Chapter 11-15 Test

Real Estate 2A

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

1. For an escrow to be valid, there must be a:

a. conditional delivery of transfer documents to a third party.

b. real estate agent in the transaction.

c. title insurance policy.

d. 60-day limit on the closing date.

2. In a real estate transaction, who decides which escrow company to use?

a. the seller

b. the buyer

c. It is negotiated between the buyer and the seller.

d. the real estate agent

3. Which of the following is not exempt from the escrow licensing law?

a. trust companies

b. escrow companies

c. title insurance companies

d. real estate brokers when acting as an agent in the transaction

4. A history of title transfers for a particular parcel of land is a/an:

a. preliminary report.

b. title insurance policy.

c. abstracter index.

d. chain of title.

5. Which insurance policy requires the title company to make a physical inspection of the property?

a. CLTA

b. standard

c. RESPA

d. ALTA

6. In Northern California, most escrows are handled by:

a. escrow companies.

b. real estate agents.

c. title companies.

d. all of the above.

7. When an escrow officer receives conflicting instruction that cannot be resolved by the parties, the escrow officer can file a legal action in court called:

a. arbitration.

b. hold harmless.

c. interpleader.

d. settlement suit.

8. A standard title insurance policy insures against:

a. encroachments.

b. incompetent parties on record.

c. unrecorded easements.

d. mining claims .

9. Which law prohibits a real estate agent from receiving a referral fee from an escrow or title company?

a. Truth in Lending

b. Regulation Z

c. RESPA

d. all of the above

10. Title insurance does not cover publicly disclosed:

a. easements.

b. zoning ordinances.

c. deeds of trust.

d. deeds.

11. Title insurance rates are set by:

a. title companies.

b. insurance commissioner.

c. real estate commissioner.

d. corporation commissioner.

12. Prepaid property taxes would appear as a prorated:

a. credit to buyer.

b. debit to buyer.

c. debit to seller.

d. charge to lender.

13. On behalf of the buyer and seller, the escrow officer acts as:

a. an employee.

b. an independent contractor.

c. an agent.

d. a licensee.

14. Which law requires the escrow officer to prepare HUD-1 closing statements?

a. Truth in Lending

b. RESPA

c. Regulation Z

d. ECOA

15. It is illegal to screen and eliminate potential tenants based on:

a. income levels.

b. credit rating.

c. past delinquent rental history.

d. marital status.

16. A lease in which the lessee is required to pay the property taxes, insurance, and maintenance is known as a:

a. gross lease.

b. triple net lease.

c. percentage lease.

d. ground lease.

17. Lessor A leases to Lessee B who legally subleases to Sublessee C. Which of the following is correct?

a. Lessor A looks to Lessee B for payment.

b. Lessor A looks to Sublessee C for payment.

c. Lessee B does not have a contract with Sublessee C.

d. There is only one contract in this transaction.

18. A lease on agricultural land cannot exceed:

a. 15 years.

b. 37 years.

c. 51 years.

d. 99 years.

19. The maximum security deposit for an unfurnished apartment is:

a. one month’s rent.

b. two months’ rent.

c. three months’ rent.

d. four months’ rent.

20. A lease for a definite period of time at a flat rental rate is best described as an:

a. estate for years, payable at a gross rate.

b. periodic tenancy, payable at a gross rate.

c. estate for years, payable at a net rate.

d. periodic tenancy, payable at a net rate.

21. A landlord signs a lease and the lessee takes possession but never signs the lease. Under these circumstances, the lease is:

a. valid.

b. void.

c. voidable.

d. illegal.

22. Quite often a retail store owner will contract to pay rent under a percentage lease. This means the rent is based on:

a. net receipts plus a base rental fee.

b. gross receipts with an established base rent.

c. net receipts with an established maximum.

d. a fixed amount for entire lease.

23. How many units would there have to be in an apartment building to make it necessary for the owner to hire an onsite resident manager?

a. 20 or more units

b. 18 or more units

c. 16 or more units

d. 14 or more units

24. After a writ of possession has been granted to the landlord:

a. the landlord then removes the tenant.

b. the court send the tenant an eviction notice.

c. the landlord can now legally enter the property.

d. the sheriff sends the tenant an eviction notice.

25. Property management firms are usually paid:

a. as a commission.

b. a percentage of the rents collected.

c. by the tenant.

d. a flat rate.

26. Under the rental offset rules, which of the following is true? The tenant can do housing code repairs up to:

a. one month's rent, once per year.

b. two months' rent, twice per year.

c. one month's rent, twice per 12-month period.

d. one month's rent, twice per year.

27. Specific laws in the State of California make it illegal to screen and eliminate potential tenants for a rental unit based on:

a. religion, sex, or age.

b. race, color, or creed.

c. physical handicap or marital status.

d. all of the above.

28. Which of the following types of leaseholds is no longer used in the State of California?

a. periodic tenancy

b. tenancy at will

c. tenancy for years

d. tenancy at sufferance

29. A professional property manager

a. is required to have a real estate license.

b. must reside on the premises.

c. is typically a salaried employee of the property owner.

d. all charge the same amount for their services.

30. The subdivision law administered by the California Real Estate Commissioner, who requires the issuance of a public report, is called the:

a. Subdivision Map Act.

b. Subdivided Lands Act.

c. Subdivision Report Act.

d. Subdivided Interstate Act.

31. The Subdivision Map Act requires the filing of a subdivision map with:

a. local government.

b. state government.

c. federal government.

d. all of the above.

