



STATE ASSESSORS BOARD
2007-2008
Certification Renewal Program
Quiz

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2007-2008 CERTIFICATION RENEWAL PROGRAM QUIZ

For the 2007-2008 certification renewal period, the State Assessors Board has adopted a requirement that each certified assessing officer must successfully complete a quiz to be eligible to renew his or her certification in assessment administration. The quiz consists of 50 questions and each assessing officer wishing to renew his or her certification must return a Scantron scorecard containing quiz answers. A score of 70 percent or higher (35 or more correct answers) is needed for successful completion of the quiz. If an assessing officer does not successfully complete the quiz, that assessing officer will have the opportunity to retake the quiz.

The goal of the testing component of the renewal program is not to cause assessing officers to lose their certification. Rather, the testing aspect of the renewal program is intended to add a degree of accountability to the certification renewal process and to help ensure that assessing officers throughout the state continue to have an adequate understanding of the concepts covered by the renewal program.

Upon finishing the quiz, please return the Scantron scorecard to the State Assessors Board using the following address:

State Assessors Board
430 West Allegan Street
Lansing, Michigan 48922

Scorecards will be graded when received by the staff serving the State Assessors Board. Assessing officers who submit a scorecard containing an insufficient number of correct answers will be notified in writing that another attempt at passing the quiz will be necessary. The quiz and a blank scorecard will be included with the notification. When an assessing officer has successfully met the renewal requirements, 2007-2008 renewal credit will be posted to the State Assessors Board Web page (go to www.michigan.gov/treasury, select Local Government Services, and then select State Assessors Board). Please allow two weeks for renewal credit to be posted to the State Assessors Board Web page following submission of a successful scorecard.

1. The costs contained in the *Assessor's Manual*:
 - a. represent actual construction projects
 - b. were developed by appraising various types of structures
 - c. result in market value estimates that must be used by assessing officers as assessed values
 - d. always result in the highest indication of value for a property

2. County multipliers:
 - a. localize the cost estimates produced using the *Assessor's Manual* to particular counties
 - b. are developed by County equalization departments as part of annual appraisal studies
 - c. are developed by City and Township assessors as part of the appraisal process using the cost approach to value
 - d. are optional when using the *Assessor's Manual*

3. A home consists of a one-story section of 480 square feet, a two-story section of 500 square feet, and an overhang of 60 square feet. The correct size for rates given this information is:
 - a. 1,500 square feet
 - b. 1,550 square feet
 - c. 1,000 square feet
 - d. 1,050 square feet

4. The *Assessor's Manual* consists of three volumes:
 - a. each of which contain cost figures used to value structures for property tax purposes
 - b. two of which do not contain cost figures but which provide general written guidance to assessing officers regarding assessment administration
 - c. and has been supplemented by State Tax Commission bulletins
 - d. and was last updated in 1998

5. A bay window which extends to the floor level of a house and has a foundation is:
 - a. not included in the structure's size for rates
 - b. is included in the structure's size for rates
 - c. is not valued directly but instead is considered when determining the structure's quality of construction
 - d. is valued as an overhang

6. A section of a residence having a vaulted ceiling with 8-foot side walls and an 18-foot ceiling height:
- is considered to be a two-story section to account for the additional cost of constructing the section compared to a one-story section with a normal ceiling height
 - has no effect on the structure's class of construction
 - is to be adjusted by a factor of 0.98 to reflect the 8-foot side walls not being a full 10 feet high
 - is considered to be a one-story section with the class of construction accounting for the vaulted ceiling compared to a standard ceiling
7. If correctly used, the *Assessor's Manual* will:
- always yield results that are highly accurate with respect to market value
 - consistently yield accurate results, but it is still a good idea to check the results to ensure accuracy
 - consistently yield the best possible indication of market value for a property
 - always stand up in a property tax appeal
8. Structures such as the ones pictured below should normally be valued:



