

There are 200 questions in this Study Guide. You are free to use any resource including the text book, dictionaries, the Internet etc in assisting you to answer the questions. You may also work in study groups. To maximize the benefit and prepare for the exam, you should take the test as if it were an actual test. After you have completed answering all the questions, go back and check your work by looking up the answers. I will select up to 150 of these questions for the Final Exam as a closed book test. Good luck. F09FX51F

2015 Fall Final Exam Preview

1. In what order of priority are the following claims against the proceeds of a deed trust paid after a trustee's sale under a defaulted deed of trust?
 - i. Unpaid loan balance
 - ii. Claims of junior lien holders
 - iii. Trustor
 - iv. Expenses of the sale
 - a. ii, then i, then iii, then iv.
 - b. iv, then i, then ii, then iii.
 - c. i, then iv, then iii, then ii.
 - d. i, then ii, then iv, then iii.
2. Jack feels that he has been the victim of an unfair discriminatory practice by a local broker. His complaint must be filed with HUD within
 - a. 3 months of alleged discrimination
 - b. 6 months of alleged discrimination
 - c. 9 months of alleged discrimination
 - d. 12 months of alleged discrimination
3. If a contract of sale is subject to the buyer's ability to secure a loan, and after diligent effort the buyer is unable to do so by the stated deadline, the
 - a. contract would become void.
 - b. contract would be voidable by the seller only.
 - c. contract would be voidable by the buyer.
 - d. buyer must be allowed additional time to meet the condition.
4. The system under which persons are given the right to own land is known as the
 - a. feudal system
 - b. allodial system
 - c. chattel system
 - d. fee system
5. A buyer borrowed money to purchase a home under terms which required him to make monthly payments which included loan amortization plus 1/12 of the insurance premium and annual real property tax. What is this type of loan called?
 - a. Budget
 - b. Package
 - c. Blanket
 - d. Open-end
6. An owner of a life estate can do all of the following EXCEPT:
 - a. sell.
 - b. mortgage.
 - c. devise.
 - d. lease.
7. House keys are considered to be
 - a. personal property because they are movable
 - b. personal property because they are not attached
 - c. teal property because sale contracts stipulate that they will be transferred.
 - d. real property because of the adaptation to the real estate.
8. An unrecorded deed to land is binding upon
 - a. the parties to the deed.
 - b. subsequent purchasers.
 - c. the public generally.
 - d. subsequent lenders.

9. Laws requiring the licensing of real estate agents are examples of
 - a. common law.
 - b. statutory law.
 - c. case law.
 - d. magisterial edicts.
10. Should a borrower fail to make payments when due, the lender may demand immediate payment of the entire balance under the terms of the
 - a. prepayment clause.
 - b. defeasance clause.
 - c. acceleration clause.
 - d. hypothecation clause.
11. Notice provided by recording an instrument in the public records is
 - a. real property notice.
 - b. actual notice.
 - c. constructive notice.
 - d. county court notice.
12. Under the terms of a mortgage, the mortgagee is the
 - a. obligor under the promissory note.
 - b. lender.
 - c. trustee.
 - d. maker of the note.
13. A property owner who holds fee simple title to land will have all of the following “sticks” in his bundle of rights EXCEPT the right to
 - a. occupy and use it.
 - b. restrict the use of the land.
 - c. devise it by will.
 - d. violate building, health, and safety codes.
14. In order to have a valid conveyance, all of the following are necessary EXCEPT
 - a. legal capacity to execute.
 - b. recital of consideration.
 - c. designation of any limitations.
 - d. proof of heirship.
15. Chad sold his home to Cody, subject to an existing mortgage loan. Cody later defaulted on the loan. Which of the following statements is correct?
 - a. The lender has recourse to the assets of Cody for the balance due.
 - b. Cody is jointly responsible for the loan balance.
 - c. The mortgagee can look to Chad for the loan balance.
 - d. Chad was relieved of liability for the loan balance when Cody accepted title subject to the existing loan.
16. A formal real estate sales contract, prepared at the outset by an agent using prepared forms, may be identified as any of the following EXCEPT
 - a. a purchase contract.
 - b. an option contract.
 - c. an offer and acceptance.
 - d. a purchase offer.
17. Area preference in the location of land is described as
 - a. fixity.
 - b. situs.
 - c. sunk costs.
 - d. surface rights.
18. Things that the law considers to be permanently attached to the earth are called
 - a. fixtures
 - b. emblements
 - c. surface rights
 - d. subsurface rights
19. Which of the following is given consideration in evaluation of a loan application?
 - a. Race.
 - b. Marital status.
 - c. Sex.
 - d. Income adequacy.
20. Legal action to force the breaching party to carry out the remainder of a contract is called a suit for
 - a. liquidated damages.
 - b. specific performance.
 - c. partial performance.
 - d. duress.

21. A mortgage becomes null and void when the note is paid in full under the terms of the
- a. defeasance clause.
 - b. prepayment clause.
 - c. alienation clause.
 - d. hypothecation clause.
22. 43,560 is the number of square feet in a(n)
- a. acre.
 - b. section.
 - c. township.
 - d. tier.
23. The most important test in determining whether something is a fixture is
- a. The weight and /or size
 - b. its amount of utilization
 - c. its method of attachment
 - d. the intention of the party who attached it
24. Each of the following statements about open-end mortgage clauses is true EXCEPT
- a. using an open-end clause, the new amount borrowed is added to the mortgage balance.
 - b. they are used in government loans like VA and FHA.
 - c. they are used in conventional mortgages.
 - d. funds borrowed using an open-end clause are reamortized over the remaining life of the mortgage.
25. Because of the complexity to income tax laws and their impact on real estate, a real estate licensee should
- a. have knowledge of tax laws at the level of an accountant.
 - b. avoid knowledge of tax laws so as to avoid responsibility for providing tax information.
 - c. know when to warn clients that a tax problem may exist or result.
 - d. accompany the client to the accountant to make sure that the information given is relevant and correct.
26. Under the provisions of the Real Estate Settlement Procedures Act, certain disclosures are required from the
- a. seller in a residential real estate transaction.
 - b. buyer in a residential real estate transaction.
 - c. lender in a residential real estate transaction.
 - d. closer in a residential real estate transaction.
27. The quantity of title conveyed to a trustee by means of a deed of trust is
- a. fee simple absolute.
 - b. fee simple conditional.
 - c. naked title.
 - d. a cloud on the title.
28. Normally, the priority of general liens is determined by the
- a. order in which they are filed or recorded
 - b. order in which the cause of action arose
 - c. size of claim
 - d. court
29. Party of the First Part deeded to Party of the Second Part which described the land but made no mention of buildings or improvements. Does this deed convey ownership of the buildings and improvements to Ray?
- a. Yes, because anything left on the property will be conveyed at closing.
 - b. Yes, because buildings and improvements are considered appurtenant to the land.
 - c. No, buildings and improvements are classified as personal property.
 - d. No. Buildings and improvements must be conveyed by a separate bill of sale.
30. The last day of a loan's life is known as the
- a. settlement date.
 - b. maturity date.
 - c. sale date.
 - d. contract date.

