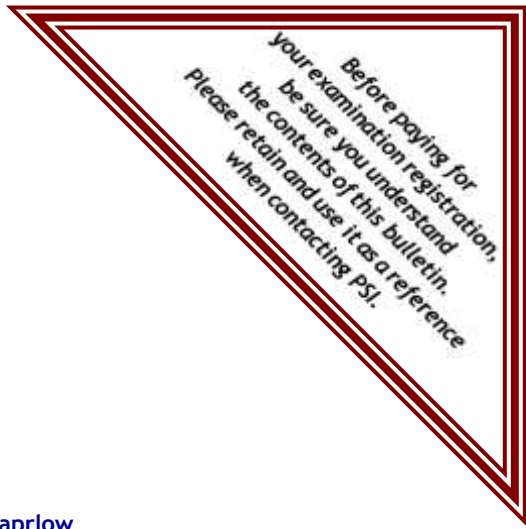




PSI Services LLC
 3210 E Tropicana
 Las Vegas, NV 89121
<https://test-takers.psiexams.com/miaprlow>



Department of Licensing and Regulatory Affairs
Real Estate Appraiser
Licensing Examinations



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/miaprlow>

EXAMINATIONS BY PSI

This Candidate Information Brochure provides you with information about the examination process for becoming licensed as a Real Estate Appraiser in the State of Michigan.

The Department of Licensing and Regulatory Affairs (referred to as the Department) has contracted with PSI Services LLC (PSI) to administer the examination program. PSI works closely with the Department to make certain that the administration of these examinations meets the State's as well as nationally established technical and professional standards for examination administration. PSI provides these examinations through a network of computer examination centers in Michigan.

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

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

REQUIREMENTS FOR REAL ESTATE APPRAISER LICENSURE IN MICHIGAN

APPRAISER

NOTE: Only the State has the authority to determine a candidate's eligibility to be licensed/registered.

1. Requests for license requirement, applications and instructions are available from:

The Michigan Real Estate Appraisers Board Office:
Department of Licensing and Regulatory Affairs
Corporations, Securities & Commercial Licensing Bureau
Board of Real Estate Appraisers
P.O. Box 30219
Lansing, MI 48909
Phone: 517-241-9288 Fax: 517-373-1044
or on the web at
www.michigan.gov/appraisers

2. LICENSURE APPLICATIONS MUST BE SUBMITTED TO AND APPROVED BY THE DEPARTMENT, PRIOR TO SUBMITTING AN EXAMINATION APPLICATION TO PSI. CANDIDATES MUST HAVE ACQUIRED THE EDUCATION AND/OR EXPERIENCE REQUIRED BY LAW PRIOR TO SITTING FOR THE EXAMINATION. PERSONS WHO VIOLATE THESE PROVISIONS WILL HAVE THEIR EXAMINATION RESULTS INVALIDATED AND MUST REAPPLY FOR THE EXAMINATION AFTER BEING APPROVED BY THE DEPARTMENT.
4. **RESIDENCY:** Nonresidents of Michigan must file a Consent to Service of process form with the license application.

5. **SUBMISSION INFORMATION:** License applications must be approved by the Department prior to taking the examination. The evaluation of materials concerning education and experience often takes 30-90 days so it is important to send information to the Department as early as possible.
6. Once the Department has approved you for testing, you will receive an authorization to test notification. This notification will also be submitted to PSI allowing the authorized candidate to register, pay for and schedule the required licensure examination.
7. All licensure requirements, including the passing of the examination, must be completed within one year after the date of the authorization to test notification. If not completed within one year, the fees paid to the State will be forfeited to the Department and the license application shall be void pursuant to MCL 339.409(3).
8. Passing examination scores are considered valid for 2 years from the date of the examination.
9. Candidates that have their application for licensure denied are notified by the Department of the elements they need to complete in order to be approved for licensure.

All questions and requests for information about examinations should be directed to PSI.

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3210 E Tropicana
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EXAMINATION PAYMENT AND SCHEDULING PROCEDURES

Upon approval of licensure eligibility, the Department will mail an authorization to test notice allowing the authorized candidate to register, pay for and schedule the required licensure examination with PSI.

Your examination fee will be forfeited if you do not test within 1 year of the date your examination fee is received by PSI.

Examination Fee \$126

NOTE: REGISTRATION FEES ARE NOT REFUNDABLE. REGISTRATION FEES EXPIRE AFTER ONE YEAR OF REGISTERING.

