by the candidate or instructions downloaded from the manufacturer's website so that the test center proctor can ensure that all numeric programs previously stored in the calculator are cleared before the candidate is permitted to use the calculator during the examination. If you do **NOT** bring these instructions, you will not be permitted to use the calculator. Moreover, all programmable calculators must be cleared upon conclusion of the examination by the test center proctor to prohibit potential security breaches. **Note:** Candidates need to bring their own financial calculator. One is not available at the test center. Candidates may not share a calculator during the exam.
- Candidates may take only approved items into the examination room.
- All personal belongings of candidates, with the exception of close-fitting jackets or sweatshirts, should be placed in the secure storage provided at each site prior to entering the examination room. Personal belongings **include, but are not limited to**, the following items:
  - **Electronic devices of any type**, including cellular / mobile phones, recording devices, electronic watches, cameras, pagers, laptop computers, tablet computers (e.g., iPads), music players (e.g., iPods), smart watches, radios, or electronic games.
  - **Bulky or loose clothing or coats** that could be used to conceal recording devices or notes, including coats, shawls, hooded clothing, heavy jackets, or overcoats.
  - **Hats or headgear not worn for religious reasons** or as religious apparel, including hats, baseball caps, or visors.
  - **Other personal items**, including purses, notebooks, reference or reading material, briefcases, backpacks, wallets, pens, pencils, other writing devices, food, drinks, and good luck items.





- Person(s) accompanying an examination candidate may not wait in the examination center, inside the building or on the building's property. This applies to guests of any nature, including drivers, children, friends, family, colleagues or instructors.
- No smoking, eating, or drinking is allowed in the examination center.
- During the check in process, all candidates will be asked if they possess any prohibited items. Candidates may also be asked to empty their pockets and turn them out for the proctor to ensure they are empty. The proctor may also ask candidates to lift up the ends of their sleeves and the bottoms of their pant legs to ensure that notes or recording devices are not being hidden there.
- Proctors will also carefully inspect eyeglass frames, tie tacks, or any other apparel that could be used to harbor a recording device. Proctors will ask to inspect any such items in candidates' pockets.
- If prohibited items are found during check-in, candidates shall put them in the provided secure storage or return these items to their vehicle. PSI will not be responsible for the security of any personal belongings or prohibited items.
- Any candidate possessing prohibited items in the examination room shall immediately have his or her test results invalidated, and PSI shall notify the examination sponsor of the occurrence.
- Any candidate seen giving or receiving assistance on an examination, found with unauthorized materials, or who violates any security regulations will be asked to surrender all examination materials and to leave the examination center. All such instances will be reported to the examination sponsor.
- Copying or communicating examination content is violation of a candidate's contract with PSI, and federal and state law. Either may result in the disqualification of examination results and may lead to legal action.
- Once candidates have been seated and the examination begins, they may leave the examination room only to use the restroom, and only after obtaining permission from the proctor. Candidate will not receive extra time to complete the examination.

## **TAKING THE EXAMINATION BY COMPUTER**

The examination will be administered via computer. You will be using a mouse and computer keyboard.

### **TUTORIAL**

Before you start your examination, an introductory tutorial is provided on the computer screen. The time you spend on this tutorial, up to 15 minutes, DOES NOT count as part of your examination time. Sample questions are included following the tutorial so that you may practice answering questions, and reviewing your answers.

### **TEST QUESTION SCREEN**

One question appears on the screen at a time. During the examination, minutes remaining will be displayed at the top of the screen and updated as you record your answers.

**IMPORTANT:** After you have entered your responses, you will later be able to return to any question(s) and change your response, provided the examination time has not run out.

### **EXAMINATION REVIEW**

AQB will be consistently evaluating the examinations being administered to ensure that the examinations accurately measure competency in the required knowledge areas. While taking the examination, examinees will have the opportunity to provide comments on any questions. Comments may be entered by clicking the Comments link on the function bar of the test question screen. by using the comments key on the keyboard.

These comments will be analyzed by AQB examination development staff. AQB does not respond to individuals regarding these comments. All substantive comments are reviewed. This is the only review of examination materials available to candidates.

