

Student's Name _____

Final Exam Study Guide

There are 240 questions in this Study Guide. 150 of these questions will appear on the Final Exam. I suggest that you take the test as if it were an actual test. After you have completed answering all the questions go back and check your work. In checking your answers, you are free to use any resource (the text book, dictionaries, legal encyclopedias etc) in assisting you to answer the questions. You may also work in study groups. Good luck. x1111fb

Final Exam Study Guide Spring 2017 Section 101**Part A: Multiple-Choice**

On the line to the left, place the letter of the choice that best completes or answers each of the following statements or questions.

1. 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.
2. An offer has been accepted on a property. After the title search, who gives an opinion of title?
 - a. An attorney
 - b. The seller
 - c. The buyer
 - d. The broker
3. 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
4. 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?
 - a. Valid
 - b. Void
 - c. Voidable
 - d. Unenforceable
5. A handicapped person moved into an apartment and at his own expense lowered the light switches, lowered the kitchen cabinets, installed handrails, and widened the doorways. At the expiration of the lease, which of the following would the tenant LEAST LIKELY have to return to its original condition?
 - a. Light switches
 - b. Kitchen cabinets
 - c. Handrails
 - d. Doorways
6. 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

7. Which of the following is an example of an emblemment?
 - a. A stand of walnut trees
 - b. A field of corn
 - c. An apple orchard
 - d. A vineyard
8. A buyer's agent is usually considered to be in what relationship to the seller?
 - a. Client
 - b. Customer
 - c. Agency
 - d. Subagency
9. Which of the following is a physical characteristic of real estate?
 - a. Mobility
 - b. Scarcity
 - c. Uniqueness
 - d. Transferability
10. Which of the following normally purchases mortgages in the secondary mortgage market?
 - a. Mortgage banking companies, savings, and loans, commercial banks, and mutual savings banks.
 - b. Fannie Mae, Ginnie Mae, and Freddie Mac
 - c. Federal Housing Administration
 - d. Department of Veterans Affairs
11. Broker Alma had a listing agreement to sell Noah's house. Noah found a buyer for the house and Alma collected the brokerage fee. The type of listing agreement Alma had is a(n)
 - a. exclusive-right -to-sell listing.
 - b. exclusive agency listing
 - c. open listing
 - d. net listing
12. 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.
13. Recording a deed provides the greatest benefit for the
 - a. grantor
 - b. public
 - c. attorney
 - d. grantee
14. 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
15. A section of real estate
 - a. contains 460 acres.
 - b. is 1 mile square.
 - c. contains 43,560 acres.
 - d. is numbered to indicate either north or south
16. 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
17. Andrew leases the 12 apartments in the Overton Arms for a total monthly rental of \$3,000. If this figure represents an 8 percent annual return on Andrew's investment, what was the original cost of the property?
 - a. \$450,000
 - b. \$360,000
 - c. \$45,000
 - d. \$36,000
18. 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
19. 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?
 - a. Estate in reversion
 - b. Estate in remainder
 - c. Estate for years
 - d. Estate in recapture

20. The borrower's offer of \$190,000 was accepted. She has a 10 percent down payment and would like to avoid paying for private mortgage insurance. Is there a loan that would allow her to accomplish her goal?
 - a. Yes, she can borrow \$19,000 from a private source, tell the lender she has a 20 percent down payment instead of a 10 percent down payment, and avoid private mortgage insurance.
 - b. Yes, if the seller will negotiate a purchase money mortgage for \$19,000 and agree to be in a second lien position on the property, she can avoid private mortgage insurance.
 - c. No, because all borrowers must pay private mortgage insurance when negotiating any type of loan.
 - d. No, because private mortgage insurance is always paid when a borrower has less than a 20 percent down payment.
21. Which of the following is NOT an example of a subdivision rule and regulation?
 - a. The agreement that the property cannot be sold and used as a waste disposal site
 - b. The agreement that a tree house cannot be built on the property
 - c. The agreement that walls and fences shall not exceed four feet in height
 - d. The agreement that no structure of a temporary character shall be constructed on any lot
22. A couple wants to list a home they have lived in for 38 years because they have decided to move to Florida before the winter storms arrive. The listing agent is aware that zoning may change in the area, which would greatly increase the value of their property. The agent should say?
 - a. say nothing incase the zoning does not change
 - b. inform the sellers of all the facts she has regarding the zoning change, and let them make the decision about listing the property
 - c. List the property because she has a buyer that has already shown interest, and if it sells, then the sellers will be in Florida before the winter storms
 - d. list the property and say nothing because if the zoning does change, the listing contract will be void anyway
23. 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
24. What is a tenancy at will?
 - a. A tenancy created by the consent of the landlord
 - b. A tenancy that expires a specific date
 - c. A tenancy created by the death of the owner
 - d. A tenancy created by the testator
25. A seller wants to net \$65,000 on his house after paying the broker's fee of 6 percent. What will the gross selling price be?
 - a. \$69,149
 - b. \$68,900
 - c. \$67,035
 - d. \$66,091
26. The value of a piece of land
 - a. is the present worth of future benefits.
 - b. includes a measure of past expenditures.
 - c. is what a buyer pays for the property.
 - d. is the same as the sales price.
27. Wilma is buying a condominium in a new sub-division and obtaining financing from a local savings and loan association. Which of the following BEST describes Wilma?
 - a. Vendor
 - b. Mortgagee
 - c. Grantor
 - d. Mortgagor
28. 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.
29. Ellen is purchasing a house under a contract for deed. Until the contract is paid, Ellen has
 - a. legal title to premises
 - b. no interest in the property
 - c. a legal life estate in the premises.
 - d. equitable title in the premises.

30. Broker Len receives a deposit with written offer from Fergus, that includes a ten-day acceptance clause. On the fifth day, and prior to acceptance by Carla, the seller, Fergus, notifies Len he is withdrawing his offer and demands that his deposit be returned. In this situation
 - a. Fergus cannot withdraw the offer: it must be held open for the full ten days.
 - b. Fergus has the right to revoke his offer and secure the return of the deposit at anytime before he is notified of Carla's acceptance.
 - c. Len notifies Carla that Fergus is withdrawing his offer, and Len and Fergus each retain one-half of the deposit.
 - d. Len declares the deposit forfeited and retains it for his services and commission
31. 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.
32. A homeowner who always maintains his house has just discovered that he has termite infestation. This is an example of
 - a. incurable physical obsolescence.
 - b. possible curable physical obsolescence.
 - c. possible curable economic obsolescence.
 - d. incurable internal obsolescence
33. When appraising property, the appraiser considers which of the following?
 - a. The original price paid for the property, if purchased within three years.
 - b. The reconciliation of the values determined by the different methods of appraising
 - c. The average cost of the comparable properties, after adjustments are made
 - d. The cost for updating the subject property other than the cost of replacing the carpet.
34. On Monday, Victor receives an offer from Leona for \$12,000 on a vacant lot he has for sale. On Tuesday, Victor rejects the offer, counteroffers at \$13,000, and gives Leona three days to accept. On Friday, Leona rejects the counteroffer and Victor then accepts Leona's original offer. Under these conditions there is
 - a. a valid agreement, because Leona accepted Victor's offer exactly as it was made.
 - b. not a valid agreement, because Leona's offer was rejected, and once rejected, it cannot later be accepted.
 - c. a valid agreement, because Leona accepted before Victor advised her that the offer was withdrawn.
 - d. not a valid agreement, because Victor's offer was not accepted within 72 hours.
35. Due to economic growth in an area, a house designed by a famous architect is now in a flight pattern from the nearby airport. This is an example of
 - a. external obsolescence, and the owners could receive compensation
 - b. external obsolescence, and the owners will not under any circumstances receive any compensation.
 - c. functional obsolescence because of the poor design.
 - d. functional obsolescence because of the noise from the planes.
36. 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
37. Which of the following is NOT found in the appraisal report?
 - a. Date of the inspection
 - b. Condition of the subject property
 - c. Adjustment of the subject property
 - d. Signature of the appraiser