INTERNET REGISTRATION AND SCHEDULING

For the fastest and most convenient test scheduling process, PSI recommends that candidates register for their exams using the Internet. In order to register over the Internet, candidates will need to have a valid credit card (VISA, MasterCard, American Express or Discover). Candidates register online by accessing PSI's registration website at <https://test-takers.psiexams.com/miaprflow>. 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 AND SCHEDULING

For telephone registration, you will need a valid VISA or MasterCard.

Call PSI Customer Service Representatives at (855) 579-4635, Monday through Friday between 7:30 am and 10:00 pm, and Saturday-Sunday between 9:00 am and 5:30 pm, Eastern Time, to register for and schedule your appointment for the examination.

SCHEDULING FYI'S

- Only the candidate may schedule an appointment through a CSR, not a friend or relative.
- If space is available in the examination site of your choice, you may schedule an examination 1 day prior to the examination date of your choice, up to 7:00 pm ET.

CANCELING 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*. For example, for a Monday appointment, the cancellation notice would need to be received on the previous Saturday. You may call PSI at (855) 579-4635.

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

SCHEDULING A RE-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 Wednesday can call the next day, Thursday, and retest as soon as Friday, depending upon space availability. In order to retest, you must re-register following the steps for registration and scheduling as outlined earlier. You may re-register over the Internet, telephone or by mail. Once registered, you can reschedule for your re-examination.

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.

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) 579-4635. Every effort will be made to reschedule your examination at a convenient time as soon as possible. You will be rescheduled at no additional charge.

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.

These comments will be analyzed by AQB examination development staff. Although 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.**

EXAMINATION SITE LOCATIONS

Dearborn Examination Center
3200 Greenfield Road, Suite 253
Dearborn, MI 48120

From Detroit: Merge onto I-94 W. Take exit 209 (Rotunda Dr.) from I-94 W. Turn left onto Rotunda Dr. Follow Rotunda Dr to Commerce Drive South. Turn left on Commerce Dr S, then turn right onto Greenfield Rd. Site is on the right.



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 sign-in and identification verification. *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. The second ID must have your signature and preprinted legal name. All identification provided must match the name the Board has provided to PSI.

PRIMARY IDENTIFICATION (with photo) - Choose One

- State issued driver's license
 - State issued identification card
 - US Government Issued Passport
 - US Government Issued Military Identification Card
 - US Government Issued Alien Registration Card
 - Canadian Government Issued ID
- NOTE: ID must contain candidate's photo, be valid and unexpired.

SECONDARY IDENTIFICATION - Choose One

- Credit Card (must be signed)
- Social Security Card

If you cannot provide the required identification, you must contact PSI at least two (2) weeks prior to your scheduled examination appointment to arrange a way to meet this security requirement. ***Failure to provide the required identification at the examination center will result in your not being admitted to the examination and forfeiture of your examination fee. You will be required to re-register and pay another examination fee.***

SECURITY PROCEDURES

The following security procedures apply during examinations:

- 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 calculator since 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.

Holt-Lansing Examination Center

4202 Charlar Drive, Suite 1
Holt, Michigan 48842

Follow I-496 E, which becomes US-127 S. Take the Holt Rd exit 70. Turn right onto Holt Rd. Turn left onto Cedar St. Turn right onto Charlar Dr.

Southfield-Crossroads Examination Center

Crossroads Building
16250 Northland Drive, Suite 361
Southfield, MI 48075

From I-75 North and South, exit West 8 Mile. Northland Drive is West of Greenfield Road. Do not go over the Bridge. Pass the Lodge Fwy (Hwy 10). Turn right on Northland Drive.

From Southfield Fwy North and South, exit East 8 Mile. Go east on 8 Mile to Northland Drive. Northland Drive is next to the Northland Shopping Center.

Southfield-Lahser Road Examination Center

26400 Lahser Road, Suite 150
Southfield, Michigan 48033 *From I-96 E merge onto I-696 E. Then merge onto MI-10 S. Take the Lahser Road exit. Keep left at the fork in the ramp. Turn left onto Northwestern Hwy. Turn right onto Lahser Road.*

Grand Rapids Examination Center

4595 Broadmoor Ave SE, Suite 201
Grand Rapids, MI 49512

From I-96, exit East Beltline Avenue and proceed South approximately 4 miles. Once you pass 28th Street, Beltline becomes Broadmoor. Continue South an additional 2 miles. 4595 Broadmoor is just South of 44th Street on the right. Use the North Entrance. Room 201 is at the top of the stairs.

