



APPRAISER EXAMINATION™

Candidate Handbook

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PRINT HANDBOOK

June 2004

PROMISSOR®

Quick Reference

RESERVATIONS

Before making an exam reservation

Candidates should thoroughly review this handbook, as well as any state-specific materials provided by individual jurisdictions.

Making an exam reservation

Candidates may make an examination reservation by

- Calling Promissor at (800) 274-7488
- Faxing the Fax Reservation Form to Promissor at (888) 204-6291

Candidates should make a reservation by phone at least three (3) days before the desired examination date, or by fax at least four (4) days before the desired examination date. **Walk-in examinations are not available.**

SCHEDULES AND FEES

Candidates should consult state-specific materials for examination fees, test center locations and schedules, and specific items that must be brought to the examination. Examination fees are non-refundable and non-transferable.

FOR BEST RESULTS WHEN CONTACTING PROMISSOR, CANDIDATES SHOULD:

- Call between Tuesday and Thursday, or on weekends, when call volume is lower and callers are more likely to reach Promissor without delay
- Have a pencil or pen available to record information
- Have this handbook available for easy reference
- Record the name of the Promissor representative with whom they speak
- Have their confirmation number available (if making a reservation for reexamination)

Telecommunication Devices for the Deaf

Promissor is equipped with TDD (Telecommunication Devices for the Deaf) to assist deaf and hearing-impaired candidates. TDD calling is available 8:00 am to 5:00 pm (EST), Monday through Friday, toll-free at (800) 274-2617. This TDD phone option is for individuals equipped with compatible TDD machinery.

**Promissor/National Uniform Appraiser Program
PO Box 8588
Philadelphia, PA 19101-8588
(800) 274-7488**

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Neither the Appraisal Foundation nor Promissor discriminates on the basis of age, sex, race, creed, disabling condition, religion, national origin, or any other protected characteristic.

General Information

Introduction

The purpose of certifying real estate appraisers is found in Title XI of FIRREA, which states, “The purpose of this title is to provide that federal, financial and public policy interests in real-estate-related transactions will be protected by requiring that real estate appraisals utilized in connection with federally-related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.”

Licensure/certification is the process by which an agency of state government or jurisdiction grants permission to certain individuals to engage in the practice of, and prohibits all others from legally practicing, a particular profession, vocation, or occupation. By ensuring that a level of minimum competence is met, the licensure/certification process protects the general public. The state regulatory agency is responsible for establishing the acceptable level of safe practice and for furnishing the means for determining whether an individual meets that standard.

Most licensing agencies use examinations as one of several means for determining candidates’ qualifications to practice. The purpose of an examination is to provide a measure of candidates’ knowledge of the subject matter.

The examination has been jointly developed and is sponsored by the Appraisal Foundation and Promissor. It has been reviewed and endorsed by the Appraiser Qualifications Board.

The Appraisal Foundation

The Appraisal Foundation is a not-for-profit educational corporation established in 1987 by the appraisal profession in the United States. The Foundation was created to foster professionalism by working to ensure that appraisers are qualified to offer their services.

The Appraisal Foundation achieves this goal by serving as the parent organization for two independent boards: the Appraiser Qualifications Board and the Appraisal Standards Board. These two boards were given significant responsibilities by the United States Congress under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

The Appraiser Qualifications Board establishes the qualification criteria for the state certification of appraisers and has issued recommended qualification criteria for state licensing. The Appraiser Qualifications Board has also been given the charge of reviewing and endorsing state real estate appraiser examinations. The Appraisal Standards Board sets forth the rules for developing an appraisal and reporting its results. This is accomplished through the promulgation of the Uniform Standards of Professional Appraisal Practice. These standards have been recognized throughout the United States as the generally accepted standards of professional appraisal practice.

Promissor

Promissor is an independent testing company that focuses on the assessment of professional and occupational competence. As a full-service testing company, Promissor provides expertise and support to associations, state credentialing agencies and private industry in examination development, examination scoring, and reporting of examination results. Examination services supported by Promissor include national licensure and certification programs as well as diagnostic programs within the health professions and private industry.

State-Specific Information

Any state-specific information, instructions, or applications will be contained in separate materials provided by individual jurisdictions. Candidates should consult their state's appraisal board for more information. Candidates must read state-specific information carefully for important information regarding examination procedures in their jurisdictions.

Eligibility Requirements

Specific requirements to take the examination may be established by individual state boards or commissions. Candidates must follow procedures handed down by these entities in applying to take the national uniform appraiser examination, and must also meet the requirements of that state in which they wish to be licensed. Candidates are responsible for knowing the requirements they must meet to take the examination.

Exam Reservations

Phone Reservations

Walk-in examinations are not available. Candidates may call Promissor to make a reservation.

Promissor Call Center Hours (800) 274-7488	
Monday - Friday	8 am–11 pm
Saturday	8 am–5 pm
Sunday	10 am–4 pm

Eastern Standard Time

Before calling, candidates should have the following:

- Legal name, address, Social Security number, daytime telephone number, and date of birth
- The name of the examination(s)
- The preferred examination date and test center location (lists of locations and schedules appear on state-specific materials)
- A failing score report (if retaking an examination)

A call center representative will help candidates select a convenient examination date and location, and will answer questions. A reservation will be made based on the next available examination date.

Candidates who wish to make a phone reservation should do so at least three (3) business days before the desired examination date.

For an exam on:	Candidates should call by:
Thursday	Monday
Friday	Tuesday
Saturday	Wednesday
Monday	Thursday
Tuesday	Friday
Wednesday	Saturday/Sunday

Schedule is subject to change.