32. If a person purchases the right to occupy a unit for a certain designated period each year, this is called:

a. undivided ownership.

b. time share ownership.

c. cooperative ownership.

d. estate for years ownership.

33. Redlining in California is illegal because of the:

a. Fair Housing Act.

b. Rumford Act.

c. Unruh Act.

d. Housing Financial Discrimination (Holden) Act.

34. A stock cooperative is a:

a. corporation formed for the purpose of holding title to a building.

b. recreational development.

c. condo project.

d. community development.

35. Which of the following is the best definition of the term "zoning"?

a. joining together non-harmonious land uses

b. a deviation from subdivision rules and regulations

c. a division of land into designated land-use districts

d. enforcing the process of eminent domain

36. The state and federal governments have instituted laws prohibiting illegal discrimination in real estate transactions. Which of the following is a federal law that affects all states?

a. Holden Act

b. Rumford Act

c. Civil Rights Act of 1968 and 1988 Amendments

d. Unruh Civil Rights Act

37. All of the following are common interest developments, except:

a. condominiums.

b. PUDs.

c. stock cooperatives.

d. standard tract homes.

38. To exercise this power, government must have a public use and pay just compensation:

a. eminent domain.

b. police power.

c. planning.

d. zoning.

39. If a city planning commission turns down a variance request, the next level of appeal is to the:

a. city engineer.

b. city assessor.

c. city council.

d. courts.

40. Which of the following statements is not true in regard to the issuance of the preliminary public report on a subdivision project?

a. Subdividers may take reservations for purchase pending the issuance of the final public report.

b. Preliminary public reports are ordinarily good for five years.

c. It is canceled with the presentation of the final public report.

d. It is good for only one year.

41. Which is not an example of police power?

a. a property zoned single family residential

b. a one story construction limitation

c. smoke detectors required to be in homes

d. taking someone’s home to build a freeway

42. Discrimination due to race, color, or creed in housing under both federal and state legislation is:

a. illegal.

b. unlawful.

c. unenforceable.

d. all of the above.

43. Which is not a protected class in California?

a. Age

b. Religion

c. Occupation

d. Race

44. The homeowner's exemption, excluding local assessments, saves approximately how much in property taxes?

a. $100

b. $80

c. $70

d. $40

45. Ad Valorem means according to:

a. value.

b. appraisal.

c. assessment.

d. price.

46. The second installment of real property taxes is delinquent if not paid by:

a. November 1.

b. December 10.

c. February 1.

d. April 10.

47. When foreigners sell U. S. property, the Foreign Investment in Real Property Tax Act (FIRPTA) may require what percentage to be withheld from the sale proceeds?

a. 3 1/3 percent

b. 5 percent

c. 10 percent

d. 13 percent

48. Private property is deeded to the state for delinquent property taxes after:

a. 1 year.

b. 2 years.

c. 3 years.

d. 5 years.

49. When a special assessment is made on a piece of property under the Street Improvement Act of 1911:

a. property owner can deduct principal and interest.

b. failure to pay a special assessment can result in loss of the owner’s property.

c. it is appraised as per the amount of square footage.

d. assessment must be paid within six months.

50. In a 1031 real estate exchange, a tax liability arises if the person exchanging receives:

a. like kind property.

b. boot.

c. income property.

d. investment property.

51. Under certain conditions, married couples may exempt up to how much in gains from the sale of their personal residence?

a. $500,000

b. $250,000

c. $125,000

d. $50,000

52. The county tax assessor's duty is to determine:

a. the tax rate to be applied to assessed values.

b. assignment of parcel numbers to current secured tax rolls.

c. tax to be paid by the property owner.

d. value of the property for tax purposes.

53. A law used to finance public services in newly developed areas that can lead to high assessments for the affected owners is called:

a. Mello-Roos.

b. Holden-Aspen.

c. Alvareze-Greene.

d. Brown-Miller.

54. For investors, losses on the operation of rental real estate are what type of losses?

a. passive

b. active

c. actual

d. portfolio

55. Federal income taxes are referred to as a:

a. progressive tax.

b. regressive tax.

c. proportionate tax.

d. equalized tax.

56. Depreciation on residential rental properties is:

a. 27 ½ years.

b. 39 years.

c. 99 years.

d. 51 years.

57. Federal income taxes on the sale of income property can be deferred by which of the following methods?

a. all cash sale

b. 1031 exchange

c. installment sales

d. both b and c

58. A real estate licensee can sell used mobile homes provided the mobile homes have been registered with the:

a. Department of Housing and Community Development.

b. Federal Housing Administration.

c. Department of Veterans Affairs.

d. Department of Real Estate.

59. Which of the following roof styles is best described as a "pitched roof sloping from two sides with the sides meeting at the top"?

a. gable roof

b. gambrel roof

c. hip roof

d. mansard roof

60. A style of roof common on bars and Dutch Colonial homes is:

a. gable.

b. gambrel.

c. hip.

d. mansard.

61. In order to protect a building from seepage of water to the inside, around chimneys, and in the valley of the roof, builders use what is known as:

a. flashing.

b. matting.

c. drain pipe.

d. curbing.

62. An advantage of homeownership is

a. cost.

b. deductibility of interest and taxes.

c. liquidity.

d. pet restrictions.

63. A disadvantage of condominium ownership is

a. yard work.

b. exterior maintenance.

c. amenities.

d. association fees.