AVERAGE CLASS C_{MILL}

- using the occupancy called "Shopping Centers—Mixed with Residential Units"
- using a mixture of retail rates for the lower level and multiple residence rates for the upper level
- as a one-story structure if the upper level is not occupied
- using the occupancy called "Shopping Centers—Neighborhood"

9. Functional obsolescence should be deducted from replacement cost new:
- when needed to bring the final estimate of true cash value in line with the value considered appropriate for the property by the appraiser
 - under no circumstances
 - when circumstances in the vicinity of the subject property diminish the structure's market value
 - only when the appraiser can support the deduction through the use of factual or market-based evidence
10. Reproduction cost new is:
- the cost to build a structure having the same utility as the subject structure
 - the cost to build an exact replica of the structure being appraised
 - added to the value of the land to yield an indication of market value via the cost approach to value
 - cannot be obtained by using the *Assessor's Manual*
11. A perimeter multiplier:
- is used to value all types of structures using the *Assessor's Manual*
 - can be omitted with no effect on the valuation of a structure
 - is used because it costs more to build an irregularly shaped structure than it does to build a rectangular structure, all other things being equal
 - is used to account for the fact that it costs more to build a structure which is 12 feet high than it does to build a structure which is 10 feet high, all other things being equal
12. When establishing the story height of a commercial or industrial structure, the appraiser should:
- always go by the height shown on the plans for the building
 - simply "eyeball" the structure's height
 - estimate the height to the mid point of the structure's eaves on the gable end
 - use the height of known points of reference such as an entry door in the estimation process
13. From the items listed below, select the item which assessing officials are **not** specifically required to maintain under Michigan Compiled Law 211.10e:
- land value maps
 - sales ratio studies
 - appraisal record cards
 - tax maps

14. Listed below are the four cost new estimation methods. Select the method which produces an estimate of cost new using unit costs of various building components:

- a. the quantity survey method
- b. the segregated cost method
- c. the calculator cost method
- d. the trending original cost method

15. Using the cost new information provided below from the *Assessor's Manual*, determine the correct cost new to be added for a concrete platform porch which is six feet by four feet and which has an effective age of 10 years (this is the cost new before application of a county multiplier or an economic condition factor):

CONCRETE FLOOR with 42" foundation				
Sym- bol	CPP	CCP	CSEP	CGEP
Size for Rates	PLATFORM PORCH	COVERED PORCH	SCREEN- ENCLOSED PORCH	GLASS- ENCLOSED PORCH
12	37.40	73.45	90.00	116.70
25	27.80	53.45	65.35	84.60
50	19.65	37.70	45.65	58.45
75	16.95	32.45	39.00	49.75

- a. 695
- b. 626
- c. 667
- d. 600

16. The first step in land valuation is:

- a. to determine the size and topography of the property
- b. the collection of verified sales data
- c. to ensure that all land improvements are properly valued
- d. identification and description of the neighborhood

17. A land value map:

- a. is prepared to support the land value under appeal to the Michigan Tax Tribunal
- b. is used to develop adjustments for land size differences
- c. is a graphical presentation of land values for a municipality
- d. considers the proximity to major roads and freeways

18. Which of the following is **not** a land value estimation method:

- a. the sales comparison method
- b. the allocation method
- c. the extraction method
- d. the cost approach method

19. An economic condition factor is derived by analyzing:

- a. properties that have sold and comparing the cost new less depreciation of the buildings to that portion of the sale prices attributable to those buildings
- b. properties that have sold or are listed for sale and deducting building value with the balance attributable to the land
- c. the current values within a neighborhood and adjusting them by the inflation rate multiplier
- d. the estimate of the proposed true cash value and dividing by the preceding year's assessed value

20. Economic condition factors:

- a. include all properties within a certain geographic area
- b. will usually be set at 1.00 when land is properly established
- c. will encompass properties having similar physical characteristics
- d. will include all residential properties within a certain geographic area

21. The purpose of an economic condition factor:

- a. is to set assessments for the following year based on current sales information
- b. is to convert the replacement cost new to an estimate of true cash value
- c. is to estimate the land value within each geographic neighborhood
- d. is to adjust the indication of value by the cost approach to market conditions