31. The current market interest rate is 17 percent. Mr. and Mrs. Homeowner want to transfer their property to their daughter. The loan balance is \$75,000. The property can be transferred if the loan does NOT contain a(n)
- a. alienation clause.
 - b. accelerating clause.
 - c. defeasance clause.
 - d. nondisturbance clause.
32. Which of the following would NOT usually be placed on record?
- a. Mortgage on the property
 - b. Month-to-month rental agreement
 - c. Deed to the property
 - d. Option to purchase property
33. A balloon note is characterized by
- a. equal monthly payments of principal and interest.
 - b. a final payment larger than preceding payments.
 - c. interest-only payments during the life of the loan.
 - d. payments increasing at regular, stated intervals.
34. A property owner feels that the taxes on his real property are too high. Through the appeal process, he can demand a review of the
- a. amount of tax on the property.
 - b. assessed value of the property.
 - c. rate of taxation.
 - d. assessment ratio.
35. The abbreviation APR stands for
- a. average percentage rate.
 - b. allotted percentage rate.
 - c. approximate percentage rate.
 - d. annual percentage rate.
36. In normal real estate brokerage practice, the amount of earnest money deposit paid by the purchaser is
- a. determined by negotiation between the buyer and seller.
 - b. set by state law.
 - c. equal to the agent's commission.
 - d. the minimum required to make the contract valid.
37. The right of an owner to use water from a stream for his own use is called a(n)
- a. emblement.
 - b. riparian right.
 - c. littoral right.
 - d. percolating right.
38. A buyer's agent is usually considered to be in what relationship to the seller?
- a. Client
 - b. Customer
 - c. Agency
 - d. Subagency
39. The surviving co-owner may automatically inherit the deceased co-owner's share when the property is held as a
- a. tenancy in common.
 - b. joint tenancy.
 - c. limited partnership.
 - d. corporation.
40. Which of the following discrimination act is exempted from the federal Fair Housing Act?
- a. Rental of rooms in an owner-occupied one to four family dwelling
 - b. Alteration of the terms or conditions of mortgage
 - c. property for sale above \$250,000
 - d. property sold on an installment sales contract
41. The deed considered to be the best deed a grantee can receive is a
- a. general warranty deed.
 - b. special warranty deed.
 - c. bargain and sale deed.
 - d. quitclaim deed.
42. Restrictions retained by the government include all of the following **except**:
- a. title settlement
 - b. taxation
 - c. eminent domain
 - d. zoning

43. The dollar amount of taxes to be levied on a property may be increased by which of the following means?
- Decreasing the tax rate.
 - Raising the assessment ratio.
 - Decreasing the assessed value of the property.
 - Increasing the number of services offered to the community.
44. Under the income approach to estimating the value of real estate, the capitalization rate is the
- rate at which the property earns on an investment.
 - rate of return the property earns on an investment.
 - rate of capital required to keep a property operating by its most effective method.
 - maximum rate of return allowed by law on an investment.
45. Once the buyer and seller have executed a sales contract, paperwork and details of the title transfer may be handled by any of the following EXCEPT
- an escrow agent.
 - the real estate broker.
 - an attorney.
 - the recorder of deeds.
46. Julie, Jill and Jane own a property as joint tenants. Julie wants to sell her interest to Barb. In the absence of documents creating a new joint tenancy,
- Barb will become a tenant in common with Jill and Jane.
 - Jill, Jane and Barb become tenants in common each with 1/3 interest in the property.
 - Jill, Jane and Barb must create a partnership when Barb acquires Julie's interest.
 - Jill, Jane and Barb become tenants by the entirety.
47. Special assessments of property tax are made for improvements which benefit
- a limited number of property owners.
 - all property owners for a limited time.
 - the public.
 - the real estate industry.
48. Protection against incomplete or defective records of the title of land can best be obtained by securing
- an abstract of title.
 - title insurance.
 - an attorney's opinion.
 - a title searcher's opinion.
49. Where trust deeds are used, their popularity may be attributed to which of the following reasons?
- The time between default and foreclosure is shortened.
 - There is usually a long statutory redemption period.
 - Lack of provisions for assignment of rents clause.
 - Title is already in the name of the beneficiary.
50. Acceleration is a term associated with which of the following?
- Listings
 - Sales contracts
 - Mortgages
 - Leases
51. Which of the following real estate documents will LEAST LIKELY be recorded at the county recorder's office?
- Contract for deed
 - Long-term lease
 - Option agreement
 - Purchase agreement
52. A contract which binds one party but not the other is
- unenforceable.
 - void.
 - voidable.
 - illegal.
53. A seller owns a house which has been rented to a tenant, and is currently in the middle of a written one-year lease. The seller wants to sell the house to Jaime. As part of his offer to purchase, Jaime can ask the owner to
- terminate the tenant's lease.
 - let the tenant continue to lease.
 - give a 30-day notice to vacate to the tenant.
 - raise the rent if the tenant chooses to remain in the property.

