

1. The term “Market Value” assumes that a transaction has taken place at arm’s length.

Using *only*, the information provided below, select the transaction, which most likely, has not taken place at arm’s length.

- a. Property sold by John Brown to Mary Smith;
- b. Property Sold by First Bank Incorporated to Nation Bank Ltd.;
- c. Property sold by Tom Fitz-William to Mary Fitz-William;
- d. Property sold by the Jim Smith to the Commissioner of Lands.

2. True or False

Price is the estimate of the worth of a property.

True False

3. You have been asked to value a retail shop unit (strata lot) located in a mid-Island town centre. Which method of Valuation, would you, most likely, rely on?

- a. The Profits/Method;
- b. The Investment (Income Capitalisation) Method;
- c. The Residual Method;
- d. The Depreciated Replacement Cost Method.

4. Which Method of Valuation is considered to be the Method of Last Resort?

- a. The Profits/Method;
- b. The Investment (Income Capitalisation) Method;
- c. The Residual Method;
- d. The Depreciated Replacement Cost Method.

5. Which of the following, is not considered to be a characteristic of real property?

- a. It is generally heterogenous in nature;
- b. There are often multiple interests existing in a single property;
- c. It is highly liquid and easily transferable;
- d. Transactional costs and associated fees are usually substantial.

6. Choose the words below, which best completes the sentence:

A Valuation is the provision of a _____ as to capital price or value, or rental price or value, on any given basis in respect of an interest in property

- a. Verbal statement;
- b. Written Opinion;
- c. Prescribed formula;
- d. Cost estimate.

7. True or False

Worth is the Market's perception of the capital sum which one would be prepared to pay (or accept) for the stream of benefits [real or inferred] which one would expect to be produced by the investment.

True

False

8. Which method of Valuation below, would be best suited for the valuation of an hotel?

- a. The Sales Comparison Method;
- b. The Residual Method;
- c. The Profits/Accounts Method;
- d. The Investment Method.

9. Which of the following is not necessary for inclusion in a Valuation Report?
- The Effective Date of Valuation;
 - The Name of the Valuer;
 - A sufficient description of the property, necessary for its identification;
 - The prevailing cost of construction at the date of completion of the property.
10. Which of the following is most likely to be an example of an 'arm's length transaction?
- The sale of a property by Joe Bloggs to John Smith through the use of a registered broker (Joe Bloggs and John Smith are unrelated)
 - The sale of a property, by the Landlord to a sitting tenant of ten years or more;
 - The sale of a property, by a father to his son;
 - The sale of a property, by a Church to its resident Pastor.
11. Your client has commissioned you to undertake a Valuation of a 4-acre vacant residential development site, located in a built-up area, where no sales of vacant properties exist. The Parish Council had indicated that subdivision approval for approximately 12 serviced lots is likely.

Which of the following methods of Valuation could be employed in the circumstances?

- The Cost Approach;
 - The Profits/Accounts Method;
 - The Sales Comparison Method;
 - The Residual Approach.
12. You have been asked to determine the market value of a property. Which of the following is a necessary consideration?
- The value of the property in its existing use;
 - The value of the property taking into account its highest and best use;
 - The value of the property to a special purchaser;
 - The intrinsic worth of the property to the individual purchaser.

13. Answer true or false to the following statement:
“A valuation should include a forecast of value.”
a. True
b. False
14. True or False
Worth is the market’s perception of the capital sum, which would one would be prepared to pay (or accept), for the stream of benefits [real or inferred], expected to be produced by an investment.

True False
15. Which of the following statements below is true?
(a) A Valuation constitutes a verbally expressed opinion as to the capital price or value, or rental price or value, of an interest in property;
(b) A Valuation is a verbally expressed Appraisal;
(c) A Valuation is a written opinion as to the capital price or value, or rental price or value, of an interest in property;
(d) A Valuation is a mathematical expression of the observed price of the property.
16. The definition of Highest and Best Use, assumes all but which of the following:
a. Physically possible
b. Legally permissible
c. Financially feasible
d. Tax efficient
17. Which of the following statements below, least accurately describe a valuation/appraisal?
a. A written report signed by the Valuer;
b. A professional opinion on the value of the property;
c. The best estimate of the trading or spot price of a building/land;
d. A forecast of the future value of the property.

18. A Valuation can be described as which of the following?
- a. A stated opinion as to the suitability of a property for use as mortgage security;
 - b. A model use to determine the suitability of a property for purchase or sale;
 - c. The provision of a written opinion as to the capital or rental value of an interest in property;
 - d. A written opinion as to the legal suitability of a property for development.
19. A property which has been on the market for \$10 Million, has recently been sold for \$11 Million to the owner of the adjoining lot. The price paid is most likely to reflect which of the following?
- a. The property's current cost;
 - b. The property's intrinsic cost;
 - c. The property's value;
 - d. The specific worth of the property to the investor.
20. In which of the following circumstances is the sale of a property most likely to achieve a price equal to the estimate of market value?
- a. The sale, at auction, of a property which has been foreclosed upon;
 - b. The recent sale, behind closed doors, of a property between a willing buyer and a willing seller, wherein both parties had acted prudently, knowledgeably and without compulsion;
 - c. The recent sale, between a willing buyer and a willing seller, wherein the buyer was the tenant of the landlord for the past twenty-five years;
 - d. The recent sale of a property, wherein marketing of the property was limited and where details of the property were only brought to the attention of the purchaser by exclusive word of mouth.

21. Which of the following is essential for inclusion in a valuation report?
- The effective date of the valuation;
 - A snapshot of the property as at the effective date of valuation;
 - The name of the attorneys representing the client;
 - The name of the financial institution handling the transaction.
22. A large industrial complex, part of an alumina mining operation which has been out of operation for four years, is being assessed for the determination of market value. There is very little if any market evidence to undertake the valuation of the property. In the circumstances, which method of valuation, below, would be most suited?
- The sales comparison method;
 - The profits/accounts method;
 - The cost method;
 - The income method.
23. The concept of Highest and Best Use (HABU) assumes all but which of the following conditionalities (for the existing or proposed use of a property) as essential for the determination of market value?
- Physically possible;
 - Bank financing;
 - Legally permissible,
 - Results in the highest value
24. The professional skills of the Valuer are often recommended when determining the market value of real property, namely because of its special characteristics. Which of the following is not considered to be a special characteristic of property market?
- The heterogeneity of landed property;
 - The multiple types of interests that can be present in a single property holding;
 - The high level of transactional cost;
 - The high degree of transparency and the ease with which information is obtainable;

25. A valuation report should contain all but which of the following?
- a. A sufficient description to identify the property without doubt;
 - b. A definition of value;
 - c. The weighted average rate of exchange;
 - d. A statement as to the interest being valued and any legal encumbrances present.
26. Choose the phrase below which is at odds with the definition of market value
- a. The estimated amount for which the property should exchange for...prior to the valuation date;
 - b. The estimated amount for which the property should exchange for...between a willing buyer and a willing seller;
 - c. The estimated amount for which the property should exchange for...wherein the parties had both acted knowledgably and prudently;
 - d. The estimated amount for which the property should exchange for...after proper marketing.