CHAPTER 16 (Appraisal)

1. The land on which a house was built is worth $50,000. The house was constructed in 1990 at a cost of $265,000 and was expected to last 50 years. None of the mechanical systems, roofing, or siding has been replaced in that time. Using the straight-line method, determine how much the house has depreciated by 2014.

a. $28,600
b. $96,600
c. $127,200
d. $145,200

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9. It cost approximately $350,000 to build a house and its various improvements on a parcel of property. If the property was vacant, undeveloped land, it would be worth about $80,000. As it currently exists, the property's physical deterioration equals about $60,000. If an appraiser were to apply the cost approach, what would be the value of this property?

a. $270,000
b. $370,000
c. $430,000
d. $480,000

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13. What is the GRM for a residential duplex with a selling price of $234,000 if the monthly rent for each unit is $925?

a. l.054
b. 10.54
c. 126.5
d. 252.9

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20. A two-unit apartment building is being appraised. In this neighborhood, the typical gross rent multiplier is 144. The annual income for the building is $16,800 (both units rented). The monthly expenses are $300. Based on the income approach, what is the estimated market value of the apartment building?

a. $201,600
b. $224,800
c. $232,500
d. $258,600

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21. An apartment building has $65,000 in potential gross annual income. The vacancy rate is estimated at 5%, total operating expenses are $29,000, and the capitalization rate is 9%. Using the income approach, what is the value of the building?

a. $324,773
b. $363,889
c. $372,895
d. $392,367