54. A homeowner who always maintains his has just discovered that he has termite infestation. This is a example of
- incurable physical obsolescence.
 - possible curable physical obsolescence.
 - possible curable economic obsolescence.
 - incurable internal obsolescence
55. The property tax year runs from January 1 to December 31. The taxes on a certain house are \$1,440 per year, all of which have been paid. If the house sells, not in a leap year, and the closing dates ie June 12, the:
- buyer owes the seller \$796.93
 - buyer owes the seller \$643.07
 - seller owes the buyer \$796.93
 - seller owes the buyer \$643.07
56. When the owner paid off his mortgage loan in full, the lender gave him a satisfaction of mortgage document. Should this instrument be recorded in the public records?
- Yes, because recordation is required by state law.
 - Yes, because the records would otherwise indicate that the obligation was still outstanding.
 - No, because the mortgage was terminated by the defeasance clause once the debt was paid.
 - No, because the note was not recorded in the public records.
57. Deed restrictions are examples of:
- Zoning ordinances
 - Police power
 - Private control of land
 - Leaseholds
58. George agrees to buy Elaine's real estate for \$53,000 George signs contract and deposits \$5,300 earnest money with broker Stuart. Elaine is unable to show good title, and George demands the return of his earnest money as provided in the contract. What should Stuart do?
- Deduct his commission and return the balance to George.
 - Deduct his commission and pay the balance to Elaine.
 - Return the entire amount of the earnest money to George
 - Pay the entire amount to Elaine to dispose of as she sees fit
59. When a debt secured by a deed of trust is fully paid off, title is reconveyed to the borrower by the
- beneficiary.
 - trustor.
 - trustee.
 - lienee.
60. All of the following constitute an encumbrance on the title to real property EXCEPT a
- will conveying the property to the owner's heirs upon death of the owner.
 - restrictive covenant in the deed to the property.
 - mortgage.
 - lease.
61. Mike and Joyce entered into an agreement to sell a rental property they own. The closing is to take place September 15. On September 1, Mike and Joyce received a rent payment for the month of September from the tenant. Under the terms of the purchase agreement, the buyers are entitled any rent received covering the period subsequent to the closing. At the closing, the prepaid rent will appear as a
- credit to the sellers and a debit to buyers.
 - debit to the sellers and a credit to the buyers.
 - credit to the buyers.
 - debit to the sellers.

62. All of the following are true about the concept of adverse possession EXCEPT
- the person taking possession of property must do so without consent of the owner
 - occupancy of the property by the person taking possession must be continuous over a specified period
 - the person taking possession of the property must compensate the owner at the end of the adverse possession period.
 - the person taking possession of the property may end up owning the property
63. Normally, which of the instruments associated with a mortgage loan is recorded in the public records?
- Promissory note
 - Mortgage
 - Purchase contract
 - Bill of sale
64. The practice of some lenders of not making loans on properties in certain neighborhoods is known as
- blockbusting.
 - redlining.
 - steering.
 - capping.
65. In the normal course of events, when an abstract of title is sent to an attorney for examination, the attorney will render a(n)
- opinion of title based on the facts contained in the abstract.
 - certificate of title which guarantees the title to be as recorded in the abstract.
 - survey of title based on the abstract.
 - title insurance policy commitment.
66. A mortgage instrument may include a clause that prevents the assumption of the mortgage by a new purchaser without the lender's consent. What is this clause called?
- Alienation clause
 - Power of sale clause
 - Defeasance clause
 - Escalation clause
67. By voluntarily giving the lender a deed in lieu of foreclosure, a delinquent borrower
- can avoid foreclosure proceedings
 - is still responsible for possible deficiency judgments.
 - cannot avoid foreclosure proceedings.
 - will have to make several additional payments as a prepayment penalty.
68. Which of the following is an example of a free-hold inheritable estate?
- Life estate
 - Dower estate
 - Estate at will
 - Fee simple defeasible estate
69. A real estate tax lien takes priority over which of the following?
- Encroachment
 - Encumbrance
 - Mortgage lien
 - Deed restrictions
70. Which of the following normally purchases mortgages in the secondary mortgage market?
- Mortgage banking companies, savings, and loans, commercial banks, and mutual savings banks.
 - Fannie Mae, Ginnie Mae, and Freddie Mac
 - Federal Housing Administration
 - Department of Veterans Affairs
71. A loan wherein the principal is all repaid in one lump sum payment at the end of the loan's life is known as a(n)
- straight or term loan.
 - amortized loan.
 - budget mortgage.
 - balloon note.
72. An act intended to deceive the other party in a contract is
- duress.
 - menace.
 - mistake.
 - fraud.

- 73.** Deeds and other instruments which affect land titles should be recorded
- immediately after execution and delivery.
 - within five business days, excluding Sunday.
 - just prior to putting the property up for sale.
 - only if the owner contemplates selling the property.
- 74.** When a person sells land for more than he paid for it,
- there is a federal tax applicable to the gain.
 - the gain is taxed by all state governments.
 - the gain is taxed at the corporate rate.
 - no tax is due if the money is reinvested in land within twelve months.
- 75.** An easement may be canceled by all of the following except:
- the dominant estate
 - the servient estate
 - merging both estates into one
 - prescription
- 76.** If the annual net income from certain commercial property is \$22,000 and the capitalization rate is 8 percent, what is the value of the property using the income approach?
- \$275,000
 - \$176,000
 - \$200,000
 - \$183,000
- 77.** Which of the following is a method of foreclosure that does not require civil action?
- Judicial foreclosure
 - Strict foreclosure
 - Sheriff's foreclosure
 - Nonjudicial foreclosure
- 78.** The price a willing buyer pays willing seller for a parcel of real property is best described as:
- book value
 - replacement value
 - selling price
 - market price
- 79.** Which of the following are essential to the validity of a deed?
- The grantor must be of legal age and sound mind.
 - The grantee must be of legal age and registered.
 - The grantee must sign the deed.
 - The deed must be recorded to be valid.
- 80.** Seller Henry and Broker Walter enter into an open listing agreement. Under such an agreement, Henry
- must inform Walter of all potential buyers.
 - does not have to pay Walter a commission if Henry finds a buyer.
 - must pay Walter a commission if Henry or Walter finds a buyer.
 - must pay Walter commission if anyone but Henry finds a buyer.
- 81.** In order to convey title, a deed must be
- delivered by the grantor and accepted by the grantee.
 - registered.
 - acknowledged.
 - witnessed by two competent adults.
- 82.** Local government programs and services are financed primarily through
- ad valorem property taxes.
 - federal income taxes.
 - state income taxes.
 - state sales taxes.
- 83.** A formal declaration by a person signing that he or she did, in fact, sign the document is called
- a conveyance.
 - a proxy.
 - a jurat.
 - an acknowledgment.