Telecommunication Devices for the Deaf

Promissor is equipped with TDD (Telecommunication Devices for the Deaf) to assist deaf and hearing-impaired candidates. TDD calling is available 8 am to 5 pm (EST), Monday through Friday, toll-free at (800) 274-2617. This TDD phone option is for individuals equipped with compatible TDD machinery.

Fax Reservations

Candidates may fax the Fax Reservation Form (from Appendix) to Promissor at (888) 204-6291, 24 hours a day, 7 days a week. A confirmation of the reservation will be returned by fax within 24 hours of receipt of the faxed request. Candidates who wish to make a fax reservation should do so at least four (4) business days before the desired examination date.

Confirmation Number

Candidates will be provided with a confirmation number, which should be written down in the space provided below. This number should be used for any contact with Promissor.

Confirmation Number:
Examination Date:
Promissor Test Center:
Call Center Representative:

Exam Fees

In most jurisdictions, the examination fee is paid at the time of reservation by credit card, debit card, voucher or electronic check. (Candidates should refer to their state's fee card for the examination fee.) **Payment will not be accepted at the test center.** Examination fees are non-refundable and non-transferable except as detailed in *Change/Cancel Policy*

Vouchers

Candidates may pre-pay the examination fee and receive a voucher to use when they contact Promissor to make an examination reservation. The number listed on the voucher will be accepted as payment for the examination fee. Vouchers may be purchased for one fee or many; therefore, companies may buy vouchers in bulk and distribute them to candidates as desired.

Those who wish to purchase a voucher should send a *Voucher Request Form* (found in the back of this handbook), along with proper payment. Promissor will process voucher requests within one (1) week of receipt. Vouchers are valid for one (1) year from the issue date, and they may be renewed or refunded.

Electronic Checks

Candidates who choose to pay the examination fee by electronic check must have a personal checking account, and must be prepared to provide to Promissor the following information:

- Bank name
- MICR number (as illustrated)
- Social Security number or driver's license number
- Name and address on the account
- Account number



MICR #

Using this information, Promissor can request payment from the candidate's bank account just as if the candidate had submitted an actual paper check.

Change/Cancel Policy

Candidates should call Promissor at (800) 274-7488 at least four (4) business days before the examination to change or cancel a reservation. Candidates who change or cancel a reservation with proper notice may either transfer their fees to a new reservation or request a refund. **Candidates who change or cancel a reservation without proper notice will forfeit the examination fee.**

If the exam is on:	Candidates must call by:
Monday	Thursday
Tuesday	Friday
Wednesday	Saturday
Thursday	Sunday
Friday	Monday
Saturday	Tuesday

This chart does not reflect holidays, which may increase the number of days' notice candidates must give.

Absence/Lateness Policy

Candidates who are late to or absent from examination may be excused for the following reasons:

- Illness of the candidate or that of a member of the candidate's immediate family
- Death in the immediate family
- Disabling traffic accident
- Court appearance or jury duty
- Military duty
- Weather emergency

Candidates who are otherwise absent from or late to an examination and have not changed or canceled the reservation according to *Change/Cancel Policy* will forfeit the examination fee. Written verification and supporting documentation for excused absences must be submitted to Promissor within fourteen (14) days of the original examination date.

Weather Delays and Cancellations

If severe weather or a natural disaster makes the Promissor Test Center inaccessible or unsafe, the examination may be delayed or canceled. Candidates may tune to local radio stations for details on delays and cancellations during severe weather.

Special Exam Requests and Services

Promissor complies with the provisions of the Americans with Disabilities Act (42 U.S.C. 12101 *et seq.*) and Title VII of the Civil Rights Act, as amended (42 U.S.C. 2000e *et seq.*), in accommodating disabled candidates who need special arrangements to take an examination.

Candidates who require special arrangements due to impaired sensory, manual or speaking skills, or other disability, should fax the *Special Accommodations Request Form* (found in the back of this handbook) to Promissor.

The form must be accompanied by supporting documentation from a physician or other qualified professional reflecting a diagnosis of the candidate's condition and an explanation of examination aids or modifications. Promissor will provide auxiliary aids and services, except where such may fundamentally alter the examination or results, or result in an undue burden. The examination will be scheduled upon receipt of all required information by Promissor.

Candidates who have additional questions concerning ADA arrangements may contact the ADA Coordinator at (800) 274-3707. However, the *Special Accommodations Request Form*, along with the required supporting documentation, **MUST** be submitted to Promissor before any special arrangements can be finalized.

Promissor will determine the time and place of specially arranged examinations and will confirm these arrangements directly with the candidate. Candidates who need to retake an examination should notify Promissor that special arrangements were used for the previous examination.

Due to the unique nature of each special request, Promissor recommends that candidates request special services as early as possible. Promissor will make a concerted effort to provide reasonable accommodations as permitted by state licensing agencies and individual Promissor Test Center capabilities.

Exam Day

What to Bring

All candidates must bring to the test center on examination day the following:

- Two (2) forms of signature identification, one of which MUST be photo-bearing (preferably a driver's license)
- The confirmation number provided when the reservation was made
- Any items noted on the state-specific fee cards

Candidates who do not present the required items will be denied admission to the examination, considered absent, and will forfeit the examination fee.

Exam Procedures

Candidates should report to the Promissor Test Center thirty (30) minutes before the examination and check in with the test center manager. The manager will review the candidate's confirmation number, identification, fee, and any other required documents, and will photograph him/her for the score report.

After check-in, candidates will have an opportunity take a tutorial on the PC on which the examination will be administered. The time spent on this tutorial will not affect the time allotted for the examination. The examination proctors will answer questions at this time, but candidates should be aware that the proctors are not familiar with the content of the examinations or with the state's licensing requirements. Candidates are responsible for determining which examination(s) they need to take. Examination proctors have been instructed not to advise candidates on requirements for licensure.

