

Fundamentals of the Assessor's Office
April 2023
Answers - Real Property

1. What are the three approaches to value?
 - a. **Cost**.
 - b. **Market or Sales Comparison**.
 - c. **Income**.

2. What is the IRV formula?

Income divided by Rate equals Value or Income divided by Value equals Rate or Rate times Value equals Income

3. When using the Market Approach, the subject property is adjusted to the comparables.

False

The comparables are always adjusted to the Subject Property

4. The cost of creating a building having the same utility as a subject building, on the basis of current prices, using current standards of materials and design best defines:

D. Replacement Cost

5. When using the Cost Approach to value property is it important to know the reason for selling the property?

No

Why?

The cost approach is based on the cost of the materials and labor needed for construction. The reason for selling a property is irrelevant. However in the sales comparison (market) approach, the reason for selling may be an indication that the sale price is not market value.

6. After completing an appraisal using all three approaches to value, which approach is the best to choose? Why?

The method that most accurately represents the subject property, because it will be the best indication of market value. This is called the Reconciliation process.

7. What is the definition of Market Value?

The price a willing but non-obligated buyer will pay to a willing but non-obligated seller, both being knowledgeable of the market.

8. **Mass appraisal** is the valuation of many properties as of a given date, using standard procedures and statistical testing.