22. What is the indicated economic condition factor based on the following information:

Sale 1

Sale date: March 30, 2007

Sale price: \$300,000

Estimated land and land improvement value: \$75,000

Cost new less depreciation of buildings: \$213,758

Sale 2

Sale date: July 31, 2006

Sale price: \$350,000

Estimated land and land improvement value: \$85,000

Cost new less depreciation of buildings: \$252,932

- a. 1.38
- b. 1.40
- c. 1.05
- d. 1.00

23. An economic condition factor is applied to:

- a. the cost new including land and land improvements
- b. the cost new, less depreciation of the building
- c. the cost new of the building including land improvements
- d. the true cash value of the building plus land improvements

24. When limited land sales data are available in a neighborhood:

- a. it may be necessary to use the same economic condition factor as in the prior year
- b. it may be necessary to use the allocation method to estimate land values
- c. the assessor should not increase the true cash value of the properties
- d. the assessor should increase the market value of the properties by the inflation rate multiplier

25. Which of the following statements is usually accurate?:

- a. the larger the parcel, the lower the price per square foot
- b. the larger the parcel, the higher the price per square foot
- c. smaller parcels will typically sell last in a newly developed subdivision
- d. wetlands always reduce the value of residential properties

26. The verified sales in a two-year study:
- must be the same sales used in calculating an economic condition factor
 - are not exclusively the sales that can be used in calculating an economic condition factor
 - may be modified to set a starting ratio by current Michigan Tax Tribunal appeals
 - should be used in a declining economy to establish market value
27. Land values in a properly defined economic condition factor area:
- will be adjusted for the class of the building
 - will be higher for class A homes than for class C homes
 - will be relatively uniform based on a standard of measure such as square foot or equivalent front feet
 - will be higher for new construction
28. When an assessment is changed because of market conditions, it is an example of:
- Headlee additions
 - equalization new
 - Headlee losses
 - adjustment
29. New construction such as a new house, a new garage, etc. results in:
- Headlee additions equal to half the increase in market value due to the construction
 - an assessed value increase equal to half of the cost of construction
 - adjustment for equalization purposes
 - no increase in taxable value
30. Property which was exempt in the prior year and which comes back onto the ad valorem roll results in:
- Headlee additions
 - equalization loss for the prior year
 - adjustment
 - Headlee losses for the prior year
31. A house is completely destroyed by fire on December 30. This situation would be treated as:
- equalization loss on the assessment roll in the year of the fire
 - Headlee losses on the assessment roll in the year of the fire
 - negative adjustment
 - equalization loss on the following year's assessment roll

32. A property classified as residential on the assessment roll and changed to the agricultural class on the following year's assessment roll would be:

- a. equalization loss to the residential class for the following year
- b. Headlee additions to the agricultural class for the following year
- c. not allowed, this never happens
- d. Headlee losses to the residential class for the following year

Use the facts below to answer questions 33 and 34:

There are four comparable properties on Sage Road that are assessed at \$55,000 for 2007. A fifth similar property on this road was assessed at \$40,000 for 2006. The assessor increased the assessment of this fifth property to \$55,000 to match the other four properties. The 2006 taxable value of the fifth property was \$38,000. The inflation rate multiplier is 1.037.

33. The assessment change of the fifth parcel from \$40,000 to \$55,000 would be considered:

- a. plus adjustment
- b. equalization new
- c. equalization loss
- d. Headlee additions

34. The 2007 taxable value of the fifth parcel would be:

- a. uncapped since the assessed value increased by more than the inflation rate multiplier
- b. unchanged
- c. increased by the inflation rate multiplier
- d. made equal to the taxable values of the other four comparable properties to maintain equity under the Michigan Constitution

Use the facts below to answer questions 35 through 37:

A house was built on property which had a 2006 assessed value (as vacant land) of \$30,000. It also had a taxable value of \$25,000. The assessor added \$60,000 to the 2007 assessment. Of this increase, \$55,000 was attributable to the new house and \$5,000 was for inflationary changes in the market attributable to the land.