Candidates may begin the examination once they are familiar with the PC. The examination begins the moment a candidate looks at the first examination question. Candidates will have four (4) hours to complete the examination. The examination will automatically end after the allotted time has expired. Candidates will leave the Promissor Test Center with their official scores in hand.

Score Reporting

Scores are based on the number of questions answered correctly. Candidates should consider answers to each question carefully and eliminate the least likely answers, instead of randomly selecting an answer. It is always better to answer a question than to leave a blank.

The state appraiser board ensures that no candidate has an advantage or disadvantage because he/she has taken a particu-

lar examination at a particular time. For this reason, scores are adjusted for minor fluctuations that may occur in the difficulty level of test questions within different examinations. This statistical adjustment is known as equating.

Candidates who pass the exam will not receive a numeric score. Candidates who fail the exam will receive a score report that contains a numeric score, diagnostic information, and information on how to retake the examination.

Candidates should contact Customer Care to make a reservation to retake the examination, and should have their failing score report available when they call.

Official Score Transfers

Candidates who pass the examination may request that Promissor send an official copy of their examination results to another state credentialing agency. Candidates who wish to request a score transfer should complete and mail the form found in the back of this handbook, along with a \$15 fee per transfer.

Review of Exams

For security reasons, examination material is not available to candidates for review.

Promissor Test Center Policies

The following policies are observed at each Promissor Test Center. **Candidates who violate any of these rules may be dismissed from the examination.**

- Scratch paper will be provided, and no other paper may be brought into the test center.
- Calculators are permitted if they are silent, hand-held, battery-operated, nonprinting, and without an alphabetic key pad. Use of any other calculator, including “computer-type” calculators, is not permitted. Calculator malfunctions are not grounds for challenging examination results or requesting additional examination time. Promissor will not provide calculators for the examination. Candidates may take a photocopy of the “Six Functions of \$1” table for their own use in making calculations.
- Cellular phones, beepers, watch alarms, listening devices, recording or photographic devices and any other electronic devices are not permitted during the examination, and there is no place for storage of personal belongings at the Promissor Test Center.
- Dictionaries, books, study and reference materials are not permitted in the examination room, and candidates are strongly urged not to bring such materials to the Promissor Test Center.
- Candidates are not permitted to take personal belongings such as briefcases, large bags, extra books, or papers into

the examination room. Any such materials brought into the examination room will be collected and returned when the examination has been completed. Promissor is not responsible for lost or misplaced items.

- Eating, drinking, or smoking during the examination is not permitted.
- Candidates may leave the room during an examination with permission from the proctor, but will not be allowed any extra time for the examination.
- Any candidate discovered causing a disturbance of any kind or engaging in any kind of misconduct—giving or receiving help; using notes, books, or other aids; taking part in an act of impersonation; or removing examination materials or notes from the examination room—will be summarily dismissed from the examination and will be reported to the state licensing agency. Decisions regarding disciplinary measures are the responsibility of the state licensing agency.
- No visitors, guests, pets or children are allowed at the Promissor Test Center.

Note: The entire question pool for the examination, each form of the examination, and any materials used to administer the examination are copyrighted by and are the property of Promissor. Any distribution of examination content by oral or written communication or by any material or other reproduction is strictly prohibited and punishable by law.

Preparing for the Exam

The examination may contain pretest questions, on which Promissor is collecting statistical data for use in future examinations. Pretest questions are not identified and do not in any way affect the score.

Content Outlines

The summary content outlines that follow were adopted by the Appraisal Qualifications Board of the Appraisal Foundation. The percentage of questions on the examination from each content area, labeled with a roman numeral, is provided with each major content heading.

Outline for Appraiser Exams

In addition to the examination questions that are used to determine a person's score, some examinations have pretest questions in the subject areas described below. These questions are distributed throughout the examination.

(100 questions - Licensed; Pretest - 10 questions)

% of Test
Licensed

- 5%** **I. Influences on Real Estate Value**
- A. Physical and environmental**
 - B. Economic**
 - C. Governmental and legal**
 - D. Social**
- 5%** **II. Legal Considerations in Appraisal**
- A. Real estate vs. real property**
 - B. Real property vs. personal property**
 - C. Limitations on real estate ownership**
 - 1. Private
 - a. Deed restrictions
 - b. Leases
 - c. Mortgages
 - d. Easements
 - e. Liens
 - f. Encroachments
 - 2. Public
 - a. Police power
 - (1) Zoning
 - (2) Building and fire codes
 - (3) Environmental regulations
 - b. Taxation
 - (1) Property tax
 - (2) Special assessments
 - c. Eminent domain
 - d. Escheat
 - D. Legal rights and interests**
 - 1. Fee simple estate

2. Life estate
3. Leasehold interest
4. Leased fee interest
5. Other legal interests
 - a. Easement
 - b. Encroachment

E. Forms of property ownership

1. Individual
2. Tenancies and undivided interests
3. Special ownership forms
 - a. Condominiums
 - b. Cooperative
 - c. Timesharing

F. Legal descriptions

1. Metes and bounds
2. Government survey
3. Lot and block

G. Transfer of title

1. Basic types of deeds
2. Recordation

5%

III. Types of Value

- A. Market value or value in exchange**
- B. Price**
- C. Cost**
- D. Investment value**
- E. Value in use**
- F. Assessed value**
- G. Insurable value**

6%

IV. Economic Principles

- A. Anticipation**
- B. Balance**
- C. Change**
- D. Competition**
- E. Conformity**
- F. Contribution**
- G. Increasing and decreasing returns**
- H. Substitution**
 - I. Supply and demand**
 - J. Surplus productivity**