## **SCORE REPORTING**

In order to pass the examination, you must achieve a minimum scaled score of 75. You will receive your score report immediately following the completion of the examination.

Candidates passing the examination will receive ONLY a score indication of PASS. Passing numeric scores are not available. Candidates who do not pass will receive an individual score for each of the major sections in the examination outline. Candidates should use this information to assist them in studying for the re-examination.

Scaled scores can range from 0 to 110, with 75 and above representing passing. Scores are reported to candidates as scaled scores. The scaled scores are computed from raw scores. Raw scores, or percentage scores, are the actual number of questions answered correctly. Raw scores are mathematically converted to scaled scores to maintain a consistency in the meaning of scores, regardless of when the examination was taken. Examinations change over time. Each examination may vary in difficulty with one examination easier or more difficult than other examinations. However, when converting raw scores to scaled scores, it should not make a difference whether candidates take an easier or more difficult examination. With the mathematical adjustment, the scaled score accounts for differences by adjusting the scores up or down depending on the difficulty of examinations. When these adjustments are made, the effect is to produce an unbiased and constant passing standard that does not change from one examination to another. A scaled score is not a percentage score, but simply a transformation of a raw score to report comparable results when examinations vary in difficulty.



## DUPLICATE SCORE REPORT

You may request a duplicate of your failed score report by emailing [scorereport@psionline.com](mailto:scorereport@psionline.com).

### **TIPS FOR PREPARING FOR YOUR LICENSE EXAMINATION**

The following suggestions will help you prepare for your examination.

- Planned preparation increases your likelihood of passing.
- Start with a current copy of this Candidate Information Bulletin and use the examination content outline as the basis of your study.
- Read study materials that cover all the topics in the content outline.
- Take notes on what you study. Putting information in writing helps you commit it to memory and it is also an excellent business practice. Underline or highlight key ideas that will help with a later review.
- Discuss new terms or concepts as frequently as you can with colleagues. This will test your understanding and reinforce ideas.
- Your studies will be most effective if you study frequently, for periods of about 45 to 60 minutes. Concentration tends to wander when you study for longer periods of time.

### **DESCRIPTION OF EXAMINATIONS**

Tennessee utilizes the National Uniform Licensing and Certification Examinations which are developed by the Appraiser Qualifications Board (AQB). For further information or to express concerns about the examination content, please contact:

The Appraiser Qualifications Board  
C/O The Appraisal Foundation  
1155 15th Street, NW, Suite 1111  
Washington, DC 20005  
[www.appraisalfoundation.org](http://www.appraisalfoundation.org)  
Telephone: 202-347-7722  
Fax: 202-347-7727

## EXAMINATION SUMMARY TABLE

| Examination                          | Number of Scored Questions | Number of Non-Scored Questions | Passing Scaled Score | Time Allowed |
|--------------------------------------|----------------------------|--------------------------------|----------------------|--------------|
| State Licensed Appraiser (LR)        | 110                        | 15                             | 75                   | 4 hours      |
| Certified Residential Appraiser (CR) | 110                        | 15                             | 75                   | 4 hours      |
| Certified General Appraiser (CG)     | 110                        | 15                             | 75                   | 6 hours      |

In addition to the number of scored examination items specified, fifteen non-scored questions will be administered to candidates during the examinations. The administration of such non-scored questions is essential in developing future licensing examinations.

### NATIONAL UNIFORM AND CERTIFICATION EXAMINATION CONTENT OUTLINES

The examination content outlines have been prepared by the AQB. Use the outline as a guide for pre-examination review course material. The outlines list the content domains and sub-domains that are on the examination and the percentage of questions for each domain. Do not schedule your examination until you are familiar with the topics in the outline.