84. Marketable title to real estate is title which is
- absolutely free of any possible defect.
 - free of reasonable doubt as to ownership.
 - issued by a court after completion of a quiet title action.
 - insured by a title insurance company.
85. When a deed of trust is foreclosed, title is conveyed by the
- borrower to the lender.
 - trustee to the borrower.
 - borrower to the trustee.
 - trustee to the purchaser at foreclosure.
86. All of the following are true of a tenancy in common EXCEPT
- all tenants hold an undivided interest in the entire property.
 - each tenant may have a separate deed to his/her share, or share one deed.
 - the tenants may dispose of all or part of their shares without the agreement of the other tenants.
 - there is a right of survivorship among the tenants.
87. Carrie wants to leave her real estate to her nephew Lucki, but still wants the flexibility to change her mind in the future. She can accomplish this goal with a
- will naming her nephew as recipient of her real estate.
 - joint tenancy with her nephew.
 - tenancy in common with her nephew.
 - court-ordered petition.
88. The actual act of transferring ownership of land is known as a
- grant.
 - devise.
 - demise.
 - curtesy.
89. Mark conveyed a house which he owned to his parents for so long as the surviving parent lived. Upon the death of the survivor, title is to be returned to Mark or his heirs should he predecease his parents. Mark
- has a life estate.
 - conveyed a life estate to his parents.
 - conveyed a life estate to his heirs.
 - can sell the property before his parents die and require them to vacate.
90. The purposes of the federal Truth-in-Lending laws include
- a requirement that creditors disclose the full cost of obtaining credit.
 - provisions allowing consumers to rescind credit transactions within 7 days.
 - regulations limiting the cost of credit.
 - disclosing full closing costs at the time of application.
91. Should a title insurance company elect to fight a claim in court, the legal expenses incurred will be
- deducted from the coverage under the policy.
 - assumed by the title insurance company without affecting the coverage.
 - shared by the insured and the insurance company.
 - paid by the insured.
92. If a contract is signed under duress,
- the aggrieved party may subsequently declare the contract void.
 - either party may declare the contract voidable.
 - the aggrieved party must declare the contract voidable.
 - the aggrieved party must execute the contract.

93. The interest rate of a loan from a local savings and loan may be increased or decreased during the life of the loan. This is an example of
- a. a variable interest rate.
 - b. escalated interest.
 - c. graduated interest.
 - d. percentage interest.
94. In order to be enforceable, a promissory note must be signed by the
- a. borrower.
 - b. lender.
 - c. agent.
 - d. trustee.
95. Sales person Harry is proposing an advertisement for a house on which he obtained a listing for a broker Wallace. In the ad, Harry
- a. need not show Wallace's name if Harry's phone number appears.
 - b. must show his association with Wallace.
 - c. must show the sale price of the property.
 - d. all the above.
96. When a deed does not specify the estate being conveyed, it is presumed to transfer a(n):
- a. defeasible fee.
 - b. fee simple absolute.
 - c. estate for years.
 - d. life estate.
97. The phrase "the grantee's heirs and assigns forever" indicates the conveyance of a
- a. fee simple estate.
 - b. life estate.
 - c. leasehold estate.
 - d. less-than-freehold estate.
98. Which of the following must be disclosed when an agent is showing a house?
- a. Mortgage balance
 - b. The asking price of other homes in the neighborhood
 - c. That the property is in a flood plain zone
 - d. Original cost of the property
99. By paying the debt after a foreclosure sale, the mortgagor has the right to regain the property. What is this right called?
- a. Acceleration
 - b. Redemption
 - c. Reversion
 - d. Recovery
100. A property owned solely by one spouse
- a. is owned in trust.
 - b. is owned in severalty.
 - c. is immune from seizure by creditors.
 - d. cannot be homesteaded.
101. A person who is without heirs may avoid having his property pass to the state upon his death by
- a. leaving a valid will containing instructions for the disposition of his property.
 - b. granting a life state to another for the duration of his life.
 - c. granting an easement to his church.
 - d. giving a license to his church.
102. A mortgagor can obtain financing from all of the following EXCEPT
- a. mortgage banking companies.
 - b. savings and loan associations.
 - c. commercial banks.
 - d. Ginnie Mae.
103. In a graduated payment mortgage, the graduated part is the
- a. interest rate.
 - b. monthly payment.
 - c. maturity date.
 - d. entire loan is graduated.
104. The principles of appraising include which of the following?
- a. Reserves for replacement
 - b. operating expense ratio
 - c. Highest and best use
 - d. Holding period

