Chapter 4 Questions: Interests in Real Estate

1. An elderly man left the family home to his second wife with the provision that when she dies, the home goes to a son by his first wife. The second wife owns a bundle of rights but does not own the right to
   a. will the property.
   b. sell the property.
   c. lease the property.
   d. decorate the property.

2. Every workday for the past 20 years, a woman has parked her car in a specific place in the nearby parking garage. Today, she receives a notice that the garage will be replaced by an office building. Can they do this to her after all the years she parked there?
   a. No, because she has been parking there for more than 20 years; she has an easement by prescription.
   b. No, because she paid regularly and on time.
   c. Yes, because she only had a license.
   d. Yes, because she has nothing in writing.

3. A man conveyed a one-acre parcel of land to a preschool. In the deed, the man stated that the property was to be used only as a playground; the man reserved a right of reentry. What kind of estate has the man granted?
   a. Leasehold
   b. Fee simple subject to a condition subsequent
   c. Fee simple absolute
   d. Curtesy

4. A man files a notice in the public record of pending litigation affecting the title to a property. This notice reflects which of these?
   a. Fee simple determinable
   b. Police power
   c. An encroachment
   d. A lis pendens

5. A property owner gave land to a school “so long as the land is used for only academic and recreational purposes.” The ownership interest granted here is called
   a. an easement by prescription.
   b. an encumbrance.
   c. a bundle of rights.
   d. a fee simple determinable.

6. If the government acquires privately owned real estate through a condemnation suit, it is exercising its power of
   a. escheat.
   b. reverter.
   c. eminent domain.
   d. defeasance.
7. A man owned two acres of land. He sold one acre to a woman and reserved an easement appurtenant for entrance and exit over her acre to reach the public road. The woman’s land is
   a. capable of being cleared of the easement if the woman sells to a third party.
   b. the servient tenement.
   c. the dominant tenement.
   d. subject to an easement in gross.

8. A man owns a large undeveloped parcel of land on the side of a hill. The property borders a road on the lower edge. The owner sells the lower portion of the property to a woman, and she builds a home on it. Several years later, the owner sells the upper-portion of the property to another man. This man’s property does not border any road. For this man to gain access to the road, he must claim by implication of law an easement
   a. by necessity.
   b. in gross.
   c. by prescription.
   d. by restriction.

9. If the dominant estate merges with the servient estate, which of these is TRUE?
   a. The easement remains in effect for the entire parcel.
   b. The easement is suspended but cannot be terminated.
   c. The easement is terminated.
   d. The new owner must bring a suit seeking severance of the easement from the combined properties.

10. The homestead exemption in a town is $15,000. Four years ago, a man purchased a home for $58,000 and then experienced hard times. At a court-ordered sale, the man’s property is purchased for $60,000. If the man has an outstanding mortgage balance of $35,000 and credit card debts amounting to $24,360, how much is protected by the homestead exemption?
    a. $640
    b. $2,140
    c. $15,000
    d. $16,500

11. In some states, a husband cannot sell his property unless his wife also signs the deed. The wife’s interest is called
    a. personal property rights.
    b. homestead rights.
    c. curtesy rights.
    d. dower rights.

12. The state’s authority to enact legislation to protect the public is passed through to municipalities and counties through
    a. police power.
    b. enabling acts.
    c. licensing laws.
    d. processing papers.
13. The state requires enough land to build a four-lane highway. For the state to acquire the needed land, the state must do all of these EXCEPT
   a. demonstrate that it is for the public good.
   b. pay a fair and just compensation to the owner.
   c. allow the property owner the right to appeal any decision.
   d. reimburse the property owner for the amount that the property owner paid for the land.

14. A woman died in a nursing home. She had outlived all of her heirs and had not written a will. What happens to her $250,000 estate?
   a. It escheats to the state or county.
   b. The nursing home gets to keep it.
   c. It will be split between the nursing home and the county.
   d. It can be paid over to her church.