38. 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.
39. If a mortgage on a house is 80percent of the appraised value and the mortgage interest of 8 percent amounts to \$460 per month, what is the appraised value of the house?
 - a. \$86,250
 - b. \$71,875
 - c. \$69,000
 - d. \$92,875
40. A building is 100 feet by 150 feet and sits on a lot valued at \$25,000. If the replacement cost of the property is \$25 per square feet and it has depreciated 5 percent, what is the value of the property?
 - a. \$375,000
 - b. \$381,250
 - c. \$481,250
 - d. \$318,250
41. 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
 - a. binding, as the broker was acting as the owner's agent in good faith.
 - b. of no value to the broker because it is a void.
 - c. the basis of recovery of a commission if the broker produces a buyer.
 - d. renegotiable
42. Perry defaulted on his home mortgage loan payments, and the lender obtained a court order to foreclose on the property. At the foreclosure sale, however, Perry's house sold for only \$29,000: the unpaid balance on the loan at the time of foreclosure was \$40,000. What must the lender do to recover the \$11,000 Perry still owes?
 - a. sue for damages
 - b. sue for specific performance
 - c. seek a judgment by default
 - d. seek a deficiency judgement
43. All of the following are exemptions to the federal Fair Housing Act of 1968 EXCEPT the
 - a. sale of a single-family home where the listing broker does not advertise the property.
 - b. rental of a unit in an owner-occupied, three family dwelling where no advertisement is placed in the paper.
 - c. restriction of noncommercial lodgings by a private club to members of that club.
 - d. property is a state or local housing program designed specifically for the elderly.
44. The market rent for a duplex is \$650 per month per unit. If the GRM is 97, what is the value of the property?
 - a. \$81,250
 - b. \$162,500
 - c. \$126,500
 - d. \$216,500
45. Garage door remote controls are considered to be
 - a. personal property because they are movable
 - b. personal property because they are not attached
 - c. real property because sale contracts stipulate that they will be transferred.
 - d. real property because of the adaptation to the real estate.
46. A, B and C are co-owners of property. When C dies testate, A and B are the devisees to her one-half interest in the property. How do they own the property?
 - a. Joint tenancy
 - b. Tenancy in common
 - c. Severally
 - d. Partnership tenancy
47. Which of the following is an example of a free-hold inheritable estate?
 - a. Life estate
 - b. Dower estate
 - c. Estate at will
 - d. Fee simple defeasible estate

48. Tom and Sally moved into a condominium that boasted of many common facilities, including tennis courts, club house, work out room, and a putting green. Under a typical condominium arrangement, these common elements are owned by
 - a. an association of homeowners in the condominium
 - b. a corporation in which Frances and the owners of the other units own stock.
 - c. the couple and the owners of the other units in the form of an undivided interest.
 - d. the couple and the owners of the other units in the form of divided interests.
49. 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
50. 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
51. A mortgage using both real and personal property as security is a
 - a. blanket mortgage
 - b. package mortgage
 - c. dual mortgage
 - d. chattel mortgage
52. Tammy home is appraised at \$75,000, she obtains a mortgage for \$50,000 with two points, how much will she be charged by the lender at closing for the points?
 - a. \$1,500
 - b. \$100
 - c. \$1,000
 - d. \$150
53. A borrower obtained a second mortgage loan for \$7,000. The loan called for payments of \$50 per month, including 6 percent interest over a period of five years, with the final installment made as a balloon payment including the remaining outstanding principal. What type of loan is this?
 - a. Fully amortized loan
 - b. Straight loan
 - c. Partially amortized loan
 - d. Accelerated loan
54. Sandy bought property in a secluded area adjacent to the Pacific Ocean. Shortly thereafter, he noticed that people from town often walked along the shore in front of his property. He later learned that the locals had been walking along this beach for years. Sandy went to court to try to stop people from walking along water's edge in front of his property. Sandy is likely to be
 - a. unsuccessful, because the local citizens were walking there before he bought the property, and thus had an easement.
 - b. unsuccessful, because under the doctrine of littoral rights, he owns the property only to the high-water mark, and the public can use the land beyond that mark.
 - c. successful, because of the doctrine of riparian rights
 - d. successful, because he has the right to control access to his own property
55. All of the following are true about adverse possession EXCEPT
 - a. the person taking possession of property must do so without consent of the owner
 - b. occupancy of the property by the person taking possession must be continuous over a specified period
 - c. the person taking possession of the property must receive a Quitclaim Deed from the title owner of the property.
 - d. occupancy of the property by the person taking possession must be adverse to the title owner's rights

56. Reconciliation is an appraisal term used to describe the
 - a. appraiser's determination of a property's highest value.
 - b. average values of properties similar to the one being appraised.
 - c. appraiser's analysis and comparison of the results of each appraisal approach.
 - d. method used to determine a property's most appropriate capitalization rate.
57. In consideration of \$15,000, Jim gives Charles the right to purchase certain described real estate for \$200,000. If Charles enters into an agreement to purchase it within 60 days, Charles is a
 - a. optionor
 - b. escrowee
 - c. optionee.
 - d. grantor.
58. When a mortgage loan has been paid in full, which of the following is the MOST IMPORTANT thing for the borrower to do?
 - a. Put the paid note and all canceled papers in a safe-deposit box
 - b. Arrange to receive and pay future real estate tax bills
 - c. Be sure the mortgagor signs a satisfaction of mortgage
 - d. Record satisfaction of mortgage
59. Normally, the priority of general liens is determined by the
 - a. order in which they are recorded
 - b. order in which the cause of action arose
 - c. the amount of the lien
 - d. court order
60. When property is held in joint tenancy all of the following are true except:
 - a. the owners must be husband and wife.
 - b. either owner may sell his or her own interest separately to a third party by signing a quitclaim deed
 - c. there is a right of survivorship
 - d. the property may be partitioned
61. The practice of directing potential buyers of one race into one area and potential buyers of another race into a second area is known as
 - a. canvassing.
 - b. blockbusting.
 - c. redlining.
 - d. steering.
62. 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
63. 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.
64. All of the following are tests for determining a fixture EXCEPT
 - a. intent of the parties.
 - b. size of the item.
 - c. method of attachment of the item.
 - d. adaptation of the item to the particular real estate.
65. When real estate is sold under an installment land contract, possession is usually given to the buyer. The vendee's interest in the property is
 - a. a legal title interest
 - b. an equitable title interest.
 - c. kept by the seller until the full purchase price is paid.
 - d. held by the mortgagee until the full purchase price is paid.

