

**RE 614 – Real Estate Appraisal**  
**Fall 2008**  
Midterm Exam #2 Review

*Dr. Stanley D. Longhofer*  
*TTh 9:30-10:45*

- 1) Given adjustment factors, a subject property and comparable properties, know how to calculate the indicated value of the subject using the sales comparison approach. This problem might look like the commercial property examples you did as homework and in class.
- 2) Be prepared to estimate adjustment factors using the matched-pairs technique. This problem would be a “clean” problem with a single right answer (the way it appears in the example on pages 96-98 of the text).
- 3) Know how to estimate the effect of special financing on the sale price of a property (we did an example in the first Sales Comparison Approach lecture).
- 4) Know how to interpret key regression output, including the estimated coefficients, the p-values, and the R Square. Given a set of regression output, be able to diagnose the “quality” of the regression. This would include the goodness of fit of the regression (R Square), the significance of the regression coefficients (p-values), and the reasonableness of the functional form (which variables are included and how they are incorporated into the regression). Be able to explain any changes to the model that you would try given the regression output you are shown. You should also be able to discuss the “potential problems” that can arise in regression and what their impact may be.
- 5) I may ask one or more essay/short answer questions on the exam. The following are examples.
  - a) Explain briefly the relationship between the traditional sales comparison approach and using regression analysis to predict a subject’s value.
  - b) What general strategy would you follow when selecting the comparables to use when valuing an income property.

I reserve the right to add more questions after our class on Tuesday.