From US-131, take exit 77 (M6 the new highway) East toward Lansing. Take exit 15 (M37/Broadmoor), head North (left) on Broadmoor. 4595 Broadmoor is just North of Barden street, South of 44th Street on the left. Use the North Entrance to the second floor. Room 201 is at the top of the stairs.

Gaylord Examination Center

440 W. Main St., Suite D
Gaylord, MI 49735

From I-75 take exit # 282 / M-32 toward Alpena / Gaylord. From the exit ramp, turn east onto W Main (M-32) and go about half a mile. 440 W Main is at the northeast corner of Main and Indiana, halfway between KFC and Subway. Suite D opens off the parking lot.

Marquette Examination Center

Mid Towne Office Complex
1229 W. Washington
Marquette, MI 49855

Complex is across the street from Shopko. Enter the building on the left, and go up the stairs. Go left at the top of the stairs; suite is at the end of the hall on the right.

Additionally, PSI has examination centers in many other regions across the United States. You may take this examination at any of these locations. Once you have paid for the examination, enter your zip code and a list of the testing sites closest to you will appear.



IMPORTANT NOTICE FOR ALL CANDIDATES

- All personal belongings of candidates 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. For security purposes outerwear such as, but not limited to: open sweaters, cardigans, shawls, scarves, hoodies, vests, jackets and coats are not permitted in the testing room. **In the event you are asked to remove the outerwear, appropriate attire, such as a shirt or blouse should be worn underneath.**
 - **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.

Due to many complaints from the buildings' tenants, PSI (and the properties which house the PSI test centers) cannot accommodate any individuals other than the person who is being tested.

PSI understands that test candidates are often comforted by having guests accompany them to their exams. It may also be necessary for a guest to drive the candidate to the test center. However, incidents from previous guests have prompted warnings from Property Management. For this reason, PSI has adopted the following policy concerning guests.

"Person(s) accompanying a test candidate may not wait in the test 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."

There are facilities nearby such as shopping malls, stores or restaurants where guests may go while the candidate takes a test. Please take the time to visit those locations instead of waiting in or around the building.

Also of note, many candidates have been arriving hours before their scheduled exam time. This is not necessary. Please plan to arrive no earlier than 30 minutes before the start-time of your exam. This will provide plenty of time for check-in.

Thank you for your understanding and for your cooperation.

TAKING THE EXAMINATION BY COMPUTER

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

IDENTIFICATION SCREEN

You will be directed to a semiprivate testing station to take the examination. When you are seated at the testing station, you will be prompted to confirm your name, identification number, and the examination for which you are registered.

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.



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.

VERIFICATION OF FAILED SCORE

If you receive a failing score on the examination, you may request that the examination be re-scored for verification of the score.

Re-scoring of computer based examinations **WILL NOT** include any verification of the content of an examination, or the content or accuracy of specific items received by the candidate. Re-scoring of computer based examinations also will not include any investigation of comments about items entered by the candidate during administration of the examination.

You can write to PSI to request the re-scoring of your failing examination. Please include your name, last 4 digits of your social security number, name and date of the test.

You may request a duplicate score report after your examination by emailing 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. 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

Michigan 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
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 time taken to answer the non-scored questions will not count against the time allowed. 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 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>
1	Real Estate Market	18%	18%	18%
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			
2	Property Description	11%	12%	11%
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			
3	Land or Site Valuation	3%	3%	4%
3.a	Land or Site Valuation Methods			
4	Sales Comparison Approach	22%	18%	13%
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			
5	Cost Approach	13%	14%	11%
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			
6	Income Approach	4%	8%	18%
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			



7	Reconciliation of Value Indications	2%	2%	2%
7.a	Reconciliation of Approaches to Value			
8	Uniform Standards of Professional Appraisal Practice	20%	18%	17%
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			
9	Emerging Appraisal Methods	3%	4%	3%
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			
10	Appraisal Statistical Methods	4%	3%	3%
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.

- 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?
 - \$93,000
 - \$94,500
 - \$96,150
 - \$97,650
- 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?
 - \$15 per square foot
 - \$33 per square foot
 - \$65 per square foot
 - \$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

PSI
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