66. To start condominium, a developer usually files which of the following?
 - a. Judgement
 - b. Lien
 - c. Certificate
 - d. Declaration
67. 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?
 - a. Deduct his commission and return the balance to George.
 - b. Deduct his commission and pay the balance to Elaine.
 - c. Return the entire amount of the earnest money to George
 - d. Pay the entire amount to Elaine to dispose of as she sees fit
68. If the annual rate of interest on a mortgage loan is 8.5 percent, and the monthly interest payment is \$201.46, what is the principal amount of the loan?
 - a. \$2,417.52
 - b. \$28,441.41
 - c. \$2,844.14
 - d. \$14,270.00
69. 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.
70. Mary and Dudley enter into a contract wherein Dudley will build a structure on some vacant land. Dudley begins work and finds that because of the nature of the soil, the supports for the structure must be dug much deeper than he had thought. The additional work will cause Dudley to lose money on the project. Under these circumstances
 - a. Dudley does not have to continue with the contract, under the doctrine of impossibility.
 - b. Dudley does not have to continue with the contract because Mary does not have the right to force Dudley to lose money.
 - c. Dudley can force Mary to renegotiate the contract because of Dudley's mistake, if the mistake was reasonable.
 - d. Dudley is liable for breach of contract if he fails to perform, and the fact that the job is more difficult than Dudley had expected is irrelevant.
71. Allen offers to sell Naomi certain undeveloped land in the country and represents to her that a new freeway will run right by the land, even though Allen knows that the plans for the new freeway have been dropped. Naomi, relying on the representation, purchases the land from Allen. Under these circumstances.
 - a. Allen can be forced to proceed with the sale even though there was fraud.
 - b. the contract is voidable at the option of Allen.
 - c. the misrepresentation automatically voids the contract
 - d. Naomi must purchase the property and cannot sue Allen for fraud.
72. If the market value of a house is \$84,500, the assessment ratio is 35 percent, and the tax rate is 30 mills, what are the monthly taxes?
 - a. \$887.25
 - b. \$942.50
 - c. \$73.94
 - d. \$87.72

73. 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
 - a. the nonconforming use existed prior to the passing of the zoning ordinance.
 - b. he would earn more by using the property for the purposes that don not conform with the zoning ordinance
 - c. the nonconforming use didn't harm the public health, safety, and welfare
 - d. conforming to the zoning ordinance would create an undue hardship
74. Jimmy and his neighbor both own irregularly shaped lots. To create a bird sanctuary, Jimmy would like to purchase part of his neighbor's property. If Jimmy has the properties surveyed, all of the following terms would most likely be found in the survey EXCEPT
 - a. datum.
 - b. monument.
 - c. point of beginning.
 - d. linear distance.
75. What is the legal procedure or action that may be brought by either the buyer or the seller to enforce the terms of a contract?
 - a. Injunction
 - b. Suit for specific performance
 - c. Lis pendens
 - d. Attachment
76. Which of the following contracts would become void on the death of one of the principals in the contract?
 - a. Listing contracts and offers
 - b. Listing contracts and sales contracts
 - c. Listing contracts and deeds
 - d. Listing contracts and mortgage
77. An investment property has annual expenses of \$15,000 and the annual net operating income is \$50,000. If the value is \$500,000, what is the cap rate?
 - a. 1 percent
 - b. 10 percent
 - c. 15 percent
 - d. 20 percent
78. A house sold for \$137,500, and the buyers secured an FHA mortgage. The required down payment was set at 3 percent for the first \$50,000 and 5 percent for any amount over \$50,000. What was the amount of the mortgage?
 - a. \$1,500
 - b. \$4,375
 - c. \$133,125
 - d. \$131,625
79. Broker Kate pays her salespeople 20 percent of the commission for listing property and 40 percent of commission for selling it. The commission rate is 5 percent. What was the selling price of a house if the salesperson who both listed and sold it received \$3,600?
 - a. \$120,000
 - b. \$200,000
 - c. \$72,000
 - d. \$100,000
80. Which of the following is a loan in which only interest is payable during the term of the loan and all principle is payable at the end of the loan period?
 - a. Amortized loan
 - b. Flexible loan
 - c. Fixed installment loan
 - d. Term loan
81. 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.
82. Sam is purchasing property from Harry and taking a quitclaim deed. Under the assurances of such a deed, Sam can be certain that
 - a. Harry has a good title to the property.
 - b. Harry's interest at that time in the property is being transferred to Sam.
 - c. Harry will convey after-acquired title.
 - d. there are no liens against the property that adversely affect marketable title.

83. Seller Henry and Broker Walter enter into an open listing agreement. Under such an agreement, Henry
 - a. must inform Walter of all potential buyers.
 - b. does not have to pay Walter a commission if Henry finds a buyer.
 - c. must pay Walter a commission if Henry or Walter finds a buyer.
 - d. must pay Walter commission if anyone but Henry finds a buyer.
84. 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
 - a. equitable title.
 - b. equitable rights.
 - c. statutory rights.
 - d. servient tenement
85. Which of the following parties to a long-term ground lease is the holder of the leased fee?
 - a. Lessor
 - b. Lessee
 - c. Grantee
 - d. Grantor
86. Seller's broker was working with a buyer on an exclusive-authorization-to-sell-listing, and presented an offer at less than the listed price. At the same time, the owner was dealing with another buyer who offered more money for the property and all in cash. The owner sold to the buyer at the higher price for all cash. The broker is entitled to:
 - a. a reasonable commission based upon the lower offer.
 - b. stop the sale of the property.
 - c. void the sale.
 - d. a commission based upon the higher selling price.
87. Buying real property "subject to the mortgage" is:
 - a. a type of conditional loan.
 - b. a mortgage bought by FNMA and sold to GNMA.
 - c. the taking of title to property by grantee with no personal responsibility for paying the mortgage loan.
 - d. the right to foreclose without going to court.
88. In preparing the mortgage document, it should be noted that:
 - a. the seller assumes no financial risk.
 - b. the title is conveyed immediately to the buyer.
 - c. the seller is the lender.
 - d. mortgage is required.
89. A buyer purchased a furnished fee simple home. He is assuming the existing mortgage. The settlement company will have drawn up all the following with exception of the:
 - a. bill of sale.
 - b. note and mortgage.
 - c. assumption agreement.
 - d. warranty deed.
90. Which of the following parties to a real estate sales transaction would have the MOST exposure to liability?
 - a. Grantor of quitclaim deed
 - b. Grantor of a loan assumption
 - c. Grantee taking subject to the loan
 - d. Grantor selling subject to the loan
91. C is purchasing a home by way of a VA loan. The closing statement reveals a payment of \$1,200 in discount points. How would this payment appear on the closing statement?
 - a. A reduction in the proceeds due seller
 - b. An addition of the principal due from buyer
 - c. A reduction in the buyer's down payment
 - d. An addition to the proceeds due seller
92. The Federal National Mortgage Association can do all of the following EXCEPT:
 - a. purchase conventional loans.
 - b. self mortgages to institutions.
 - c. buy FHA-VA loans.
 - d. originate federal loans.
93. A land contract (installment contract of agreement of sale) and a purchase-money mortgage are similar in that:
 - a. the seller assumes no financial risk.
 - b. the title is conveyed immediately to the buyer.
 - c. the seller is the lender.
 - d. a mortgage is required.