- 105.** In most states, a person is exempt from licensure as a real estate agent when performing which of the following activities, even if receiving a fee?
- a.** Renting resort condominiums for the owner as a commissioned rental agent
 - b.** Negotiating an exchange of properties where no cash changes hands
 - c.** Dealing in land options
 - d.** Selling real property as an executor of an estate
- 106.** The Federal Housing Administration
- a.** lends money.
 - b.** insures loans.
 - c.** sets mortgage rates.
 - d.** insures borrowers.
- 107.** A licensed real estate broker
- a.** becomes an agent the vendee upon obtaining a valid listing.
 - b.** can disclose any truthful information received from the principal.
 - c.** becomes an agent of the vendor when a buyer is found.
 - d.** must disclose all material facts to the principal.
- 108.** Which of the following documents is only signed by one party to the transaction?
- a.** purchases agreement
 - b.** listing agreement
 - c.** land contract
 - d.** warranty deed
- 109.** A broker who is entitled to collect a commission when the sellers sell their own property has a
- a.** exclusive-agency listing contract with the sellers
 - b.** net listing contract with the sellers
 - c.** exclusive-right-to-sell listing contract with the sellers
 - d.** open listing contract with the sellers
- 110.** Which of the following requires that finance charges be stated as an annual percentage rate?
- a.** Regulation Z
 - b.** Real Estate Settlement Procedures Act (RESPA)
 - c.** Equal Credit Opportunity Act
 - d.** Fair Housing Act
- 111.** Sandy and Gary, who are not married, jointly own a parcel of real estate. Each owns an undivided interest. Sandy's share is two-thirds and Gary's share is one-third. This form of ownership is
- a.** tenancy in common.
 - b.** joint tenancy.
 - c.** tenancy by the entirety.
 - d.** community property ownership.
- 112.** In an option to purchase real estate, the optionee
- a.** must purchase the property, but may do so at any time within the option period.
 - b.** has no obligation to purchase the property.
 - c.** as a matter of right is limited to a refund of the option consideration if the option is exercised.
 - d.** is the prospective seller of the property
- 113.** You are standing in the backyard of a house that is offered for sale. You want to buy the house, but the fence surrounding the backyard appears to encroach onto the land of the next door neighbors. Which of the following would normally disclose such an encroachment?
- a.** Abstract of title
 - b.** Standard title insurance policy
 - c.** Attorney's opinion of title
 - d.** Current survey
- 114.** A contract which is legally insufficient is classified as
- a.** voidable.
 - b.** void.
 - c.** unavoidable.
 - d.** illegal.

- 115.** Evidence of the amount and terms of a borrower's debt to a lender is provided by means of a
- a.** mortgage.
 - b.** promissory note.
 - c.** deed of trust.
 - d.** first mortgage.
- 116.** Which of the following is an example of an emblem?
- a.** A stand of fir trees
 - b.** A field of soybeans
 - c.** An orange orchard
 - d.** A vineyard
- 117.** All of the following governmental services are paid for by taxes on real property EXCEPT
- a.** fire and police protection
 - b.** local parks and recreation.
 - c.** interstate highways.
 - d.** public libraries.
- 118.** Unless stated otherwise in the listing contract, the buyer should receive on the purchase of a property
- a.** air rights, surface rights, and subsurface rights.
 - b.** air rights and surface rights
 - c.** air rights and subsurface rights.
 - d.** air rights and mineral rights.
- 119.** What type of lease requires the lessee to pay taxes, insurance, and repairs?
- a.** Net lease
 - b.** Percentage lease
 - c.** Variable lease
 - d.** Gross lease
- 120.** Joe is purchasing a parcel of real estate registered as Torrens property. In connection with the purchase
- a.** Joe should have a attorney review the abstract and render an opinion about prior transfers.
 - b.** the Torrens certificate is proof of ownership.
 - c.** Joe should check for adverse possession.
 - d.** the execution of the deed transfers title.
- 121.** The term "estate" refers to
- a.** the quantity of land as shown on a plat of the property.
 - b.** one's legal rights in the land.
 - c.** the value of one's property, real and personal, upon one's death.
 - d.** the location of one's property in the subdivision.
- 122.** Which of the following clauses would be found in a deed of trust but NOT in a mortgage?
- a.** Alienation clause
 - b.** Power of sale clause
 - c.** Acceleration clause
 - d.** Defeasance clause
- 123.** In a foreclosure action, the lender asks the court for a judgment for all of the following EXCEPT:
- a.** that mortgagor's interests in the property be cut off.
 - b.** that property be sold at public auction.
 - c.** that lender's claim be paid from the sale proceeds.
 - d.** that the lien for property taxes be subordinate to the mortgagor's interests
- 124.** Two women wish to purchase a condominium unit as co-owners. One woman will hold a 60% interest and the other a 40% interest. Both are single and each wants the other to inherit her share automatically upon death. How can they accomplish this?
- a.** By taking title as tenants in common with a 60-40 interest split and naming each other in their respective will to inherit the interest upon death.
 - b.** By taking title as joint tenants with the right of survivorship.
 - c.** By taking title as a partnership, with a 60-40 split in interest.
 - d.** By taking title as joint tenants and naming each other as heirs in their respective wills.

125. Each of the following real estate methods requires the purchaser to give a promissory note to the lender EXCEPT
- mortgage.
 - deed of trust.
 - land contract.
 - purchase money mortgage.
126. Which of the following is NOT an example of an appurtenance that would transfer when the property is sold?
- Easement
 - Lease
 - Deed restriction
 - License
127. Given a choice of foreclosure methods, in a simple and straightforward case, a lender will usually prefer which method of loan foreclosure?
- Judicial
 - Nonjudicial
 - Partition suit
 - Reconveyance suit
128. As a general rule of thumb regarding home loans,
- housing expense should not exceed 25% to 30% of gross monthly income.
 - total fixed monthly expenses should not exceed 25% of gross monthly income.
 - alimony and child support payments need not be included in the total fixed monthly expenses..
 - housing expenses include principal and interest payments only, not taxes and insurance.
129. Broker Mary took a listing and later discovered that her client had previously been declared incompetent by a court of law. The listing is now
- binding, as the broker was acting as the owner's agent in good faith.
 - of no value to the broker because it is a void.
 - the basis of recovery of a commission if the broker produces a buyer.
 - renegotiable
130. Priority of a recorded instrument is determined by the date of
- acknowledgement.
 - delivery to the grantee.
 - the instrument.
 - recordation.
131. When a real estate mortgage is foreclosed, unpaid real estate tax liens against the property
- are cut off.
 - become a lien on the personal property of the delinquent mortgagor.
 - remain in force against the property.
 - are added to the purchase price at the foreclosure sale.
132. The value of a property will be affected by all of the following **except**:
- improvements
 - deterioration
 - owner's livelihood
 - economic life
133. A buyer working with an agent makes an offer on a property offered for sale by owner. The house is a single family home. The offer is contingent on the buyer's securing an FHA loan. Does this loan have to follow RESPA guidelines?
- No. because FHA and VA loans do have to meet HUD guidelines, but not RESPA guidelines.
 - No. because the offer was made by a buyer working with a broker.
 - Yes. because an FHA loan is guaranteed by the government.
 - Yes. because it is a single-family residential property.
134. A house sold for \$84,500 and the commission rate was 7 percent. If the commission is split 60/40 between the selling broker and the listing broker, and each broker splits his share of the commission evenly with his salesperson, how much will the listing salesperson earn from the sale of the house, according to the sales contract
- \$1,774
 - \$1,183
 - \$1,020
 - \$2,366

