Real Estate Principles
Chapter 3 Quiz

1. Earl and Merle own a property together with undivided interests, without the right of survivorship. This would be considered:
   A. joint tenancy
   B. tenancy in common
   C. severalty
   D. a periodic estate

2. A possessory ownership right or interest in real property is a/an:
   A. lien
   B. encumbrance
   C. tenancy
   D. estate

3. In a condominium, real property tax assessments:
   A. are made on each individual unit
   B. are made on the entire property and then prorated by the building manager
   C. do not include the value of the condominium common areas
   D. will create a lien on the entire property, but not on the individual unit

4. A joint tenancy would become a tenancy in common in which of the following situations?
   A. One of two joint tenants dies
   B. One of three joint tenants dies
   C. One of two joint tenants gets married
   D. One of two joint tenants sells his interest to a third party

5. Which of the following would be considered an interest in personal property?
   A. Improvements constructed on the land
   B. Mineral rights
   C. A leasehold estate
   D. Growing trees in a natural forest

6. Adam leased a property from Casey for a five-year term. Casey died, at which point Adam found out that Casey had only a life estate in the property that he was leasing. The lease is:
   A. valid for the remaining five years
   B. valid until invalidated by the executor of Casey's estate
   C. valid only during the life of Casey
   D. invalid since it is fraudulent and illegal to lease a life estate

7. All of the following would defeat a joint tenancy, except:
   A. Conveyance of one's interest to a third party
   B. Receiving title in separate documents
   C. Each joint tenant is restricted to a certain portion of the property
   D. Executing a mortgage against one tenant's interest in the property
8. Jim, Mitch, and Noel own a vacant lot as joint tenants. If Jim dies:
   A. the joint tenancy is totally terminated
   B. Mitch and Noel receive Jim's interest through intestate succession if Jim dies without a will
   C. Mitch and Noel receive Jim's interest through survivorship as tenants in common
   D. Jim's interest is terminated

9. Of the following choices, which one contains only items of real property?
   A. Land, harvested grain, unextracted oil
   B. Flowing water, a leasehold estate, mineral rights
   C. Land, cultivated crops, lumber
   D. Land, growing trees, running stream

10. In his will, Raul left his house to his son, Steve, and Steve's wife, Tonya. Raul specified that
     Steve would receive a 2/3 interest and Tonya would receive a 1/3 interest, and that they would
     have the right of survivorship. How would Steve and Tonya take title?
     A. As community property
     B. As joint tenants
     C. As tenants in common
     D. As tenants by the entirety

11. Which of the following statements about condominiums is false?
     A. A condominium owner has an estate in real property
     B. A condominium owner has an undivided interest in real property plus a separate interest in a
     unit within that real property
     C. A condominium owner has an estate for years
     D. A condominium may be commercial or industrial

12. Of the following, which is the best definition of a fee simple absolute estate?
     A. Title and ownership without limitations
     B. An estate for years
     C. An estate based on a condition subsequent
     D. The greatest interest one can own in land

13. Which of the following is NOT considered a common element in a condominium?
     A. Lobby area
     B. Hallways within a unit
     C. Parking lot
     D. Elevator

14. Which of the following represents similarities between owning a condominium and owning a
     cooperative?
     A. The owners will receive a proprietary lease that authorizes use of the common areas
     B. The owners are assessed for the cost of maintenance to the common areas
     C. The owners will receive a deed for their respective interests
     D. The owners will be issued stock in the corporations that own their respective projects
15. In which of the following ways are joint tenancy and community property similar?
   A. Both are limited to husband and wife
   B. Both involve the right of survivorship
   C. Both involve equal ownership interests
   D. Both require the signature of all parties to sell the property
Answer Key with Explanations

1. B
Explanation: Tenancy in common is the form of co-ownership with no right of survivorship.

2. D
Explanation: An estate is the right to possess and have exclusive use of real property.

3. A
Explanation: Each individual unit owner will receive his or her own property tax bill. An individual unit owner's failure to pay property taxes will not create a lien on the entire property.

4. D
Explanation: If there are two joint tenants and one sells his interest to another party, the unities of time and title are broken, and the joint tenancy becomes a tenancy in common. If one of two joint tenants dies, the remaining tenant holds title in severalty. If one of three joint tenants dies, the other two continue to hold title as joint tenants. And if one of two joint tenants gets married, that doesn't affect the tenancy unless he or she re-deeds his or her interest in the property at that time.

5. C
Explanation: A lease is regarded as personal property, although it is closely related to real estate. In this manner, a lease may also be known as a chattel real.

6. C
Explanation: A person with a life tenancy may lease the property to another person, but the lease is effective only until the end of the measuring life. At that point, the property will either revert back to the grantor, or pass to third parties holding an estate in reversion.

7. D
Explanation: A mortgage or deed of trust executed by one joint tenant does not break the unities of title. An encumbrance such as a mortgage is only a security interest, not a sale.

8. D
Explanation: If a joint tenant dies, his or her interest is immediately terminated, and passes automatically to the other joint tenants. The surviving tenants continue to hold title as joint tenants.

9. D
Explanation: The land itself, as well as natural attachments and riparian rights, are all considered part of the real property. Harvested grain, a leasehold interest, and lumber would all be considered personal property.
10. C
Explanation: Although Raul specified that they would take title with the right of survivorship, he also specified that they would have unequal interests. Joint tenancy would be impossible because it requires unity of interest, so Steve and Tonya would have to receive the property as tenants in common instead.

11. C
Explanation: A condominium owner owns a freehold interest, not a leasehold interest (of which an estate for years is a common example).

12. D
Explanation: A fee simple absolute estate is the highest and most complete form of land ownership. A fee simple absolute estate may still be owned subject to limitations, such as liens or other encumbrances.

13. B
Explanation: A condominium unit (including the hallways within it) is owned separately by the individual unit owner. The common elements, such as the project's swimming pool and parking lot, are owned in common by all of the unit owners.

14. B
Explanation: Whether it's a condominium or a cooperative, every owner will be billed regularly for his or her share of the cost of maintenance for the common areas.

15. C
Explanation: Joint tenancy requires equal interests among joint tenants. Similarly, each spouse has an undivided 50% interest in the couple's community property.