94. A VA loan may be granted for the purchase of a one-to four-family dwelling if:
 - a. the veteran certifies the rent collected will equal the mortgage payments.
 - b. the loan will be amortized for not more than 20years.
 - c. the veteran pays the points.
 - d. the veteran occupies one of the units.
95. The amount a lender will loan is generally based on:
 - a. the listed price.
 - b. the appraised value for loan purposes.
 - c. the appraised value for loan purposes or the sale price, whichever is lower.
 - d. the final sale price.
96. Under a Department of Veterans Affairs loan, a veteran can do which of the following?
 - a. Transfer his or her VA loan to another home
 - b. Sell his or her home and allow a non veteran buyer to assume the loan without a VA approval.
 - c. Require a veteran buyer to agree in the sale contract to assume the loan and substitute his or her VA eligibility.
 - d. Obtain the VA loan for a rental property.
97. Regulation Z provides a right of rescission:
 - a. to first mortgages to finance the purchase of a residential condominium unit.
 - b. that expires three business days after the date of consummation of the transaction, or the date on which the lender makes material disclosures, whichever is later.
 - c. in all credit transactions.
 - d. that does not apply to loans made by commercial banks.
98. Which of the following statements regarding deeds is true?
 - a. The general warranty deed gives the least liability to the grantor.
 - b. The quitclaim deed gives the least protection to the grantee.
 - c. The special warranty deed gives the greatest protection to the grantor.
 - d. The bargain and sale deed is unlawful.
99. H executes a deed of his farm to S. H keeps the deed in his safe deposit box. Upon his death, the box is opened, and attached to the deed is a note to give the deed to S. Who has title to the farm?
 - a. S
 - b. H's heirs
 - c. The state
 - d. S's heirs
100. Which of the following is covered by he covenant against encumbrances in a general warranty deed?
 - a. Undisclosed subsurface water pipe easement
 - b. Restrictive zoning ordinance
 - c. Rights of adverse possessor
 - d. Mining and water claims
101. The clause that defines or limits the quantity of the estate being conveyed is the:
 - a. partition clause.
 - b. revocation clause.
 - c. habendum clause.
 - d. reversion clause.
102. Which of the following parties is in the weakest position against a claim of title by a stranger?
 - a. A non occupant holder of a warranty deed
 - b. A non occupant holder of an unrecorded quit-claim deed
 - c. One who holds an unrecorded deed
 - d. One who holds a recorded quitclaim deed to the property.
103. An easement may be canceled by all of the following except:
 - a. the dominant estate
 - b. the servient estate
 - c. merging both estates into one
 - d. prescription
104. Deed restrictions are examples of:
 - a. Zoning ordinances
 - b. Police power
 - c. Private control of land
 - d. Leaseholds
105. In any valid lease, the lessor by law gives an implied covenant of:
 - a. quiet enjoyment
 - b. satisfaction
 - c. reconveyance
 - d. undue influence

106. If a written rental agreement is used
 - a. the agreement need not be signed to be enforceable
 - b. the agreement must be signed by the party to be charged
 - c. the Uniform Residential Landlord and Tenant Act requires only the landlord sign the agreement.
 - d. the Uniform Residential Landlord and Tenant Act requires only the tenant sign the agreement.
107. 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.
108. 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.
109. When a seller wishes to convey title by means of a statutory deed form, the salesperson
 - a. can advise the seller which deed form to use.
 - b. can advise the buyer which tenancy to use.
 - c. can help the seller fill in the blanks.
 - d. can fill it out for the buyer.
110. 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?
 - a. Alienation clause
 - b. Power of sale clause
 - c. Defeasance clause
 - d. Escalation clause
111. Under a deed of trust on real property, the trustee is
 - a. the owner of the property covered by the deed of trust.
 - b. empowered to foreclose upon default after advertising the sale.
 - c. the equitable owner of the property.
 - d. the holder of the grant deed.
112. To be a valid lien against a parcel of real estate a deed of trust must be signed by:
 - i. Trustee
 - ii. Trustor
 - iii. Beneficiary
 - a. Only i.
 - b. Only ii.
 - c. i. and ii.
 - d. ii. and iii.
113. A deed of trust loan must include a power of sale clause to be foreclosed by
 - a. Advertising the sale
 - b. Law suit
 - c. Judicial procedure
 - d. the FHA
114. Money for tax and insurance payments that accompanies principal and interest could be placed in any of the following accounts EXCEPT
 - a. suspense funds account
 - b. trust account
 - c. reserve account
 - d. escrow account
115. A primary mortgage lender is one who
 - a. lends to FNMA, FHLMC and GNMA.
 - b. pools, insures, guarantees and sells first mortgage loans.
 - c. makes loans to mortgagors.
 - d. buys only for first mortgages and deeds of trust.
116. Among the first steps an appraiser takes when evaluating a property is to determine:
 - a. the highest and best use.
 - b. reconcile the results.
 - c. estimate the improved property value.
 - d. estimate the land value.
117. 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.
118. For parcel of real estate to have value, it must have
 - a. utility.
 - b. scarcity.
 - c. transferability.
 - d. All the above.