9%

V. Real Estate Markets and Analysis

- A. Characteristics of real estate markets**
 1. Availability of information
 2. Changes in supply vs. demand
 3. Immobility of real estate
 4. Segmented markets
 5. Regulations
- B. Absorption analysis**
 1. Demographic data
 2. Competition

3. Absorption
4. Forecasts

C. Role of money and capital markets

1. Competing investments
2. Sources of capital

D. Real estate financing

1. Mortgage terms and concepts
 - a. Mortgagor
 - b. Mortgagee
 - c. Principal and interest
2. Mortgage payment plans
 - a. Fixed rate, level payment
 - b. Adjustable rate
 - c. Buydown
 - d. Other
3. Types of mortgages
 - a. Conventional
 - b. Insured

7%

VI. Valuation Process

A. Definition of the problem

1. Purpose and use of appraisal
2. Interests to be appraised
3. Type of value to be estimated
4. Date of the value estimate
5. Limiting conditions

B. Collection and analysis of data

1. National and regional trends
2. Economic base
3. Local area and neighborhood
 - a. Employment
 - b. Income
 - c. Trends
 - d. Access
 - e. Locational convenience
4. Site and improvements

C. Analysis of highest and best use

D. Application and limitations of each approach to value

1. Sales comparison
2. Cost
3. Income capitalization

E. Reconciliation and final value estimate

F. The appraisal report

9%

VII. Property Description

A. Site description

1. Utilities
2. Access
3. Topography
4. Size

B. Improvement description

1. Size

2. Condition
3. Utility

C. Basic construction and design

1. Techniques and materials
 - a. Foundations
 - b. Framing
 - c. Finish (exterior and interior)
2. Functional utility

8% VIII. Highest and Best Use Analysis

A. Four tests

1. Physically possible
2. Legally permitted
3. Economically feasible
4. Maximally productive

B. Vacant site or as if vacant

C. As improved

D. Interim use

6% IX. Appraisal Statistical Concepts

A. Mean

B. Median

C. Mode

D. Range

E. Standard deviation

10% X. Sales Comparison Approach

A. Research and selection of comparables

1. Data sources
2. Verification
3. Units of comparison
 - a. Data sources
 - b. Size
 - (1) Square feet
 - (2) Acres
 - (3) Other
 - c. Utility (examples only)
 - (1) Rooms
 - (2) Beds
 - (3) Other

B. Elements of comparison

1. Property rights conveyed
 - a. Leased fee/leasehold
 - b. Easements
 - c. Others
2. Financing terms and cash equivalency
 - a. Loan payment
 - b. Loan balance
3. Conditions of sale
 - a. Arms-length sale
 - b. Personalty
4. Market conditions at time of contract and closing
5. Location
6. Physical characteristics

C. Adjustment process

1. Sequence of adjustments
2. Dollar adjustments
3. Percentage adjustments
4. Paired sales analysis

D. Application of sales comparison approach

5%

XI. Site Value

- A. Sales comparison**
- B. Land residual**
- C. Allocation**
- D. Extraction**
- E. Plottage and assemblage**

5%

XII. Cost Approach

- A. Steps in cost approach**
 1. Reproduction vs. replacement cost
 - a. Comparative unit method
 - b. Unit-in-place method
 - c. Quantity survey method
 - d. Cost service index
 2. Accrued depreciation
 - a. Types of depreciation
 - (1) Physical deterioration
 - (a) Curable
 - (b) Incurable
 - (c) Short-lived
 - (d) Long-lived
 - (2) Functional obsolescence
 - (a) Curable
 - (b) Incurable
 - (3) External obsolescence
 - (a) Locational
 - (b) Economic
 - b. Methods of estimating depreciation
 - (1) Age-life method
 - (2) Breakdown method and sequence of deductions
 - (3) Market extraction of depreciation
 - B. Application of the cost approach**

6%

XIII. Income Approach

- A. Estimation of income and expenses**
 1. Gross market income
 2. Effective gross income
 - a. Vacancy
 - b. Collection loss
 3. Operating expenses
 - a. Fixed expenses
 - b. Variable expenses
 - c. Reserve for replacements
 4. Net operating income

% of Test
Licensed

- B. Operating expense ratios**
- C. Gross rent multiplier**

1% **XIV. Valuation of Partial Interests**

- A. Life estates**
- B. Undivided interest in commonly held property**
- C. Easements**
- D. Timeshares**
- E. Cooperatives**
- F. Leased fee estate**
- G. Leasehold estate**

13% **XV. Appraisal Standards and Ethics**

Outline for Appraiser Examinations

In addition to the examination questions that are used to determine a person's score, some examinations have pretest questions in the subject areas described below. These questions are distributed throughout the examination.