- 135.** The right of government to place reasonable restrictions on the use of land is known as
- a.** restrictive covenant.
 - b.** police power.
 - c.** escheat.
 - d.** estate.
- 136.** Property which is NOT considered to be real estate is called
- a.** littoral property.
 - b.** personal property.
 - c.** riparian property.
 - d.** private property.
- 137.** Amanda and George are joint tenants. George sells his interest to Percy. What is the relationship of Amanda and Percy with respect to the land?
- a.** They are automatically joint tenants
 - b.** They are tenants in common
 - c.** There is no relationship, because the sale from George to Percy of joint tenancy property is ineffective.
 - d.** Each owns a divided one-half interest.
- 138.** Which of the following is NOT a depreciation factor when assessing the value of a property?
- a.** A house with four bedrooms located on the second floor and the bath located on the first floor
 - b.** A hog farm located one-half mile down the road from a \$250,000 home
 - c.** A house located next to a city park
 - d.** A house, which cost \$50,000 to build 40 years ago, with major cracks in the foundation
- 139.** A real estate sales contract becomes valid or in effect when it has been signed by which of the following?
- a.** Buyer
 - b.** Buyer and seller
 - c.** Seller
 - d.** Broker and seller
- 140.** In a graduated-payment loan
- a.** mortgage payments decrease
 - b.** mortgage payments balloon in five years.
 - c.** mortgage payments increase for a period of time and then level out.
 - d.** the interest rate on the loan adjusts annually
- 141.** Greg listed his home with the XYZ Brokerage Company under an open listing agreement. After the sale of the property, a dispute arose between XYZ Brokerage and Sunday Brokerage; each claimed to be entitled to a commission. In this situation, the commission should be paid to the broker who
- a.** listed the property.
 - b.** advertised the property.
 - c.** obtained the first offer.
 - d.** was the procuring cause of the sale.
- 142.** A valid enforceable sales agreement must
- a.** contain the grantor and grantee's signatures.
 - b.** be written and delivered.
 - c.** be accompanied by an earnest money deposit.
 - d.** be written and mailed.
- 143.** In order to successfully claim title by adverse possession, the claimant must meet all the following requirements EXCEPT
- a.** actual possession of the land.
 - b.** open and hostile possession.
 - c.** continuous possession for the statutory period.
 - d.** occupancy of the land with the permission of the owner of record.

144. Mr. and Mrs.. Buyer just purchased their first house, which sits on five acres. They intend to keep goats on the property. Which of the following would allow or disallow them to keep goats?
- a. Federal ordinances
 - b. State ordinances
 - c. Zoning
 - d. Neighbors
145. All of the following are contracts between an agent and a principal EXCEPT
- a. open listing.
 - b. net listing.
 - c. multiple listing.
 - d. exclusive listing.
146. A contract based upon a promise exchanged for a promise is a
- a. unilateral contract.
 - b. implied contract.
 - c. partial contract.
 - d. bilateral contract.
147. All of the following terminate an offer EXCEPT
- a. revocation of the offer before acceptance.
 - b. death of the offeror before acceptance.
 - c. a counteroffer by the offeree.
 - d. an offer from a third party.
148. By which of the following processes may a government acquire ownership of privately held land?
- a. Condemnation
 - b. Rent control
 - c. Police power
 - d. Taxation
149. If a landlord breaches the lease and the unit is uninhabitable, what action can the tenant take?
- a. Suit for possession
 - b. Constructive eviction
 - c. Tenancy at sufferance
 - d. Covenant of quiet possession
150. Under a note secured by a mortgage, the obligor is the
- a. lender.
 - b. borrower.
 - c. note holder.
 - d. mortgagee.
151. If additional documents are necessary to perfect the grantee's title, this would be required by the covenant
- a. of seizin.
 - b. of further assurances.
 - c. against encumbrances.
 - d. of warranty forever.
152. One of the advantages of a joint tenancy is that
- a. it cannot be terminated without the consent of each tenant.
 - b. it can be held in different fractional shares.
 - c. it avoids the delays and expenses of probate.
 - d. it can exist only between husband and wife.
153. Which of the following loans are referred to as "conventional loans"?
- a. FHA-insured
 - b. VA-guaranteed
 - c. Section 245 loans
 - d. 80% L/V from a local savings and loan
154. Unless the landlord or tenant acts to terminate it, an estate from period-to-period
- a. automatically renews itself.
 - b. continues for a definite time.
 - c. expires at the end of a year.
 - d. expires upon the sale of the property.
155. What forms of liens are superior to all others in terms of lien priority?
- a. Judgment liens
 - b. First mortgage liens
 - c. Federal income tax liens
 - d. Ad valorem tax liens
156. To determine the amount of loan payments by using an amortization table, you must know all the following EXCEPT
- a. loan-to-value ratio.
 - b. frequency of payments.
 - c. interest rate.
 - d. amount of loan.