15. Which of these is defined as a claim, charge, or liability that attaches to real estate?
   a. Lien
   b. Easement
   c. Deed restriction
   d. Encumbrance

16. Which of these must exist for an appurtenant easement to exist?
   a. Two adjacent parcels, different owners
   b. Two adjacent parcels, one owner
   c. Landlocked property that requires passage to the street
   d. Long-time unauthorized usage

17. What are deed restrictions?
   a. Public land restrictions
   b. Illegal land restrictions
   c. Private agreements affecting the use of the land
   d. Informal agreements between neighbors

18. The electric company has the right to extend its wires over 50 parcels of land. What right does the electric company have?
   a. Appurtenant easement
   b. Easement by necessity
   c. Easement by prescription
   d. Easement in gross

19. For as long as anyone can remember, neighbor families have used a footpath to get to the river. Recently, the current owner erected a fence across the path. Which of these easements might the neighbors claim, which would require him to remove the fence?
   a. Easement by necessity
   b. Easement by prescription
   c. Easement in gross
   d. Appurtenant easement
20. The holder of a life estate is called
   a. an encumbrance.
   b. a life tenant.
   c. a remainderman.
   d. a successor.

Chapter 5 Questions: Forms of Real Estate Ownership

1. Which of these cannot take title as a joint tenant with right of survivorship?
   a. Wife and husband
   b. Two female business partners
   c. Two brothers in partnership
   d. A corporation

2. When two or more individuals decide to buy a property together, it results in a
   a. cooperation.
   b. co-ownership.
   c. community effort.
   d. joint venture.

3. Three brothers bought a farm together, and the deed listed only each of their names. What form of
   ownership are they presumed to have taken?
   a. Tenancy by the entireties
   b. Joint tenancy with right of survivorship
   c. Tenancy in common
   d. In severalty

4. What form of ownership is employed when one person transfers ownership to someone else to hold
   and manage for a third person?
   a. Joint venture
   b. Joint tenancy
   c. Trust
   d. Severalty

5. A man with two sons and a woman with two daughters are getting married, and they are buying a
   house together. They ask the real estate professional for advice about how to take title. What advice
   should the real estate professional offer?
   a. Tenants in common, so that each one-half in interest would go to the appropriate children
   b. Joint tenancy to protect each other; so that if one dies, the other gets the house
   c. Suggest that they consult with the employing broker
   d. Suggest that they consult with an attorney

6. A will provided that the local banker take care of the deceased person’s estate until the children
   reach age 25. What kind of trust is this?
   a. Testamentary trust
   b. Living trust
7. What kind of ownership do the horizontal property acts regulate?
   a. Cooperatives
   b. Condominiums
   c. Time-sharing
   d. Planned unit development

8. Shareholders in a cooperative receive shares of stock that entitle them to a
   a. common element lease.
   b. trust deed.
   c. proprietary lease.
   d. corporate deed.

9. Membership camping is similar to
   a. cooperative ownership.
   b. condominium ownership.
   c. planned use development.
   d. time-share use.

10. In a large highrise condominium, each unit is owned by individual owners. The elevators, parking garage, and swimming pool are called
    a. community property.
    b. separate property.
    c. common elements.
    d. proprietary elements.

11. Two women own an apartment building together as joint tenants. They share equally in the expenses and profits. One day, one of the women decides to end the relationship. If she sells her interest to a man by signing and delivering a deed, which of these statements is TRUE?
    a. The man will become a joint tenant with the remaining woman.
    b. The man and the remaining woman will be tenants in common.
    c. The man will be a tenant in common with the remaining woman and a joint tenant with the leaving woman.
    d. The conveyance will be invalid; the two women will remain joint tenants.