| <i>Appraiser Qualifications Board<br/>National Uniform Licensing and Certification Examinations Content Outline</i> |  |  |  |                   |            |            |
|---|--|--|--|-------------------|------------|------------|
|   |  |  |  | <i>% of items</i> |            |            |
|   | <i>Content Area Description</i>          |  |  | <i>LR</i>         | <i>CR</i>  | <i>CG</i>  |
| <b>1</b>  | <b>Real Estate Market</b>                |  |  | <b>18%</b>        | <b>18%</b> | <b>18%</b> |
| 1.a   | Types of Influences on Real Estate Value |  |  |                   |            |            |
| 1.b   | Types of Government Power                |  |  |                   |            |            |
| 1.c   | Types of Real Estate Value               |  |  |                   |            |            |
| 1.d   | Date of Value Premise                    |  |  |                   |            |            |
| 1.e   | Market Analysis                          |  |  |                   |            |            |



|          |  |            |            |            |
|----------|--|------------|------------|------------|
| 1.f      | Investment Analysis  |            |            |            |
| 1.g      | Tests of Highest and Best Use                                      |            |            |            |
| 1.h      | Analysis of Highest and Best Use                                   |            |            |            |
| <b>2</b> | <b>Property Description</b>  | <b>11%</b> | <b>12%</b> | <b>11%</b> |
| 2.a      | Description of Land or Site  |            |            |            |
| 2.b      | Description of Improvements and Building Components                |            |            |            |
| 2.c      | Legal Interest   |            |            |            |
| 2.d      | Rights to Use  |            |            |            |
| 2.e      | Property Taxation  |            |            |            |
| <b>3</b> | <b>Land or Site Valuation</b>                                      | <b>3%</b>  | <b>3%</b>  | <b>4%</b>  |
| 3.a      | Land or Site Valuation Methods                                     |            |            |            |
| <b>4</b> | <b>Sales Comparison Approach</b>                                   | <b>22%</b> | <b>18%</b> | <b>13%</b> |
| 4.a      | Identification of Comparable Sales                                 |            |            |            |
| 4.b      | Units of Comparison  |            |            |            |
| 4.c      | Elements of Comparison   |            |            |            |
| 4.d      | Quantitative Adjustments   |            |            |            |
| 4.e      | Qualitative Adjustments  |            |            |            |
| 4.f      | Reconciliation to Indicated Value by the Sales Comparison Approach |            |            |            |
| <b>5</b> | <b>Cost Approach</b>   | <b>13%</b> | <b>14%</b> | <b>11%</b> |
| 5.a      | Sources of Cost Information  |            |            |            |
| 5.b      | Cost Components  |            |            |            |
| 5.c      | Depreciation   |            |            |            |
| 5.d      | Methods of Estimating Depreciation                                 |            |            |            |
| 5.e      | Reconciliation to Indicated Value by the Cost Approach             |            |            |            |
| <b>6</b> | <b>Income Approach</b>   | <b>4%</b>  | <b>8%</b>  | <b>18%</b> |
| 6.a      | Sources of Income Generation                                       |            |            |            |
| 6.b      | Occupancy / Vacancy Analysis                                       |            |            |            |
| 6.c      | Expenses   |            |            |            |
| 6.d      | Capitalization   |            |            |            |
| 6.e      | Estimation of Value Using Income Approach                          |            |            |            |
| 6.f      | Reconciliation to Indicated Value by the Income Approach           |            |            |            |
| <b>7</b> | <b>Reconciliation of Value Indications</b>                         | <b>2%</b>  | <b>2%</b>  | <b>2%</b>  |
| 7.a      | Reconciliation of Approaches to Value                              |            |            |            |
| <b>8</b> | <b>Uniform Standards of Professional Appraisal Practice</b>        | <b>20%</b> | <b>18%</b> | <b>17%</b> |
| 8.a      | Definitions and Preamble   |            |            |            |
| 8.b      | Ethics Rule  |            |            |            |
| 8.c      | Record Keeping Rule  |            |            |            |
| 8.d      | Competency Rule  |            |            |            |
| 8.e      | Scope of Work Rule   |            |            |            |
| 8.f      | Jurisdictional Exception Rule                                      |            |            |            |
| 8.g      | Standard 1   |            |            |            |
| 8.h      | Standard 2   |            |            |            |
| 8.i      | Standard 3   |            |            |            |