(100 questions - Certified Residential; Pretest - 10 questions)

% of Test
Certified
Residential

5% **I. Influences on Real Estate Value**

- A. Physical and environmental**
- B. Economic**
- C. Governmental and legal**
- D. Social**

5% **II. Legal Considerations in Appraisal**

- A. Real estate vs. real property**
- B. Real property vs. personal property**
 - 1. Fixtures
 - 2. Trade fixtures
- C. Limitations on real estate ownership**
 - 1. Private
 - a. Deed restrictions
 - b. Leases
 - c. Mortgages
 - d. Easements
 - e. Liens
 - f. Encroachments
 - 2. Public
 - a. Police power
 - (1) Zoning
 - (2) Building and fire codes
 - (3) Environmental regulations
 - b. Taxation
 - (1) Property tax
 - (2) Special assessments
 - c. Eminent domain
 - d. Escheat

D. Legal rights and interests

1. Fee simple estate
2. Life estate
3. Leasehold interest
4. Leased fee interest
5. Other legal interests
 - a. Easement
 - b. Encroachment

E. Forms of property ownership

1. Individual
2. Tenancies and undivided interests
3. Special ownership forms
 - a. Condominiums
 - b. Cooperative
 - c. Timesharing

F. Legal descriptions

1. Metes and bounds
2. Government survey
3. Lot and block

G. Transfer of title

1. Basic types of deeds
2. Recordation

5%

III. Types of Value

- A. Market value or value in exchange**
- B. Price**
- C. Cost**
- D. Investment value**
- E. Value in use**
- F. Assessed value**
- G. Insurable value**

6%

IV. Economic Principles

- A. Anticipation**
- B. Balance**
- C. Change**
- D. Competition**
- E. Conformity**
- F. Contribution**
- G. Increasing and decreasing returns**
- H. Opportunity cost**
- I. Substitution**
- J. Supply and demand**
- K. Surplus productivity**

9%

V. Real Estate Markets and Analysis

- A. Characteristics of real estate markets**
 1. Availability of information
 2. Changes in supply vs. demand
 3. Immobility of real estate
 4. Segmented markets
 5. Regulations

B. Absorption analysis

1. Demographic data
2. Competition
3. Absorption
4. Forecasts
5. Existing space inventory
6. Current and projected space surplus
7. New space

C. Role of money and capital markets

1. Competing investments
2. Sources of capital

D. Real estate financing

1. Mortgage terms and concepts
 - a. Mortgagor
 - b. Mortgagee
 - c. Principal and interest
2. Mortgage payment plans
 - a. Fixed rate, level payment
 - b. Adjustable rate
 - c. Buydown
 - d. Other
3. Types of mortgages
 - a. Conventional
 - b. Insured

7%

VI. Valuation Process

A. Definition of the problem

1. Purpose and use of appraisal
2. Interests to be appraised
3. Type of value to be estimated
4. Date of the value estimate
5. Limiting conditions

B. Collection and analysis of data

1. National and regional trends
2. Economic base
3. Local area and neighborhood
 - a. Employment
 - b. Income
 - c. Trends
 - d. Access
 - e. Locational convenience
4. Site and improvements

C. Analysis of highest and best use

D. Application and limitations of each approach to value

1. Sales comparison
2. Cost
3. Income capitalization

E. Reconciliation and final value estimate

F. The appraisal report

9%

VII. Property Description

A. Site description

1. Utilities
2. Access
3. Topography
4. Size

B. Improvement description

1. Size
2. Condition
3. Utility

C. Basic construction and design

1. Techniques and materials
 - a. Foundations
 - b. Framing
 - c. Finish (exterior and interior)
 - d. Mechanical
2. Functional utility

8%

VIII. Highest and Best Use Analysis

A. Four tests

1. Physically possible
2. Legally permitted
3. Economically feasible
4. Maximally productive

B. Vacant site or as if vacant

C. As improved

D. Interim use

6%

IX. Appraisal Math and Statistics

A. Compound interest concepts

1. Future value of \$1
2. Present value of \$1
3. Future value of an annuity of \$1 per period
4. Present value of an annuity of \$1 per period
5. Sinking fund factor
6. Installment to amortize \$1 (loan constant)

B. Statistical Concepts used in Appraisal

1. Mean
2. Median
3. Mode
4. Range
5. Standard deviation

7%

X. Sales Comparison Approach

A. Research and selection of comparables

1. Data sources
2. Verification
3. Units of comparison
 - a. Data sources
 - b. Income
 - (1) Potential gross income multiplier

- (2) Effective gross income multiplier
- (3) Overall rate
- c. Size
 - (1) Square feet
 - (2) Acres
 - (3) Other
- d. Utility (examples only)
 - (1) Rooms
 - (2) Beds
 - (3) Other

B. Elements of comparison

- 1. Property rights conveyed
 - a. Easements
 - b. Leased fee/leasehold
 - c. Others
- 2. Financing terms and cash equivalency
 - a. Loan payment
 - b. Loan balance
- 3. Conditions of sale
 - a. Arms-length sale
 - b. Personalty
- 4. Market conditions at time of contract and closing
- 5. Location
- 6. Physical characteristics

C. Adjustment process

- 1. Sequence of adjustments
- 2. Dollar adjustments
- 3. Percentage adjustments
- 4. Paired sales analysis

D. Application of sales comparison approach

5%

XI. Site Value

- A. Sales comparison**
- B. Land residual**
- C. Allocation**
- D. Extraction**
- E. Plottage and assemblage**

6%

XII. Cost Approach

- A. Steps in cost approach**
 - 1. Reproduction vs. replacement cost
 - a. Comparative unit method
 - b. Unit-in-place method
 - c. Quantity survey method
 - d. Cost service index
 - 2. Accrued depreciation
 - a. Types of depreciation
 - (1) Physical deterioration
 - (a) Curable
 - (b) Incurable
 - (c) Short-lived
 - (d) Long-lived

- (2) Functional obsolescence
 - (a) Curable
 - (b) Incurable
- (3) External obsolescence
 - (a) Locational
 - (b) Economic
- b. Methods of estimating depreciation
 - (1) Age-life method
 - (2) Breakdown method and sequence of deductions
 - (3) Market extraction of depreciation

B. Application of the cost approach

8% XIII. Income Approach

A. Estimation of income and expenses

- 1. Gross market income
- 2. Effective gross income
 - a. Vacancy
 - b. Collection loss
- 3. Operating expenses
 - a. Fixed expenses
 - b. Variable expenses
 - c. Reserve for replacements
- 4. Net operating income

B. Operating expense ratios

C. Direct capitalization

- 1. Relevance and limitations
- 2. Overall capitalization rate
- 3. Gross income multiplier and net income ratio
- 4. Band of investment (mortgage equity) techniques

D. Gross Rent Multiplier Analysis

1% XIV. Valuation of Partial Interests

A. Life estates

B. Undivided interest in commonly held property

C. Easements

D. Timeshares

E. Cooperatives

F. Leased fee estate

G. Leasehold estate

13% XV. Appraisal Standards and Ethics

Outline for Appraiser Examinations

In addition to the examination questions that are used to determine a person's score, some examinations have pretest questions in the subject areas described below. These questions are distributed throughout the examination.