35. The \$55,000 attributable to the new house would be considered:

- a. plus adjustment
- b. Headlee additions and equalization new
- c. equalization new but not Headlee additions
- d. Headlee additions but not equalization new

36. In the problem described on the previous page, the \$5,000 increase to the land value because of market conditions would be:

- a. plus adjustment
- b. Headlee additions but not equalization new
- c. equalization new but not Headlee additions
- d. Headlee additions and equalization new

37. In the problem described on the previous page, the 2007 taxable value of the property would be (using an inflation rate multiplier of 1.037):

- a. \$86,110
- b. \$80,925
- c. \$85,925
- d. \$91,110

Use the facts below to answer questions 38 through 40:

In September of 2006, Apex Township purchased a privately owned lot and built a municipal softball diamond. The 2006 assessed value of the lot was \$40,000 with a 2006 taxable value of \$35,000. The parcel became exempt for 2007.

38. The ratio of taxable value to assessed value was:

- a. This cannot be determined with the information provided.
- b. 1.1429
- c. 0.8750
- d. 0.9000

39. The 2007 Form L-4021 will show that this parcel had \$40,000 of:

- a. equalization loss
- b. Headlee losses
- c. negative adjustment
- d. Headlee losses and equalization loss

40. The 2007 Form L-4021 will show that this parcel had \$35,000 of:

- a. equalization loss
- b. Headlee losses
- c. negative adjustment
- d. Headlee losses and equalization loss

Use the facts below to answer questions 41 through 43:

The assessor has determined that a parcel of land classified agricultural should be classified residential on the 2007 assessment roll. The 2006 assessed value was \$50,000 and the 2007 assessed value is \$60,000. The 2006 taxable value was \$45,000. The inflation rate multiplier is 1.037.

41. The equalization new to the 2007 residential class is:

- a. \$50,000
- b. \$45,000
- c. \$60,000
- d. \$10,000

42. The equalization new to the 2007 agricultural class is:

- a. \$50,000
- b. \$45,000
- c. \$60,000
- d. \$0

43. The 2007 taxable value of the parcel is:

- a. \$60,000
- b. \$45,000
- c. \$46,665
- d. \$51,850

44. For use in calculating the millage reduction fraction, Headlee additions and Headlee losses are entered on Form:

- a. L-4025
- b. L-4024
- c. L-4023
- d. L-4022

45. The prior year's taxable value, current year's taxable value, additions, losses, and the inflation rate multiplier are all used to calculate the _____ (Hint: Refer to Form L-4034 at www.michigan.gov/treasury if necessary.):

- a. base tax rate fraction
- b. millage reduction fraction
- c. following year's inflation rate multiplier
- d. equalization factor

46. The “Millage Rate Permanently Reduced by MCL 211.34d” entered in column 5 on the current year’s Form L-4029 is found in column _____ of the prior year’s L-4029 (Hint: Refer to the instructions to Form L-4029 at www.michigan.gov/treasury if necessary.):
- 9
 - 11
 - 7
 - 5
47. Separate millage reduction fractions are calculated:
- for each taxing authority
 - for Cities and Townships only
 - for Cities, Townships, and Counties only
 - individually for the various millage rates contained within a City’s charter
48. Economic condition factors:
- are established for all local assessing units by the County equalization director by December 31 of each year
 - are calculated by assessing officers based on verified sales each year
 - are not needed if the assessing officer is using the current version of the *Assessor’s Manual*
 - are only used in setting residential assessed values
49. The quantity of economic condition factor neighborhoods:
- should be kept to a minimum to avoid numerous calculations of similar neighborhoods
 - is higher when establishing values of homes not having a homeowner’s principal residence exemption
 - may be large based on the types of properties and the correct identification of economic neighborhoods in a municipality
 - cannot exceed the level established by the County equalization department
50. Provided sufficient vacant land sales information is available, what method of valuation is generally considered preferable for valuing residential land?:
- the allocation method
 - the sales comparison method
 - the extraction method
 - an income capitalization method