119. 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
120. What is the interest the grantee when real estate is conveyed only for as long as specified conditions are met?
 - a. Defeasible fee
 - b. Indefeasible fee
 - c. Restrictive fee
 - d. Base fee
121. The United States uses both lien theory and title theory in mortgage law. Under the title theory the
 - a. mortgagor has title to the property.
 - b. mortgagee has title to the property.
 - c. mortgagor and mortgagee jointly hold title.
 - d. buyer holds title in trust.
122. Brokers who conspire to set commission rates or enter into an agreement to allocate a specific market are subject to which of the following?
 - a. Sherman Antitrust Act
 - b. Law of agency
 - c. Blue-sky laws
 - d. Securities Act of 1933
123. Which of the following affect the control and regulation of land and use?
 - a. Public and private land-use controls
 - b. Zoning ordinances
 - c. Deed restrictions
 - d. All of the above
124. 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
125. Which of the following is a method of foreclosure that does not require civil action?
 - a. Judicial foreclosure
 - b. Strict foreclosure
 - c. Sheriff's foreclosure
 - d. Nonjudicial foreclosure
126. Prorated items that represent prepaid expenses of the seller should be shown on the settlement statement as a
 - a. credit to the seller and debit to the buyer.
 - b. debit to the seller and credit to the buyer.
 - c. credit to the buyer.
 - d. debit to the seller.
127. A mortgager can direct financing from all of the following EXCEPT
 - a. mortgage banking companies.
 - b. savings and loan associations.
 - c. commercial banks.
 - d. Ginnie Mae.
128. After the statute of limitations has run out, a contract that has been breached is which of the following?
 - a. Unenforceable
 - b. Rescinded
 - c. Terminated
 - d. Discharged
129. In the event of the parties to a contract wish to delete a provision in the printed agreement form, they should
 - a. execute a supplement to the purchase agreement .
 - b. cross out the provisions to be deleted.
 - c. have there signatures notarized.
 - d. arrive at an oral agreement to make the changes.
130. 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.
131. How many acres are in the S1/2 of the NW 1/4 of the SE 1/4 of a section?
 - a. 10
 - b. 20
 - c. 40
 - d. 120

132. 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.
133. Sam leases a property to Henry under an oral one-year lease. If Henry defaults, Sam may
 - a. not bring court action because of parol evidence rule.
 - b. not bring court action because of the statute of frauds.
 - c. bring a court action because of one-year leases need not be in writing to be enforced.
 - d. bring a court action because the statute of limitations does not apply to oral leases.
134. Acceleration is a term associated with which of the following?
 - a. Listings
 - b. Sales contracts
 - c. Mortgages
 - d. Leases
135. The federal Fair Housing Act 1968 makes it illegal to discriminate because of
 - a. age.
 - b. marital status.
 - c. public assistance.
 - d. religion.
136. Broker Allen enters into a listing agreement with seller Bennett wherein Bennett will receive \$12,000 from the sale of a vacant lot and Allen will receive any sale proceeds over and above that amount. The type of listing agreement into which Allen and Bennett entered is
 - a. called a gross listing.
 - b. a highly popular method of listing property in most states.
 - c. called an exclusive agency
 - d. called a net listing
137. 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?
 - a. \$275,000
 - b. \$176,000
 - c. \$200,000
 - d. \$183,000
138. 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
139. All of the following situations are in violation of the federal Fair Housing Act of 1968 EXCEPT the
 - a. refusal of property manager Joe Kelley to rent an apartment to a Catholic couple who are otherwise qualified.
 - b. general policy of the Locust Loan Company, which avoids granting home improvement loans to individuals "changing" neighborhoods.
 - c. intentional neglect of a broker Harvey Hall to show a black family any property listings of homes in all-white neighborhoods.
 - d. insistence of Agnes Taylor, a widow, on renting her spare bedroom only to another women.
140. A licensed salesperson is authorized by law to
 - a. sign a closing statement
 - b. collect a commission directly from a principal for performing assigned duties.
 - c. advertise listed property under his or her own name.
 - d. act under the supervision of a real estate broker.
141. If either party to a real estate sales contract defaults, usually the other party can
 - a. bring an action of adverse possession.
 - b. declare the sale canceled and has no legal recourse.
 - c. serve notice of redemption.
 - d. sue for specific performance.

142. In estimating the value of commercial property, what is the appraiser's most important consideration?
 - a. Reproduction cost
 - b. Net income
 - c. Gross rent multiplier
 - d. Gross income
143. All the following are example of a specific lien EXCEPT
 - a. real estate taxes.
 - b. an IRS lien.
 - c. a mortgage.
 - d. a mechanic's lien.
144. Which of the following types of ownership are characterized by the right of survivorship?
 - a. Joint tenancy and tenancy in common
 - b. Joint tenancy and tenancy by the entireties
 - c. Joint tenancy and severalty
 - d. Joint tenancy and condominium tenancy
145. The type of ownership that blends severalty and tenancy in common ownership is a
 - a. periodic tenancy.
 - b. condominium.
 - c. cooperative.
 - d. life estate.
146. If K grants a life estate to L based on the life of M, and L dies before M, what is the status of the life estate?
 - a. It belongs to K in fee simple absolute ownership.
 - b. It belongs to K remainderman.
 - c. It belongs to M and the heirs of M.
 - d. It belongs to L's heirs until the death of M.
147. A subdivision has a deed restriction that does not allow tree houses. An architect moves into the subdivision and builds a tree house in the back yard. How many neighbors will it take to enforce the deed restriction and what action should be taken?
 - a. 75 percent of the neighbors must sign a petition that will be given to the local zoning board for enforcement.
 - b. Only one neighbor needs to take action through the local zoning board.
 - c. Only one neighbor needs to take action through the court system.
 - d. 75 percent of the neighbors must take action through private court action.
148. A developer discovers that a proposed swimming pool in a condominium community meets all local zoning requirements except for the side yard line on one side of the clubhouse. What should the developer do?
 - a. Because its only on one side of the clubhouse, no action is necessary on the part of the developer.
 - b. The developer should file for a variance with the local zoning board.
 - c. The developer should file for a nonconforming use with the local zoning board.
 - d. The developer should continue with the construction and later file for an adverse possession claim to the property.
149. Which of the following situations would terminate a listing agreement without legal liability?
 - a. Death of the agent
 - b. Destruction of the broker's office
 - c. Death of the seller
 - d. Bankruptcy of the agent
150. An exclusive listing is usually an
 - a. executory bilateral contract.
 - b. exculpatory bilateral contract.
 - c. executed unilateral contract.
 - d. executed implied contract.