|           |   |           |           |           |
|-----------|---|-----------|-----------|-----------|
| 8.j       | Standard 4  |           |           |           |
| 8.k       | USPAP Advisory Opinions and FAQs  |           |           |           |
| 8.l       | Extraordinary Assumption  |           |           |           |
| 8.m       | Hypothetical Condition  |           |           |           |
| <b>9</b>  | <b>Emerging Appraisal Methods</b>   | <b>3%</b> | <b>4%</b> | <b>3%</b> |
| 9.a       | Application of Online Property Information Database and Technological Tools |           |           |           |
| 9.b       | Appropriate Use and Limitations of the Hybrid/Bifurcated Appraisal Method   |           |           |           |
| 9.c       | Use and Limitations of Automated Valuation Models                           |           |           |           |
| <b>10</b> | <b>Appraisal Statistical Methods</b>  | <b>4%</b> | <b>3%</b> | <b>3%</b> |
| 10.a      | Statistical Measures of Central Tendency                                    |           |           |           |
| 10.b      | Statistical Measures of Variation   |           |           |           |
| 10.c      | Inferential Statistical Techniques Used in Appraising                       |           |           |           |

## SAMPLE QUESTIONS

The following questions are offered as examples of the types of questions you will be asked during the course of the examination. The examples do not represent the full range of content or difficulty levels found in the actual examinations. They are intended to familiarize you with the types of questions you can expect to find in the examinations. The answer key is found at the end of the sample questions.

1. The subject property is a 10,000-sf office building encumbered by a full-service lease with a contract base rent of \$1.25 per square foot monthly. Stabilized vacancy/credit loss allowance for similar properties within the market area is 7% of PGI. The operating expense ratio for similar properties is 30% of EGI, plus reserves for replacement of \$0.15 per square foot. What is the projected net operating income?
  - A. \$93,000
  - B. \$94,500
  - C. \$96,150
  - D. \$97,650
  
2. The subject assignment is to appraise a vintage house built in 1880 using the cost approach. The house has metal stamped ceilings, lath, and plaster walls, which are items not easily available in today's construction. The estimated replacement cost using modern materials is \$120 per square foot. Contractors charge \$15 more per square foot to work on older houses. The estimated reproduction cost is \$185 per square foot. What is the estimated loss in utility?
  - A. \$15 per square foot
  - B. \$33 per square foot
  - C. \$65 per square foot
  - D. \$80 per square foot
  
3. The occupants of a dwelling have been granted a life estate by their daughter. What interest does the daughter hold in the property?
  - A. Life tenant
  - B. Remainder
  - C. Trustee
  - D. Trustor
  
4. A client requires the cost approach be completed for a warehouse located in an industrial park. There are no vacant land comparables in the market area. There are three sales of commercial buildings in the industrial park with similar lots that the appraiser has researched extensively. The appraiser found the following information:
 

Sale 1 sold for \$1,750,000. The buyer allocated 20% of the value to the site and 80% to the value of the structure.

Sale 2 sold for \$1,000,000. The buyer was not available for verification, but the seller was available. The seller had just built the structure after holding the lot for 10 years as an investment property. The seller paid \$100,000 for the lot and had earned 25%





straight line annual return on his investment over the cost of the structure and its entrepreneurial profit.

Sale 3 sold for \$3,500,000. The buyer estimated that 90% of what he paid was for the structure.

What is the indicated value of the lot using the allocation approach?

- A. \$125,000
- B. \$135,000
- C. \$350,000
- D. \$500,000

5. A homeowner purchased two adjacent lots in a tract subdivision 20 years ago and built a single-unit dwelling entirely on one lot, utilizing the second lot as a side yard. The homeowner has decided to build a smaller home on the vacant side lot and retain the existing home as a rental. What term applies to the second yard?
- A. Excess land
  - B. Surplus land
  - C. Underutilized site
  - D. Vacant site
6. While working on an appraisal of a residential property in a new home subdivision, the appraiser finds that the builders have a total of 100 home sites currently offered for sale. In measuring market demand, the appraiser notes that all of the builders combined are currently averaging two new sales contracts per month, and are expecting to sell 24 dwellings within the next year. What conclusion can be drawn with regard to the 100 available home sites and a market period of the next 12 months?
- A. The market is in a condition of supply and demand
  - B. The market is in a condition of balance
  - C. The market is in a condition of undersupply
  - D. The market is in a condition of oversupply

ANSWERS: 1 = C, 2 = C, 3 = B, 4 = C, 5 = A, 6 = D

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