(125 questions - Certified General; Pretest - 10 questions)

% of Test
Certified
General

- 3%**
- I. Influences on Real Estate Value**
 - A. Physical and environmental**
 - B. Economic**
 - C. Governmental and legal**
 - D. Social**
- 4%**
- II. Legal Considerations in Appraisal**
 - A. Real estate vs. real property**
 - B. Real property vs. personal property**
 - 1. Fixtures
 - 2. Trade fixtures
 - 3. Machinery and equipment
 - C. Limitations on real estate ownership**
 - 1. Private
 - a. Deed restrictions
 - b. Leases
 - c. Mortgages
 - d. Easements
 - e. Liens
 - f. Encroachments
 - 2. Public
 - a. Police power
 - (1) Zoning
 - (2) Building and fire codes
 - (3) Environmental regulations
 - b. Taxation
 - (1) Property tax
 - (2) Special assessments
 - c. Eminent domain
 - d. Escheat
 - D. Legal rights and interests**
 - 1. Fee simple estate
 - 2. Life estate
 - 3. Leasehold interest
 - 4. Leased fee interest
 - 5. Other legal interests
 - a. Easement
 - b. Encroachment
 - E. Forms of property ownership**
 - 1. Individual
 - 2. Tenancies and undivided interests
 - 3. Special ownership forms
 - a. Condominiums
 - b. Cooperative

F. Legal descriptions

1. Metes and bounds
2. Government survey
3. Lot and block

G. Transfer of title

1. Basic types of deeds
2. Recordation

3%

III. Types of Value

A. Market value or value in exchange

B. Price

C. Cost

D. Investment value

E. Value in use

F. Assessed value

G. Insurable value

H. Going concern value

4%

IV. Economic Principles

A. Anticipation

B. Balance

C. Change

D. Competition

E. Conformity

F. Contribution

G. Increasing and decreasing returns

H. Opportunity cost

I. Substitution

J. Supply and demand

K. Surplus productivity

11%

V. Real Estate Markets and Analysis

A. Characteristics of real estate markets

1. Availability of information
2. Changes in supply vs. demand
3. Immobility of real estate
4. Segmented markets
5. Regulations

B. Absorption analysis

1. Demographic data
2. Competition
3. Absorption
4. Forecasts
5. Existing space inventory
6. Current and projected space surplus
7. New space

C. Role of money and capital markets

1. Competing investments
2. Sources of capital

D. Real estate financing

1. Mortgage terms and concepts
 - a. Mortgagor

- b. Mortgagee
- c. Principal and interest
- 2. Mortgage payment plans
 - a. Fixed rate, level payment
 - b. Adjustable rate
 - c. Buydown
 - d. Other
- 3. Types of mortgages
 - a. Conventional
 - b. Insured

5%

VI. Valuation Process

A. Definition of the problem

- 1. Purpose and use of appraisal
- 2. Interests to be appraised
- 3. Type of value to be estimated
- 4. Date of the value estimate
- 5. Limiting conditions

B. Collection and analysis of data

- 1. National and regional trends
- 2. Economic base
- 3. Local area and neighborhood
 - a. Employment
 - b. Income
 - c. Trends
 - d. Access
 - e. Locational convenience
- 4. Site and improvements

C. Analysis of highest and best use

D. Application and limitations of each approach to value

- 1. Sales comparison
- 2. Cost
- 3. Income capitalization

E. Reconciliation and final value estimate

F. The appraisal report

8%

VII. Property Description

A. Site description

- 1. Utilities
- 2. Access
- 3. Topography
- 4. Size

B. Improvement description

- 1. Size
- 2. Condition
- 3. Utility

C. Basic construction and design

- 1. Techniques and materials
 - a. Foundations
 - b. Framing
 - c. Finish (exterior and interior)
 - d. Mechanical
- 2. Functional utility

9% VIII. Highest and Best Use Analysis

A. Four tests

1. Physically possible
2. Legally permitted
3. Economically feasible
4. Maximally productive

B. Vacant site or as if vacant

C. As improved

D. Interim use

6% IX. Appraisal Math and Statistics

A. Compound interest concepts

1. Future value of \$1
2. Present value of \$1
3. Future value of an annuity of \$1 per period
4. Present value of an annuity of \$1 per period
5. Sinking fund factor
6. Installment to amortize \$1 (loan constant)

B. Statistical Concepts used in Appraisal

1. Mean
2. Median
3. Mode
4. Range
5. Standard deviation

6% X. Sales Comparison Approach

A. Research and selection of comparables

1. Data sources
2. Verification
3. Units of comparison
 - a. Income
 - (1) Potential gross income multiplier
 - (2) Effective gross income multiplier
 - (3) Overall rate
 - b. Size
 - (1) Square feet
 - (2) Acres
 - (3) Other
 - c. Utility (examples only)
 - (1) Motel and apartment units
 - (2) Theater seats
 - (3) Other