12. In February, a seller conveyed an undivided one-half interest in a parcel of land to a woman. In March, the seller conveyed the remaining one-half interest to a man. The deed to the man included this statement: “This man is to be a joint tenant with the woman.” Both deeds were recorded. Based on these facts, which of these statements is TRUE?
    a. The man and woman hold title to the land as joint tenants under the terms of the two conveyances from the seller.
    b. The man and woman own the land by partition.
    c. The man and woman are tenants in common.
    d. The man owns the land as a joint tenant; the woman owns the land as a tenant in common.
13. Three people own a large parcel of undeveloped land in joint tenancy. One of them wants to build a shopping center on the property, while the other two want to use it as an organic farm. The individual tries to buy the other tenants’ interests, but they refuse to sell. Which of these is the individual’s BEST option?
   a. File a suit for partition
   b. Begin building a shopping center on one-third of the property
   c. Wait for the other two to die
   d. File a suit to quiet title

14. A man owns and lives year-round in a cottage in a lakefront community. His ownership of the cottage is in fee simple. He also owns an undivided percentage interest in a parking lot, a golf course, and a swimming pool, all located in the development. Based on these facts alone, the man’s ownership is probably BEST described as a
   a. time-share estate.
   b. time-share use.
   c. condominium.
   d. cooperative.

15. Mike, Rebecca, and Noah agree to purchase and operate a property as a permanent investment. Mike and Rebecca each contribute $50,000. Noah contributes $30,000 and agrees to run the day-to-day operations of the business, which they call “Property Group Partners.” Neither Mike nor Rebecca has any right to participate in the operation of the venture. Based on these facts, what type of business organization has Mike, Rebecca, and Noah established?
   a. Joint venture
   b. Limited partnership
   c. General partnership
   d. Limited liability company

16. Based on the facts in the previous question, if the property collapses, resulting in injury and property damage worth $275,000, what will be Mike’s liability?
   a. None
   b. $50,000
   c. $91,667
   d. $100,000

17. All of these unities are required for a joint tenancy EXCEPT
   a. unity of title.
   b. unity of ownership.
   c. unity of time.
   d. unity of possession.

18. All of these are characteristics of a tenancy by the entirety EXCEPT
   a. title may be conveyed only by a deed signed by both parties.
   b. the surviving spouse automatically becomes sole owner of the property upon the death of the other spouse.
   c. each spouse owns an equal, undivided interest in the property as a single, indivisible unit.
the surviving spouse automatically owns one-half of the property acquired during the marriage.

19. A man creates a trust to pay for a broker’s real estate education. The trust is operated by a woman, who makes payments on behalf of the broker directly to the real estate school. Based on these facts, which of these statements BEST characterizes the relationships among these parties?

a. The woman is the trustor, the broker is the beneficiary, and the man is the trustee.
b. The man is the trustor, the real estate school is the beneficiary, and the woman is the trustee.
c. The man is the trustor, the broker is the beneficiary, and the woman is the trustee.
d. The man is the trustor, the broker is the beneficiary, the woman is the trustee, and the real estate school is the fiduciary.

20. A company is a legal entity, created by charter under the laws of the state. The company is managed and operated by a board and is permitted to buy and sell real estate. When one of its directors dies, the company continues to operate. Because of its structure, the company’s income is subject to double taxation. The company is BEST described as a

a. partnership.
b. condominium trust.
c. corporation.
d. limited liability company.

21. When a corporation takes complete ownership of a property, it is considered to be ownership in

a. joint tenancy.
b. tenancy in common.
c. partnership.
d. severalty.

22. In a tenancy in common, if the fractions of ownership are NOT stated in the deed, how are they determined?

a. The tenants need a judicial decision to determine the fractional shares.
b. The tenants are presumed to hold equal shares.
c. The tenants settle the issue through binding arbitration.
d. The tenants must terminate the tenancy in common through partition.

23. In the case of land trusts, the beneficiary is usually also the

a. trustor.
b. trustee.
c. fiduciary.
d. attorney in fact.