Chapter 6-10 Test

Real Estate 2A

Answer all questions, choose the most correct answer. Put answers on a 882 scantron with a #2 pencil

1. In the U. S. Government Survey System, which lines run parallel to the principal base line?

a. township line

b. meridian line

c. range line

d. survey line

2. A person who makes a will is the:

a. executor (trix).

b. administrator (trix).

c. devisor (ee).

d. testator (trix).

3. When possession of land includes open and notorious use for 5 years, hostile to the owner's wishes, and payment of property taxes, this best describes:

a. intestate succession.

b. accession title.

c. alluvion ownership.

d. adverse possession.

4. The passing of real property thought probate is called:

a. devise.

b. eminent domain.

c. police power.

d. condemnation.

5. Which of the following is not required for a deed to be valid?

a. signature of grantor

b. granting clause

c. date

d. must be in writing

6. Chang deeds to Lopez and Lopez takes possession but does not record the deed. Chang then tells his friend Jones about the deed to Lopez. Chang then deeds the same property to Jones, who records the deed. Based on this information, title probably vests in:

a. Lopez.

b. Chang.

c. Jones.

d. both Lopez and Jones.

7. A sequential list of owners for a parcel of real estate is called:

a. constructive notice.

b. chain of title.

c. notarized record.

d. deed of reconveyance.

8. A deed need not be recorded in order to be valid, but must be delivered. Effective delivery depends on:

a. valid acknowledgment by the grantor.

b. physical transfer.

c. intention of the grantor.

d. knowledge of its existence by the grantee.

9. If a court proceeds to confirm a probate sale, the first additional bid must be what percent above the original bid?

a. 5 percent on the first $10,000, 3 percent on the remainder

b. 5 percent on the first $10,000 and any amount on the remainder

c. 10 percent on the first $10,000, 5 percent on the remainder

d. 10 percent on the first $10,000 and any amount on the remainder

10. Which of the following is not a principal baseline and meridian?

a. Humboldt

b. Mount Diablo

c. Riverside

d. San Bernardino

11. The highest form of ownership a person can have in a piece of property is:

a. fee simple absolute.

b. fee simple qualified.

c. life estate.

d. testate estate.

12. Interest in real property held by a tenant:

a. freehold estate.

b. fee estate.

c. rental estate.

d. less-than-freehold estate.

13. A valid joint tenancy must have the four unities of:

a. time, title, interest, remainder.

b. title, time, possession, interest.

c. interest, right, possession, time.

d. time, title, occupancy, possession.

14. Johnson and Moscowitz hold title as tenants in common. Upon Johnson's death, Johnson's interest passes to:

a. Johnson's heirs without probate.

b. Johnson's heirs with probate.

c. Moscowitz without probate

15. Susan owned a home prior to marriage to Carlos. Upon marriage, Susan's home:

a. remains her separate property unless commingled.

b. automatically becomes community property.

c. is converted to joint tenancy.

d. must have a deed recorded showing her married name as long as the property is not commingled with community property.

16. A married couple is planning to purchase a home. If they want to take title in such a way as to be able to will their separate interest, they should take title as:

a. community property, without the right of survivorship.

b. joint tenants.

c. limited partners.

d. any of the above.

17. Mr. Rhu deeds a life estate to Ms. Silva with the stipulation that upon her death the property comes back to him. If Rhu and Silva are killed together in an auto accident, who gets the property?

a. it escheats to the state

b. Rhu's heirs and devisees

c. Silva's heirs

d. the county where property is located

18. Which of the following is considered concurrent ownership?

a. as an unmarried person

b. community property

c. as a widow

d. none of the above

19. To have a valid joint tenancy, all the owner names must appear on the same document. This is known as the unity of:

a. time.

b. title.

c. interest.

d. possession tenancy.

20. Life estates are created by a:

a. mortgage.

b. deed.

c. trust deed.

d. both b and c.

21. An easement across another person's land is:

a. a voluntary lien.

b. a general lien.

c. an encumbrance.

d. Two of the above are correct.