- 157.** A buyer made an offer to purchase property contingent on the seller's acceptance within seven days. Prior to the seller's acceptance, the buyer found another property which he liked better, and decided to withdraw his offer. He could
- not withdraw his offer until the seller had decided to accept or reject the offer.
 - not withdraw his offer until the expiration of the seven day period in his offer.
 - withdraw at any time prior to acceptance of the offer by the seller.
 - withdraw at any time within seven days.
- 158.** A buyer signed a contract to purchase real property from the seller, subject to the buyer's ability to secure a loan for a part of the purchase price within thirty days. After diligent effort, the buyer was unable to secure the loan within the specified time. This contract is
- void on its face.
 - voidable by the buyer.
 - voidable by the seller.
 - unenforceable.
- 159.** For parcel of real estate to have value, it must have
- utility.
 - scarcity.
 - transferability.
 - all the above.
- 160.** Wayne, who is moving to another city, wants to give his agent, broker Steve, the power to sign a sales contract and deed to real estate which he wants to sell. Which of the following statements would be correct?
- Wayne could not give Steve a written power of attorney to act for him in this matter.
 - Wayne could appoint Steve by means of an oral power of attorney.
 - Steve can sign the contract and deed as a result of the listing agreement.
 - The power of attorney would have to be written, acknowledged, and recorded.
- 161.** The difference between a property's market value and the debts against it is known as
- loan-to-value ratio.
 - owner's equity.
 - L/V ratio.
 - effective yield.
- 162.** A township is
- six miles square.
 - one mile square.
 - six square miles.
 - one square mile.
- 163.** When an offer to buy is made through an agent, such as a real estate broker,
- there is never any need to consult an attorney for counsel.
 - an attorney should be consulted if the buyer has any doubts or questions regarding the legal effect of the offer.
 - the state bar association requires that an attorney be consulted.
 - state law requires that an attorney be consulted.
- 164.** The failure of one party to contract to perform as agreed without a valid excuse constitutes
- a form of consideration.
 - a breach of contract.
 - partial performance.
 - duress.
- 165.** Normally found provisions of a real estate sales contract include all of the following EXCEPT
- a buyer's offer to purchase.
 - a provision for an earnest money deposit.
 - a seller's acceptance.
 - the buyer's plan for renovation.
- 166.** Brokers who conspire to set commission rates or enter into an agreement to allocate a specific market are subject to which of the following?
- Sherman Antitrust Act
 - Law of agency
 - Blue-sky laws
 - Securities Act of 1933

- 167.** A lender can legally discriminate in loan terms based on the applicant's
- religion.
 - marital status.
 - race or skin color.
 - intention to occupy (or not occupy) the mortgaged property.
- 168.** A, B and C are co-owners of property. When C dies testate, A and B are the devisees to her one-third interest in the property. How do they own the property?
- joint tenancy
 - Tenancy in common
 - Severally
 - Partnership tenancy
- 169.** A purchaser's right to acquire legal title to real property under the terms of a valid purchase agreement is known as
- naked title.
 - equitable title.
 - specific performance.
 - contract title.
- 170.** The clause which gives the lender the right to call in the note if the mortgaged property is sold or otherwise conveyed by the borrower is known as the
- acceleration clause.
 - alienation clause.
 - defeasance clause.
 - foreclosure clause.
- 171.** Mike sold the back half of his lot to Greedi, and gave Greedi a permanent easement across his land in order for Greedi to have access to the road. Which of the following statements is true?
- The easement is an easement in gross.
 - The easement is an easement appurtenant.
 - The servient estate is held by Greedi.
 - The dominant estate is held by Mike.
- 172.** Tax rates may be expressed as
- a millage rate.
 - dollars of tax per hundred dollars of valuation.
 - dollars of tax per thousand dollars of valuation.
 - all of the above.
- 173.** How many acres are in the S1/2 of the NW 1/4 of the SE 1/4 of a section?
- 10
 - 20
 - 40
 - 120
- 174.** The law which limits the time in which a wronged party may file legal action for obtaining justice is the statute of
- frauds.
 - limitations.
 - novation.
 - performance.
- 175.** The premium for a title insurance policy is
- paid annually.
 - paid semiannually.
 - a single premium, paid upon issuance.
 - included in the monthly mortgage payment.
- 176.** All of the following are exemptions to the federal Fair Housing Act of 1968 EXCEPT the
- sale of a single-family home where the listing broker does not advertise the property.
 - rental of a unit in an owner-occupied, three family dwelling where no advertisement is placed in the paper.
 - restriction of noncommercial lodgings by a private club to members of that club.
 - property is a state or local housing program designed specifically for the elderly.

177. When a buyer signs a purchase agreement and the seller accepts, the buyer acquires an interest in the real estate, prior to closing, known as
- equitable title.
 - equitable rights.
 - statutory rights.
 - servient tenement
178. Typically, physical possession of the property is given to the buyer
- upon a signing of the sales contract.
 - before close of escrow (settlement/closing).
 - the day of close of escrow (settlement/closing).
 - 30 days following close of escrow (settlement/closing).
179. The value of a piece of land
- is the present worth of future benefits.
 - includes a measure of past expenditures.
 - is what a buyer pays for the property.
 - is the same as the sales price.
180. As used in real estate finance, the term “point” means
- one percent of the purchase price.
 - the down payment expressed as a percentage of price.
 - one percent of the loan amount.
 - the borrower’s equity expressed as a percentage of value.
181. Susan obtained a loan on real estate by means of an instrument which conveyed title to the property to a trustee. This instrument is a
- note.
 - reconveyance deed.
 - mortgage.
 - deed of trust.
182. Richard seeks relief from zoning regulations on the ground of nonconforming use. Effective arguments to the zoning authorities would include all of the following EXCEPT that
- the nonconforming use existed prior to the passing of the zoning ordinance.
 - he would earn more by using the property for the purposes that don not conform with the zoning ordinance
 - the nonconforming use didn’t harm the public health, safety, and welfare
 - conforming to the zoning ordinance would create an undue hardship
183. A deed which is not recorded, is:
- valid
 - void
 - voidable
 - unenforceable
184. Which of the following is an economic characteristic of land?
- Immobility
 - Indestructibility
 - Nonhomogeneity
 - Scarcity
185. When property fails to sell at a court foreclosure for an amount sufficient to satisfy the mortgage debt, the mortgagee may usually sue for which of the following?
- Judgement by default
 - Deficiency judgement
 - Satisfaction of mortgage
 - Damages
186. A mortgage which is lower in lien priority than another mortgage on the same property is known as a
- first mortgage.
 - junior mortgage.
 - senior mortgage.
 - promissory note.
187. In order to convey title to real property, a deed must be signed by the
- grantee.
 - grantor.
 - agent.
 - buyer.