151. An agent listed a property for \$89,000 and five days later received an offer of \$89,000. Which of the following is true?
 - a. The seller must accept the offer because it is for the listed price.
 - b. The buyer cannot withdraw the offer because it is for the listed price.
 - c. The seller does not have to accept the offer or pay the broker's commission unless she or he accepts the offer.
 - d. The buyer may withdraw the offer prior to its acceptance.
152. Which of the following statements is NOT true?
 - a. A land contract is also known as an installment contract.
 - b. If a time for performance is not stated in a contract, the duties are expected to be performed within a reasonable time.
 - c. An equitable title is transferred when the deed is signed by the grantor at the closing table.
 - d. Liquidated damages are agreed to in advance by the buyer and seller to compensate one party if the other does not live up to the contract.
153. Because the cost of clean-up and removal of hazardous waste can be greater than the value of the property, an agent is expected to have
 - a. technical expertise in possible hazardous substances.
 - b. technical expertise in the area of asbestos, which is present in so many buildings.
 - c. taken a class on how to identify asbestos, because it is present in so many buildings.
 - d. a basic knowledge of hazardous substances and be aware of environmental issues in a real estate transaction.
154. The primary objectives of a property manager are to
 - a. generate the highest net operating income of the property while maintaining preserving the owner's investment.
 - b. secure tenants by offering the lowest possible rents that the budget allows.
 - c. negotiate contracts with service providers that give the manager the most advantageous kickbacks.
 - d. cut expenses in any way necessary to generate a profit for the owner.
155. A lease with a definite beginning, a definite ending, and no notice is required to terminate the lease is a (n)
 - a. estate for years.
 - b. periodic tenancy.
 - c. estate at will
 - d. estate at sufferance
156. A tenant entered into a three-year lease that was an estate for years agreement. On the termination of the lease agreement, the tenant remained in possession of the property. Which of the following is true?
 - a. If the landlord accepted payment for another month, the original lease automatically renewed for another term.
 - b. The landlord could evict the tenant or treat the holdover tenant as a periodic tenancy.
 - c. The tenant had the right to remain in the property because the landlord did not give proper notice.
 - d. The tenant had the right to remain in property because the landlord does not have it rented to anyone anyway.
157. Which of the following is NOT a requirement for a valid lease?
 - a. Offer and acceptance
 - b. Description of the leased premises
 - c. Capacity to contract
 - d. An option agreement
158. A property leases for \$700 per month, plus 4 percent of all gross sales of more than \$350,000. How much were the gross sales if the rent paid for the year was \$14,975?
 - a. \$414,375
 - b. \$164,375
 - c. \$356,375
 - d. \$514,375
159. A homeowner purchased a first principal place of residence for \$69,000. In the next five years, she made \$10,000 worth of improvements. The property sold for \$109,000 and 6 percent commission was paid. Which of the following is true regarding the capital gains?
 - a. The adjusted basis is \$102,460.
 - b. The capital gain is \$23,460.
 - c. The capital gain is \$33,460.
 - d. The adjusted basis is \$89,000.

160. Which of the following is true regarding the refinancing of property?
- A title search is conducted, the property is appraised, and the borrower must requalify for the loan.
 - The general rule of thumb is that a property should be refinanced when there is a 1 percent interest differential.,
 - If the borrowers have divorced, only one party's income will still be considered because only one name is now on the deed.
 - If the borrowers have divorced, both parties income will be considered because both names are on the deed.
161. What is the priority of the following liens?
- IRS liens, then property taxes
 - IRS liens, then special assessments
 - First mortgage, property taxes
 - Property taxes, then first mortgage
162. A borrower purchased mortgagee's title insurance on a property. After the final payment was made on the mortgage, a title defect was found. The borrower may have recourse through the
- previous owner if a general warranty deed was transferred at the closing.
 - previous owner if a quitclaim deed was transferred at the closing.
 - title insurance company because a title insurance policy was secured when the property was purchased.
 - title insurance company even though a mortgagee's title insurance was secured when the property was purchased.
163. What is the MAJOR DIFFERENCE between constructive notice and actual notice?
- Constructive notice is a direct knowledge, while actual notice is legal notice.
 - Constructive notice is documented at an attorney's office, while actual notice is documented through the newspapers.
 - Constructive notice provides protection because it is recorded by an attorney, while actual notice can be recorded by an agent.
 - Constructive notice is notice that the law presumes we have, while actual notice is what a party actually knows.
164. Which of the following is NOT true regarding RESPA?
- RESPA requirements apply when a residential purchase is financed by a federally related mortgage loan.
 - RESPA was enacted to eliminate kickbacks and other referral fees that increase the cost of settlement.
 - RESPA requires that a good-faith estimate of settlement costs be provided to the buyer within two days of loan application.
 - The settlement statement must be made available for inspection by the borrower at or before settlement.
165. Robert and Dorothy, no longer needing their large house, decide to sell the house and move into a cooperative apartment building. Under the cooperative form of ownership, Robert and Dorothy will
- become stockholders in a corporation.
 - never lose their apartment if they pay their share of the cooperatives's taxes.
 - take out a new mortgage on their unit.
 - receive a 20-year lease for their unit.
166. Which of the following is NOT an example of a legal description?
- Geodetic survey
 - Lot and block
 - Metes and bounds
 - Torrens system
167. Carrie is buying a single-family home for investment purposes. The appraiser will MOST LIKELY use which method to appraise the property?
- Income
 - GIM
 - Cost
 - Market data

168. In appraising a residential property, the appraiser would make a
- positive adjustment to the subject property if the subject property had an amenity the comparable did not.
 - negative adjustment to the subject property if the subject property had an amenity the comparable did not.
 - positive adjustment to the comparable property if the subject property had an amenity the comparable did not.
 - negative adjustment to the comparable property if the comparable property did not have an amenity the subject property had.
169. Which of the following terms is associated with real estate property taxes?
- Caveat emptor
 - Caveat venditor
 - Annuity coepris
 - Ad valorem
170. A lender charged \$4,000 in discount points on a \$100,000 loan. How many discount points were charged?
- 1
 - 10
 - 4
 - 40
171. A borrower negotiated a 90 percent loan and the lender is charging two points. If his offer of \$190,000 is accepted, what is the minimum cash he will need to close?
- \$22,420
 - \$19,000
 - \$25,239
 - \$22,240
172. Buyer and seller agree to the purchase of a house for \$200,000 in which the buyer will make a \$30,000 down payment and the seller will take back a ten-year purchase money mortgage for the balance. There is nothing in the contract to indicate that time is of the essence. The sales contract will be valid for which of the following?
- Closing date
 - Interest rate
 - Signatures on the contract
 - Term of loan
173. A binder given by a buyer in a real estate transaction:
- must be monetary.
 - may be withdrawn by the buyer anytime before the seller signs his or her acceptance.
 - draws interest in favor of the broker.
 - must exceed 5 percent of sales price.
174. Which of the following is true under contract of sale in which the date of occupancy is later than the settlement date?
- The buyer does not acquire legal title upon settlement.
 - The contract should provide whether the seller is to pay any rent.
 - The buyer cannot obtain hazard insurance.
 - The seller is the legal owner until occupancy is ended.
175. If a lessee defaults on a lease and abandons the property in good condition, for which of the following could the lessee be held liable?
- Balance of the rent plus forfeiture of the security deposit
 - Balance of the rent plus the cost to find a new tenant.
 - Decrease in the market value of the property
 - Balances of the rent
176. If the title will pass a third party upon the death of the life tenant, what was the third party's interest in the property?
- Remainder interest
 - Reversionary interest
 - Conditional interest
 - Redemption interest
177. Under a percentage lease, the lessee pays \$400 per month plus 2.75 percent of gross sales. Last month's gross sales were \$198,210. How much is the rent?
- \$5,450.78
 - \$5,850.78
 - \$5,540.78
 - \$5,580.78