22. If an owner fails to file a proper Notice of Completion in the County Recorder's office, all

unpaid mechanics have how many days to file a lien?

a. 30 days

b. 60 days

c. 90 days

d. 180 days

23. For a formally declared homestead to be valid, it must be:

a. recorded.

b. owner-occupied at all times.

c. placed on a conventional home, not on a mobile home.

d. Two of the above are correct.

24. A homestead is considered terminated when:

a. the home is rented to a tenant.

b. a final decree of divorce is granted.

c. the home is sold.

d. an abstract of judgment is recorded.

25. Sohal owns a home and has an easement over 20 feet of Lightfoot's land. Sohal sells to

Carter. Based on this information:

a. Carter is the servient tenement.

b. The easement is terminated.

c. Lightfoot has a lien.

d. Carter has an appurtenance.

26. A homestead, within the statutory amounts, will not protect against:

a. after recorded judgments.

b. mechanics' liens.

c. unsecured money debts that become secured by judgments.

d. after recorded attachments.

27. A court order to force the sale of real estate to pay a judgment is called:

a. an attachment.

b. a writ of execution.

c. a deficiency judgment.

d. a foreclosure.

28. The landlord has come by on the first of the month to collect rent from the tenant. He notices work on a new patio has begun, which he has not authorized. The tenant is not at home to ask about this new structure. The landlord should immediately:

a. file a mechanic’s lien.

b. file a notice of cessation.

c. file a notice of completion.

d. file a notice of non-responsibility.

29. Public restrictions are imposed on properties:

a. to make it difficult to obtain permits.

b. to protect the health and safety of the citizens.

c. so the homeowner's association cannot impose more restrictive regulations.

d. to assist the owner's personal desire when building.

30. A judgment is considered to be what type of lien?

a. constructive

b. voluntary

c. general

d. specific

31. A real estate promissory note that reads "$200,000 principal payable interest only monthly at a rate of 7%" is what type of promissory note?

a. straight

b. installment

c. principal and interest

d. accommodation

32. All of the following involve one phase of real estate financing except:

a. application.

b. analyzing.

c. leveraging.

d. closing.

33. An enforceable due-on-sale clause is correctly called an:

a. acceleration clause.

b. alienation clause.

c. wrap around clause.

d. prepay clause.

34. A negative amortized ARM means:

a. It can cause some problems in later years.

b. The payments may not cover the annual interest.

c. The unpaid interest is added to the principal.

d. All of the above are true.

35. Under the Trustee's Sale procedure, after a Notice of Default has been recorded, a borrower has how long to reinstate by making up past payments, penalties, late charges, and trustee expenses?

a. 5 days prior to trustee's sale date

b. 90 days

c. 3 months

d. 1 year

36. If a real estate loan is paid off in advance of the due date, some lenders are legally allowed to charge a penalty. This is called what type of penalty?

a. acceleration

b. alienation

c. prepayment

d. balloon

37. RESPA stands for:

a. Real Estate Settlement Procedures Act.

b. Real Estate Salesperson Association.

c. Real Estate Syndication Planning Act.

d. Real Estate Settlement Program Act.

38. An owner sells and the buyer takes over the existing loan. To relieve the seller of primary liability, the buyer must:

a. sign a non-recourse agreement.

b. take title contingent upon the note and trust deed.

c. take title subject to the note and trust deed.

d. assume the note and trust deed.

39. In an ARM loan, the distance between the borrower's rate and the index is called the:

a. cap.

b. adjustment.

c. margin.

d. teaser.

40. A clause in a trust deed that states that the lender's rights shall become secondary to a new trust deed is called:

a. an alienation clause.

b. a subordination clause.

c. a submortgage.

d. an escalation clause.

41. Which of the following words expresses a meaning most completely opposite to the term "alienation"?

a. amortization

b. ad valorem

c. acquisition

d. acceleration

42. For loans that fall under the California usury law, the maximum interest rate is:

a. 5% above the Federal Funds Rate.

b. 10% or 5% above the Federal Reserve Discount Rate, whichever is greater.

c. 10% or 5% above the Federal Reserve Discount Rate, whichever is lesser.

d. 10% above the Prime Rate.