B. Elements of comparison

1. Property rights conveyed
 - a. Easements
 - b. Leased fee/leasehold
 - c. Mineral rights
 - d. Others
2. Financing terms and cash equivalency
 - a. Loan payment
 - b. Loan balance

3. Conditions of sale
 - a. Arms-length sale
 - b. Personalty
4. Market conditions at time of contract and closing
5. Location
6. Physical characteristics
7. Tenant improvements

C. Adjustment process

1. Sequence of adjustments
2. Dollar adjustments
3. Percentage adjustments
4. Paired sales analysis

D. Application of sales comparison approach

6%

XI. Site Value

A. Sales comparison

B. Land residual

C. Allocation

D. Extraction

E. Ground rent capitalization

F. Subdivision analysis

1. Development cost: direct and indirect
2. Contractor overhead and profit
3. Forecast absorption and gross sales
4. Entrepreneurial profit
5. Discounted value conclusion

G. Plottage and Assemblage

7%

XII. Cost Approach

A. Steps in cost approach

1. Reproduction vs. replacement cost
 - a. Comparative unit method
 - b. Unit-in-place method
 - c. Quantity survey method
 - d. Cost service index
2. Accrued depreciation
 - a. Types of depreciation
 - (1) Physical deterioration
 - (a) Curable
 - (b) Incurable
 - (c) Short-lived
 - (d) Long-lived
 - (2) Functional obsolescence
 - (a) Curable
 - (b) Incurable
 - (3) External obsolescence
 - (a) Locational
 - (b) Economic
 - b. Methods of estimating depreciation
 - (1) Age-life method
 - (2) Breakdown method and sequence of deductions
 - (3) Market extraction of depreciation

B. Application of the cost approach

12% XIII. Income Approach

A. Estimation of income and expenses

1. Gross market income
2. Effective gross income
 - a. Vacancy
 - b. Collection loss
3. Operating expenses
 - a. Fixed expenses
 - b. Variable expenses
 - c. Reserve for replacements
4. Net operating income

B. Operating statement ratios

1. Operating expense ratio
2. Net income ratio
3. Break-even ratio

C. Direct capitalization

1. Relevance and limitations
2. Overall capitalization rate
3. Gross income multiplier and net income ratio
4. Band of investment (mortgage equity) techniques
5. Residual techniques
 - a. Land (building value given)
 - b. Building (land value given)
 - c. Equity (mortgage value given)

D. Cash flow estimates (before tax only)

1. Operating years
 - a. Estimating NOI with a change in NOI
 - b. Estimating NOI using lease information
 - c. Cash flow (NOI less mortgage payment)
2. Reversion
 - a. Estimating resale with a change in value
 - b. Estimating resale with a terminal capitalization rate
 - c. Cash flow (sale price less mortgage balance)
 - d. Deductions for costs of sale and legal fees to arrive at a net reversion

E. Measures of cash flow

1. Equity dividend rate (cash on cash rate)
2. Debt coverage ratio

F. Discounted cash flow analysis (DCF)

1. Relevance and limitations
2. Potential gross income and expense estimate
 - a. Market vs. contract rents
 - b. Vacancy and lease commissions
 - c. Tenant improvements and concessions
3. Discount rates and yield rates (definition and concept but no calculations of yield rate)
4. Discounting cash flows (from operations and reversion where all cash flows projected in dollar amounts and tables or calculators can be used)

- 3%** **XIV. Valuation of Partial Interests**
- A. Interests created by a lease**
 - 1. Leased fee
 - 2. Leasehold
 - 3. Subleasehold
 - 4. Renewal options
 - 5. Tenant improvements
 - 6. Concessions
 - B. Lease Provisions**
 - 1. Overage rent
 - 2. Expense stops
 - 3. Net leases
 - 4. Minimum rent
 - 5. Percentage rent
 - 6. CPI adjustments
 - 7. Excess rent
 - C. Valuation considerations**
 - 1. Identifying the cash flows to the different interests, including turnover ratios
 - 2. Discount rate selection for different interests
 - 3. Relationship between the values of the interests
 - D. Other partial interests**
 - 1. Life estates
 - 2. Undivided interest in commonly held property
 - 3. Easements
 - 4. Timeshares
 - 5. Cooperatives
- 13%** **XV. Appraisal Standards and Ethics**

Sample Questions

Only one question format is used on the appraiser examinations. An incomplete statement or a question is presented and followed by four choices. Only one choice out of the four is the correct answer. The following examples show question formats.

- 1. Reproduction cost is defined as the cost to replace an existing structure at today's cost using:**
 - (A) the same materials and design as the original
 - (B) techniques to eliminate functional inefficiencies
 - (C) the same design but modern materials
 - (D) modern methods and designs
- 2. The process of combining two or more sites under one ownership to obtain an increase in value is known as:**
 - (A) excess land
 - (B) summation
 - (C) subdivision development
 - (D) plottage
- 3. Which of the following sources of market data is the MOST accurate for use in the appraisal of a single-family residence?**
 - (A) Census data
 - (B) Multiple listing service
 - (C) Title insurance company
 - (D) Appraiser's personal files
- 4. An overall capitalization rate reflects the relationship between the projected annual net operating income and:**
 - (A) investment performance
 - (B) total price or value
 - (C) equity value
 - (D) reversionary benefits
- 5. Which of the following statistical measures does the figure \$94,500 represent if an appraiser reviews six comparable single-family houses that sold for \$92,000, \$94,500, \$94,500, \$95,000, \$96,000, and \$98,000?**
 - (A) Mean
 - (B) Standard deviation
 - (C) Mode
 - (D) Median
- 6. An investment that is now worth \$100,000 is expected to increase in value at a rate of 10% annually. What will its value be at the end of five years?**
 - (A) \$104,327
 - (B) \$161,051
 - (C) \$162,345
 - (D) \$165,386

Answers to Sample Questions

1. A 2. D 3. D 4. B 5. C 6. B

PROMISSOR 

National Appraiser Exam Fax Reservation Form

Last Name First Name M.I.