178. Which one of the following is true when the seller takes back a mortgage from the buyer as part payment for sale?
 - a. The seller is entitled to possession of the property until the debt is paid.
 - b. The seller retains legal title.
 - c. No second mortgage may be placed on the property by the buyer.
 - d. This is a purchase-money mortgage.
179. If the foreclosure sale proceeds are less than the outstanding debt and foreclosure expenses, which of the following remedies is available?
 - a. There is no remedy.
 - b. The mortgage must absorb the loss, as the mortgagor is liable only for foreclosure expenses.
 - c. Owner has the statutory right of redemption.
 - d. Mortgagee may obtain a deficiency judgment against the mortgagor.
180. E and D agreed to buy an apartment on the following terms: first mortgage loan on a 90 percent loan-to-value ratio; seller to accept a second mortgage for one-half the remaining balance, the remainder to be paid in cash as down payment. If the down payment was \$15,000, what was the amount of the first mortgage loan?
 - a. \$27,000
 - b. \$30,000
 - c. \$270,000
 - d. 300,000
181. Pat bought a home for \$75,000. He put up \$5,000 earnest money and secured an 80% loan. The bank charged four points and a 2.5% loan fee. How much cash will he need to bring to closing?
 - a. \$13,000
 - b. \$13,900
 - c. \$13,975
 - d. \$18,000
182. A buyer is assuming a VA loan and paying an additional \$5,000 cash for the property. The buyer should sign:
 - a. note and mortgage
 - b. warranty deed
 - c. assumption agreement
 - d. landcontract
183. All of the following are usually paid by the buyer at close of a residential sale EXCEPT:
 - a. title opinion
 - b. appraisal fee
 - c. commission
 - d. title insurance
184. 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 date is June 12, the:
 - a. buyer owes the seller \$796.93
 - b. buyer owes the seller \$643.07
 - c. seller owes the buyer \$796.93
 - d. seller owes the buyer \$643.07
185. The principal amount of the seller's current mortgage payoff is a:
 - a. credit to the seller
 - b. credit to the buyer
 - c. debit to the seller
 - d. debit to the buyer
186. When an appraiser uses the market comparison method, which of the following conditions may disqualify a sale as a fair market value transaction?
 - a. Sale to family member
 - b. Seller who was not in hurry to sell
 - c. FHA financed transaction
 - d. Neighbor's house sold for higher amount
187. Jake sold a property to Alma. He gave her a warranty deed which she accepted but never recorded. What is the status of the deed after Jake dies five years later?
 - a. valid
 - b. void
 - c. voidable
 - d. unenforceable
188. If a contract of sale is subject to the buyer's ability to sell their current home, and after a reasonable time on the market is unable to do so, the:
 - a. contract would be voidable by the buyer
 - b. contract would be voidable by the seller
 - c. contract would be void
 - d. contract would automatically be extended

189. The phrase “jointly and severally liable” in a lease applies when there are two or more:
 - a. makers
 - b. obligees
 - c. lessees
 - d. holders
190. In some states a mortgage is considered to be a transfer of title to real property. In other states a mortgage is interpreted as:
 - a. a bona fide purchase
 - b. a lien on the property
 - c. naked title
 - d. equitable title
191. Satisfaction of a deed of trust requires that the trustee execute and deliver a(n):
 - a. assignment of mortgage
 - b. subordination of mortgage
 - c. deed of reconveyance
 - d. satisfaction of mortgage
192. When the servient estate is sold, easements which are appurtenant to an adjoining parcel:
 - a. will automatically be terminated
 - b. revert to the original grantee
 - c. become public domain
 - d. run with the land
193. A deed that was not acknowledged or recorded, as between grantor and grantee it would be:
 - a. invalid because these omissions
 - b. voidable by the grantor
 - c. null and void
 - d. valid despite these omissions
194. Martha owns a life estate in Blackacre with a reversion to the grantor, her interest cannot:
 - a. be sold
 - b. be mortgaged
 - c. be devised
 - d. be leased
195. Restrictions in a deed:
 - a. can be removed by the grantor.
 - b. must be more lenient than zoning codes
 - c. must be more restrictive than the current zoning codes
 - d. are irrevocable
196. As to the dominant tenement an easement is:
 - a. an encumbrance.
 - b. an appurtenance.
 - c. a license.
 - d. an encroachment.
197. A survey reveals that Albert, through error, has recently built a patio one foot over on Alice’s land. This would be an example of:
 - a. a party wall.
 - b. an encroachment.
 - c. an appurtenance.
 - d. adverse possession.
198. Riparian rights are:
 - a. held by an owner living in a condominium.
 - b. held by an owner living on a watercourse.
 - c. a corporation’s ownership interest
 - d. the ownership rights of a cooperative
199. The word “fee” when used in connection with real estate means:
 - a. the broker’s compensation.
 - b. an estate of inheritance.
 - c. the charge made for searching title.
 - d. leased land.
200. Real property reverts to the government when a property holder dies intestate and no heirs can be found, this is called a/an:
 - a. reconveyance.
 - b. reversion.
 - c. escheat.
 - d. succession.
201. What document is used to convey personal property to a new owner?
 - a. Bill of sale
 - b. Chattel mortgage
 - c. Bargain and sale deed
 - d. Package mortgage

202. Of the following, all are true about apartment ownership EXCEPT:
- In a condominium, each owner is responsible for his or her own mortgage payments.
 - In typical cooperative association, if one or more members fail to pay their share of the mortgage, the other owners must make payments for the defaulting members, or risk foreclosure of the entire property.
 - In condominium, each owner holds stock of the corporation which owns the real estate and occupies the real estate under a proprietary lease.
 - In a condominium, each owner receives an apartment deed.
203. When a condominium owner defaults on his real property taxes, what can the government do?
- Foreclosure for taxes against the apartment.
 - Seek to recover from the condominium association
 - Exercise its right of eminent domain
 - Place a lien on the common elements
204. It is lawful under the Federal Fair Housing Act to:
- approve a loan to a person who has stated the intention to rent the property only to members of a minority group.
 - refuse to rent to an applicant who is disabled who has a prior violent criminal conviction.
 - require the applicant to sign a form that lists religion, sex and marital status.
 - deny housing to a pregnant women.
205. The federal Fair Housing Act permits:
- Charging a higher interest rate on a loan by a savings and loan association on the grounds the loan applicant intends to rent part of the subject property to members of a certain minority group.
 - Advertising property for sale only in publications primarily aimed at a particular ethnic group and using models of only that same ethnic group.
 - Refusing a loan on a house based on the religion of the applicant.
 - Denying housing based on the bad credit of the applicant.
206. Sara decides to use the services of SpeedySale Realty to list her home for sale below fair market value after an agent for SpeedySale Realty told her that religious minorities were moving into the neighborhood. SpeedySale Realty's discriminating actions can be BEST described as:
- redlining.
 - blockbusting.
 - steering.
 - legal.
207. A salesperson gets 60 percent of the commission on property he lists and sells for the firm. Which of the following transactions will earn the most money for the salesperson?
- \$50,500 at 7 percent
 - \$55,500 at 6.5 percent
 - \$60,750 at 6 percent
 - \$ 65,000 at 5.5 percent
208. Working for Time To Invest in Real Estate Agency, the listing salesperson gets 20 percent of the total commission on a sale. The selling salesperson gets 45 percent of the remainder. How much would Sam receive if he were both the listing and selling salesperson on a \$135,500 sale at 6 percent?
- \$2,926.80
 - \$3,880.80
 - \$4,552.8
 - \$5,284,50
209. An owner requests a broker to list a property for sale at \$70,000 and offers to let the agent retain any amount above \$65,000. On inspection, the broker believes the property is worth \$80,000. The broker should?
- get a net listing for the property at \$70,000.
 - buy the property herself for \$70,000.
 - refuse to take the listing.
 - inform the seller that the property is worth \$80,000
210. A fiduciary relationship exists between a principal and all of the following EXCEPT a (n)
- trustee.
 - agent.
 - mortgagee.
 - receiver.