- 188.** A summary of all recorded documents affecting title to a parcel of land is called
- a.** a chain of title.
 - b.** an abstract of title.
 - c.** a title report.
 - d.** a title insurance policy.
- 189.** The most important factor in determining whether an item has become a fixture is the:
- a.** Method of attachment
 - b.** Adaptability of the item
 - c.** Original cost of the item
 - d.** Agreement of the parties
- 190.** The federal Fair Housing Act 1968 makes it illegal to discriminate because of
- a.** age.
 - b.** marital status.
 - c.** public assistance.
 - d.** religion.
- 191.** Sheila, a broker, listed a property under a valid written listing agreement. After the sale was completed, the owner refused to pay the broker's fee. Which of the following can Sheila do?
- a.** She can take the seller to court and sue for commission.
 - b.** She is entitled to a lien on the seller's property for the amount of the commission.
 - c.** She can go to court and stop the transaction until she is paid.
 - d.** She can collect the commission from the buyer.
- 192.** Assuming no loan insurance guarantee, a lender would most likely give its lowest interest rate on a loan to buy a(n)
- a.** owner-occupied house, 80% L/V.
 - b.** rental house, 80% L/V.
 - c.** owner-occupied house, 90% L/V.
 - d.** apartment building, 80% L/V.
- 193.** Three people are going to purchase an investment property as co-owners, and will take title as joint tenants. Which of the following statements is correct?
- a.** Each may convey his share to his heirs in his will.
 - b.** Each will receive a separate deed for his share.
 - c.** All will have equal interests in the property.
 - d.** Each will enjoy limited responsibilities for debts incurred on the property.
- 194.** One of the most outstanding characteristics of joint tenancy is that:
- a.** Tenants use separate deeds
 - b.** Tenants hold unequal interests
 - c.** Death extinguishes the interest of the deceased
 - d.** Interest of the deceased tenant pass to her natural survivors
- 195.** Most subdivision plats make use of which type of land description?
- a.** Lot and Block
 - b.** U.S. Government survey
 - c.** Assessor's parcel number
 - d.** Rectangular survey
- 196.** A title insurance policy issued for the protection of a lender who has taken real estate as collateral for a loan is called
- a.** a lender's policy.
 - b.** mortgage insurance.
 - c.** an owner's policy.
 - d.** a borrower's policy.
- 197.** A broker receives a check for earnest money from a buyer and deposits the money in an escrow or trust account. He does this to protect himself from the charge of which of the following?
- a.** Commingling
 - b.** Novation
 - c.** Lost or stolen funds
 - d.** Embezzlement
- 198.** In an appurtenant easement the property burdened by the easement is known as a
- a.** prescriptive estate
 - b.** dominant estate
 - c.** condemned estate
 - d.** servient estate

199. Helen grants a life estate to her grandson and stipulates that, upon death, the title will pass to her son-in-law. What is the second estate?
- Estate in reversion
 - Estate in remainder
 - Estate for years
 - Estate in recapture
200. A buyer made an offer of \$250,000 on a property with no contingencies and the offer was accepted. The buyer planned to build a shopping center, but never mentioned it to the agent. Just before the closing, the buyer discovered that he could not build the shopping center. What is the status of the sales contract?
- Valid
 - Void
 - Voidable
 - Unenforceable
201. Which of the following liens holds the highest degree of lien priority?
- Federal income tax liens
 - Mechanic's lien
 - Ad valorem tax liens
 - First mortgage liens
202. When a mortgage loan has been paid in full, which of the following is the MOST IMPORTANT thing for the borrower to do?
- Put the paid note and all canceled papers in a safe-deposit box
 - Arrange to receive and pay future real estate tax bills
 - Be sure the mortgagor signs a satisfaction of mortgage
 - Record satisfaction of mortgage
203. Quitclaim deeds are often used to convey
- title as a gift.
 - the grantor's interest without imposing any future obligations to defend the title upon the grantor.
 - title to a blood relative.
 - condominium ownership.
204. Which of the following BEST defines physical depreciation?
- Functional obsolescence caused by a poor design
 - External obsolescence caused by any outside factor
 - Deterioration caused by the age of the building
 - Deterioration caused by a normal wear and tear of the property
205. Exchanging of real properties is popular among sophisticated investors because
- large amounts of cash facilitate trades.
 - income taxes may be deferred on profits from the first property in the transaction.
 - it is easier to trade properties than to finance individual purchases.
 - trades keep the IRS out of the transaction.
206. All of the following are examples of public restrictions **EXCEPT**:
- police power
 - encroachment
 - eminent domain
 - escheat
207. In determining whether an article of personal property has become a fixture, which of the following tests would NOT be applied?
- Manner of attachment
 - Cost of the article
 - Adaptation of the article to the land
 - Existence of an agreement between the parties

- 208.** The federal Truth-in-Lending Act
- a.** requires a lender to estimate a borrower's loan closing charges on all mortgages.
 - b.** regulates advertising that contains information regarding mortgage terms
 - c.** prevents brokers from using phrases like "FHA-VA financing available" in classified ads
 - d.** dictates that all mortgage loan applications be made on specially prepared government forms.
- 209.** Which of the following is NOT necessary in a listing contract?
- a.** The signature of all parties on the deed
 - b.** The signature of the sellers
 - c.** The signature of the broker
 - d.** The signature of the buyer
- 210.** The law requiring that transfers of real property ownership be in writing is known as the
- a.** Law of Evidence.
 - b.** Statute of Liberties.
 - c.** Statute of Frauds.
 - d.** Statute of Limitations.