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()

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() pm

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_____-_____-_____/_____/_____
Social Security # Date of Birth Licensure State

Candidate/Sponsor Signature

Exam Level: **Licensed (A)** **Certified Residential (B)**
 General (C) **State Level (D)**

Promissor Test Center _____ Code _____
Examination Name: _____
Choice #1 Date _____ <input type="checkbox"/> AM <input type="checkbox"/> PM
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Choice #3 May we register you for the next available date? <input type="checkbox"/> Yes <input type="checkbox"/> No

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Reservation is confirmed for:
Examination Date _____ Time _____
Confirmation Number _____
Promissor Test Center _____

Special Accommodations Request Form

Any individual who has a physical or mental impairment or limitation described as a disability under the Americans with Disabilities Act (ADA) may request special testing arrangements.

Candidates who wish to request special accommodations because of a disability should fax this form to Promissor at (610) 617-9397. Documentation on official letterhead from a physician, school official, licensed psychiatrist, licensed psychologist or other appropriate authority should be included with the form. This documentation should identify the disability and the need for the requested accommodations, and may be in the form of a letter, test results, signed school Individual Education Plan diagnosis and plan, or other official documentation identifying the disability and the accommodations prescribed.

Date _____

Last Name

First Name

M.I.

Address

City

State

ZIP

(_____)

Daytime Telephone

Description of Disability: _____

- Large-print written exam Marker
 Additional time Separate testing room
 Reader Sign language interpreter
 Other equipment or accommodation (please explain): _____

Accommodations previously provided to you (list accommodation and purpose, such as "sign language interpreter for SAT examination"):

Candidates who have questions about special accommodations should contact Promissor:

Promissor Test Center Operations

3 Bala Plaza West, Suite 300

Bala Cynwyd, PA 19004

Phone: (800) 274-3707 (choose option 1)

TDD: (800) 274-2617 ■ Fax: (610) 617-9397

NOTE: Only candidates who require special testing accommodations should use this form. Only this side of the form need be completed and faxed.

Official Score Transfer Request

DIRECTIONS:

Use this form to request that Promissor send an OFFICIAL copy of your appraiser examination score to a state other than the one in which you took your examination. Please print or type all information on the reverse of this form. Be sure to give all information and include correct fees, or the request will be returned unprocessed.

FEE:

\$15.00

Fees should be paid by **certified check or money order** made payable to "Promissor Processing Center." **Do not send cash.** Write your confirmation number or Social Security number on your payment.

SEND TO:

Appraiser Program Score Transfer
Promissor Processing Center/Clerical & Reports
PO Box 8588
Philadelphia, PA 19101-8588

State(s) to which score should be sent:

(1) _____ @ \$15.00

(2) _____ @ \$15.00

(3) _____ @ \$15.00

AMOUNT ENCLOSED: \$ _____

Print your current name and address below:

Name: _____

Street: _____

City: _____ State: _____ Zip: _____

Tel: (_____) _____

If the above information was different at the time you were tested, please indicate the original information:

Name: _____

Street: _____

City: _____ State: _____ Zip: _____

Tel: (_____) _____

Test Taken: (check one) State-Licensed Appraiser (A) Certified Residential Appraiser (B) Certified General Appraiser (C) (State Level - D)

Confirmation Number: _____ Social Security Number: _____ State in which test taken: _____ Date taken: _____ mo/yr

I hereby authorize Promissor to send to me my official score from the Appraiser Program to the agency in state(s) specified.

Candidate's Signature

Date

Request for Duplicate Score Report

DIRECTIONS:

Use this form to request that Promissor send a DUPLICATE copy of your appraiser examination report. Please print or type all information on the reverse of this form. Be sure to give all information and include correct fees, or the request will be returned unprocessed.

FEE:

\$15.00 for scores less than two years old.
\$25.00 for scores more than two years old.

Please enclose **certified check or money order** made payable to "Promissor Processing Center." **Do not send cash.** Write your confirmation number or Social Security number on your payment.

SEND TO:

Appraiser Program Duplicate Score
Duplicate Score Request
Promissor Processing Center/Clerical & Reports
PO Box 8588
Philadelphia, PA 19101-8588

AMOUNT ENCLOSED: \$_____

Print your current name and address below:

Name: _____

Street: _____

City: _____ State: _____ ZIP: _____

Tel: (_____) _____

If the above information was different at the time you were tested, please indicate the original information:

Name: _____

Street: _____

City: _____ State: _____ ZIP: _____

Tel: (_____) _____

Exam Taken: (check one) State-Licensed Appraiser (A) Certified Residential Appraiser (B) Certified General Appraiser (C) (State Level - D)

Confirmation Number: _____ Social Security Number: _____ State in Which Exam Taken: _____ Date Taken: _____ mo/yr

I hereby authorize Promissor to send to me at the address above a duplicate of my score report:

Candidate's Signature

Date

National Appraiser Voucher Request Form

PLEASE PRINT CLEARLY

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First Name

Initial

Address to which voucher should be sent

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State

ZIP

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 Company Check
 Cashier's Check

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Email address (if you would like Promissor to email your voucher #)

Name of Examination

Make all checks payable to "Promissor" and mail this form to:

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c/o AP Voucher Program
PO Box 41508
Philadelphia, PA 19101-1508

