
Preparing for the Appraisal Exam

The Appraisal Institute's *Practice Examination Questions for Real Estate Appraisers* has been developed to help students and trainees prepare for various examinations presented by educational providers, state appraisal boards, or other administrators of qualification examinations. This publication is not a collection of questions that will appear on specific examinations. Instead, it is a training manual to help examinees develop a background for subjects that may be encountered on the various exams. This publication is intended to provide examinees with practice before entering a testing center or taking the final exam at the end of an appraisal course.

Each state uses its own testing materials. The Appraisal Foundation's material is dynamic, and there is no way to know what is on a particular real estate appraisal examination today or in the future. Neither the Appraisal Institute nor the author of this book claim to have inside knowledge as to what is on a particular examination. However, this book can help appraisers take examinations with a greater understanding of the important appraisal concepts, which will lead to a greater potential for success. Reading this book will not magically transform a student with no understanding of the concepts into an expert and guarantee success, but it should help students reach the level of understanding required to pass appraisal exams. Taking the practice exam questions will also highlight specific areas of weakness for examinees so that they can focus their study time on strengthening their skills in those areas.

Students can learn by answering questions about a subject and then figuring out why the different answer options are correct or incorrect. Answering test questions—or practice questions—is one way to gain and retain knowledge. More than 1,000 practice questions and detailed answers are provided in this publication, and students should learn from the process of answering the questions. Because the contents of the various real estate appraisal tests are unknown, the author of this book is not “teaching to the test,” but has instead developed a series of practice questions based on the body of appraisal knowledge.

Modern real estate exams are focused on application rather than theoretical knowledge. The testing procedures in place today are designed to discourage rote learning and testing and replace them with application-based learning and testing. Most test questions are designed to replace the simple memorization of concepts, phrases, and definitions with challenging scenarios and application-based problems. Application questions require a greater understanding of the concepts. While not all exam questions require application, it is important to remember that the emphasis in recent years has been moving away from questions that can be answered by memorizing words or phrases. This new emphasis also makes last-minute cramming for exams less successful.

Content Areas of the Examination

The 2015 Appraiser Qualifications Board National Uniform Licensing and Certification Examinations Content Outline is the basis for the content of the National Uniform Licensing and Certification Examinations. The most recent version of the content outline became effective as of January 1, 2015. The National Uniform Licensing and Certification Examinations Content Outline is shown in the following chart.

**National Uniform Licensing and Certification Examinations
Content Outline (Effective January 1, 2015)**

Content Area Description	% of Items		
	LR	CR	CG
Real Estate Market	20%	20%	20%
Types of Influences on Real Estate Value			
Types of Government Power			
Types of Real Estate Value			
Date of Value Premise			
Market Analysis			
Investment Analysis			
Tests of Highest and Best Use			
Analysis of Highest and Best Use			
Property Description	12%	12%	11%
Description of Land or Site			
Description of Improvements and Building Components			
Legal Interest			
Rights to Use			
Property Taxation			
Land or Site Valuation	4%	4%	4%
Land or Site Valuation Methods			
Sales Comparison Approach	22%	22%	14%
Identification of Comparable Sales			
Units of Comparison			
Elements of Comparison			
Quantitative Adjustments			
Qualitative Adjustments			
Reconciliation to Indicated Value by Sales Comparison Approach			
Cost Approach	15%	14%	13%
Sources of Cost Information			
Cost Components			
Depreciation			
Methods of Estimating Depreciation			
Reconciliation to Indicated Value by the Cost Approach			
Income Approach	9%	10%	20%
Sources of Cost Generation			
Occupancy / Vacancy Analysis			
Expense Analysis			
Capitalization Analysis			
Estimation of Value Using Income Approach			
Reconciliation to Indicated Value by the Income Approach			
Reconciliation of Value Indications	2%	2%	2%
Uniform Standards of Professional Appraisal Practice	16%	16%	16%

Source: The Appraisal Foundation, www.appraisalfoundation.org

It is important to review this content outline because much of the testing material is organized around these topic headings. If a student fails a state licensing examination, it is likely that he or she will receive a list of strengths and weaknesses that references these sections and topics.

Many people have the intellectual ability to pass examinations like the tests used by state appraisal boards for licensed or certified appraisers. The difference between passing and failing an exam is often not intelligence but the amount of focused effort the student devotes to preparing for the exam. Students who spend a great deal of time preparing for questions that will not appear on the exam are wasting their time and energy. This is why the National Uniform Licensing and Certification Examinations Content Outline is so important. One of the best strategies for preparing for an exam is to realize that not all topics will be tested in equal amounts and focus on studying those topics that will form the bulk of the exam.

Tips for Using This Book

Each chapter of this book includes a set of practice questions that focus on a different appraisal topic. The chapters of this book have been organized to correspond to the National Uniform Licensing and Certification Examinations Content Outline. Answers to the questions and detailed discussions of the solutions appear at the end of each chapter.

Keep in mind that the focus of this book spans both residential and nonresidential topics, with a heavy emphasis on appraisal basics. As a result, Chapter 1 (Real Estate Markets) contains the most practice questions because these questions apply to both residential and non-residential appraisers. However, Chapter 6 (The Income Capitalization Approach) includes more questions for the non-residential appraiser. While residential test-takers will see questions on the income capitalization approach, these questions will be different from those found on general exams in terms of focus and difficulty. Residential appraisers are likely to see more of their exam focused on the sales comparison approach.

The questions in each chapter of this book have also been roughly ordered from least difficult to most difficult. It is important to make sure you eventually work on the practice questions at the end of each chapter. For example, if you only complete the first 10 questions in a chapter, you will miss the most difficult questions and may get a false impression of your abilities. However, if you tend to have more difficulty with the questions at the end of the chapters, do not be discouraged or intimidated, as these questions are supposed to be more difficult.

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You now know a little bit about test preparation and test-taking strategies as well as how to best use the practice questions in this book. Using this book correctly and diligently will help you feel confident and prepared on exam day. Finally, don't forget to relax and do your best. Good luck on your examination.