211. All of the following are true when money is deposited in a client trust account, part of which will be used to pay the broker's commission, EXCEPT:
- the broker can withdraw his or her share of the money before the real estate transaction is consummated or terminated.
 - accurate records must be kept on the account.
 - the funds will remain in a non-interest bearing account unless agreed by the parties.
 - the money must not be commingled with the broker's personal funds.
212. An agent who has the right to bind a principal to a contract a(n)
- general agent.
 - broker with a listing.
 - special agent.
 - attorney at law.
213. The relationship between a real estate agent and a client is MOST similar to which of the following?
- Optionee and optionor
 - Vendee and vendor
 - Trustee and beneficiary
 - Mortgagee and mortgagor
214. A property manager's duties typically include all of the following EXCEPT:
- collecting rents.
 - pay expenses on behalf of owner.
 - marketing space.
 - advising the client on tax matters.
215. An Escrow agent's duties in closing a real estate transaction may include all of the following EXCEPT:
- determining that outstanding and unpaid liens will be satisfied.
 - see that the purchase price is paid.
 - handling the signing of documents.
 - prepare the legal documents (other than the deed).
216. An unrecorded deed made and delivered is:
- valid between the parties.
 - valid as to subsequent recorded interests.
 - invalid as to subsequent donees of the property.
 - voidable by either party.
217. The main function of the recording system is?
- Insures title against losses due to third-party claims.
 - Cures defects in title
 - To gives constructive notice of documents
 - Handling the closing of real estate sale
218. Which of the following is considered to be physical deterioration:
- obsolescence.
 - wear and tear.
 - reversion.
 - recapture.
219. When reproduction cost is greater than the appraised value, which of the following MOST likely has occurred?
- Accrued depreciation
 - Excessive appraisal
 - Economic obsolescence
 - Capitalization
220. Which of the following is true of real estate appraisers?
- They need a master's degree.
 - They usually base their fees on a percentage of appraised value.
 - They must have a professional designation such as MAI, SREA.
 - They must hold a state appraiser's licence or certification.
221. C purchased a \$92,500 home by making a \$12,000 down payment, securing a conventional first mortgage and a \$15,500 purchase-money second mortgage with the seller. What is the approximate loan-to-value ratio of the first mortgage?
- 66 2/3 percent
 - 70 percent
 - 75 percent
 - 80 percent
222. A lending institution will make a 30-year 9 1/2 percent loan on 70% loan to value ratio. If a house is appraised at \$75,700, what will be the first month's interest charge?
- \$300.83
 - \$419.50
 - \$526.46
 - \$752.08

223. In order to purchase a house for \$50,000 the lender requires a down payment of 4 percent of the first \$25,000 and 8 percent of the next \$25,000. In addition, the lender charges four discount points. What is the maximum amount of discount points paid?
- \$1,880
 - \$1,920
 - \$1,960
 - \$2,000
224. All of the following are true about condominiums EXCEPT:
- a declaration must be filed before any units may be sold
 - each unit owner has a fractional undivided interest in the common areas and facilities
 - each owner usually receives a separate tax statement
 - each owner has a proprietary lease with the association covering the unit
225. Harry owns Blackacre and gives Mary the right to use his driveway to reach her garage. What is Mary's interest called?
- Lease
 - Easement
 - Encroachment
 - Prescriptive right
226. How many acres are in a description reading "the NW/4 of the SE/4 and the S/2 of the SW/4 of the NE/4 of Section 4"?
- 40 acres
 - 50 acres
 - 60 acres
 - 80 acres
227. Cal, a licensed real estate broker, obtained an exclusive agency listing from Sam. Cal would NOT be entitled to a commission if:
- Cal sold the property himself
 - the property were sold through another broker
 - the property were sold through the multiple listing service
 - the seller sold the property to a neighbor across the street
228. Depreciation is said to be incurable if it:
- is economically feasible to correct
 - is not economically feasible to correct
 - affects only the land, but not the improvements
 - affects only the improvements but not the land
229. A structure with outdated electrical wiring is suffering from:
- curable physical deterioration
 - normal wear and tear
 - external obsolescence
 - functional obsolescence
230. Teri just closed on Whiteacre, when she records the special warranty deed with the county recorder, she is giving:
- constructive notice
 - actual notice
 - inquiry notice
 - special notice
231. The MAJOR DIFFERENCE between a latent defect and a patent defect is that a
- latent defect is found by inspection while a patent defect is hidden from view
 - patent defect is found by inspection while a latent defect is hidden from view
 - latent defects are not required to be disclosed unless they are material
 - latent defect need not be disclosed, but all patent defects must be disclosed
232. Jack, Karel, and Lana are owners of Blackacre as joint tenants. If Lana dies devising the property to her husband Tom in her will:
- Tom inherits the 1/3 interest
 - her heirs at intestacy inherit her 1/3 interest
 - Jack and Karel are joint tenants with Tom as a tenant in common
 - the property is automatically owned by Jack and Karel as one half owners
233. All of the following would affect the value of a property EXCEPT:
- title insurance
 - situs
 - zoning
 - location

234. Which of the following would not terminate a listing agreement?
- bankruptcy of the seller
 - death of the sales agent
 - eminent domain
 - expiration
235. Every enforceable contract for the sale of real estate must be in writing and signed by all parties, in accordance with the:
- Real estate license act
 - Uniform commercial code
 - Statute of frauds
 - Truth in Lending Act
236. As a general rule an oral sales contract involving the sale of real estate:
- can be enforced by specific performance
 - can be assigned to a third party
 - can be subject of a real estate commission
 - is unenforceable
237. The owner of Whiteacre who is seeking to make a use of Whiteacre which does not conform to a zoning ordinance should request a:
- variance
 - building permit
 - restrictive covenant
 - grandfather use
238. The terms *stable income*, *net worth*, and *credit history* describe three basic factors
- in assessing the sale price of the property
 - in assessing the buyer's qualifications
 - in assessing the enforceability of the purchase agreement
 - in assessing the marketability of the title to the property
239. A capital gain is
- classified as long term if the asset is owned for more than six months
 - computed only on improvements
 - computed only on land
 - a taxable profit that is realized from the sale or exchange of an asset
240. What do the terms *offer and acceptance*, *mutual assent*, and *meeting of the minds* have in common?
- the terms affect only grants of easements
 - the terms mean there is an unqualified acceptance of an offer, which is an essential element of a contract
 - the terms mean there is a qualified acceptance of an offer, which is an essential element of a contract
 - the terms affect only contract for the transfer of personal property at a foreclosure sale