43. The lower the ratio used to qualify the borrower for a real estate loan, the:

a. less net income is needed.

b. more gross income is needed.

c. less gross income is needed.

d. more net income is needed.

44. Which of the following is an institutional lender?

a. credit union

b. mortgage company

c. life insurance company

d. pension fund

45. The three major credit reporting agencies are:

a. Experian, TRW, and Equifax.

b. Experian, Equifax, and TransUnion.

c. TRW, Equifax, and FICO.

d. Equifax, Experian, and Franklin.

46. A Seller's Financial Disclosure Statement must be signed by the:

a. buyer.

b. seller.

c. broker.

d. all of the above.

47. A credit report is used to help measure a borrower's:

a. capacity to pay.

b. desire to pay.

c. income ratio.

d. qualifying ratio.

48. Sylvia wants to purchase a home. She is recently divorced and is receiving alimony for the next ten years in addition to child support for her three year old son. She has been in her present job for five years. What sources of income can she include in her loan application?

a. her salary from her job and alimony

b. her salary from her job only

c. her salary from her job and child support

d. her salary from her job, alimony, and child support

49. The ultimate source of all loan funds is:

a. taxes.

b. government spending.

c. transfer payments.

d. savings.

50. A secondary mortgage market is where:

a. existing lenders sell to other lenders and investors.

b. a seller carries a junior trust deed.

c. the supply of funds available for real estate loans is decreased.

d. the Federal Reserve tightens mortgage interest rates.

51. Fannie Mae is the:

a. Federal Home Loan Mortgage Corporation.

b. Federal National Mortgage Association.

c. Government National Mortgage Association.

d. Federal Deposit Insurance Corporation.

52. Which of the following are major types of California lenders?

a. commercial banks

b. savings banks

c. life insurance companies

d. all of the above

53. Who does not lend their money, but instead earns a fee for bringing a borrower and lender together?

a. mortgage banker

b. mortgage broker

c. mortgage consultant

d. mortgage investor

54. Insurance companies are one of the major sources for conventional loans. Insurance companies:

a. generally do not use the services of a loan correspondent.

b. restrict their loans to the immediate area of their home office.

c. loan funds primarily on large commercial properties.

d. have only a minor portion of their money in mortgages.

55. The Private Mortgage Insurance system:

a. costs too much.

b. qualifies the buyer for real estate loans.

c. requires 20 percent down.

d. stimulates the housing market.

56. Which of the following best defines a portfolio loan?

a. a mortgage used to acquire property

b. a single mortgage

c. a mortgage that includes chattels

d. a loan that will not be sold on the secondary mortgage market

57. Private mortgage insurance (PMI):

a. makes the payments if the borrower gets disabled.

b. is paid for by the lender.

c. pays the loan off if the borrower dies.

d. insures the lender for the top portion of the loan.

58. The most important consideration in an appraisal is the:

a. methods used.

b. experience, license, and integrity of the appraiser.

c. data gathered.

d. inspection of the title records.

59. The essentials of value include all of the following, except:

a. age.

b. utility.

c. scarcity.

d. demand.

60. Land is valued at $80,000. New construction cost for a home 35 feet by 45 feet is $100 per square foot. For a garage 25 feet by 25 feet, the cost is $40 per square foot. Depreciation is 10% of new replacement cost. What is the value estimate?

a. $262,500

b. $182,500

c. $164,250

d. $224,250

61. Objective value is also known as:

a. value in use.

b. market value.

c. utility value.

d. emotional value.

62. Real estate appraisers are needed to:

a. determine values for real property taxes.

b. help set premiums on fire policies.

c. estimate real estate loan values.

d. all of the above.

63. In a small country town, an appraiser was asked to place a value on the Town Hall. It was a beautiful building with unique Roman architecture. Which approach would the appraiser most likely emphasize?

a. cost

b. capitalization

c. comparison

d. gross rent multiplier