Mock Exam I: National Section

1. A loan, secured by a mortgage, in which a borrower can reborrow up to the original loan amount without having to requalify for the loan, is called a/an:
   A. subordination loan
   B. construction loan
   C. open-end loan
   D. budget loan

2. A mobile home owner removes the wheels from the home and permanently mounts it on a concrete pad. Which of the following is true?
   A. The mobile home can be sold by a dealer without a real estate license because it is personal property
   B. Any sale of the mobile home is subject to sales tax
   C. It will be taxed as real property
   D. Any transfer of title to the home must be accomplished with a bill of sale

3. In a sale-leaseback:
   A. the grantor becomes the grantee
   B. the grantor frees up his capital without giving up possession of the property
   C. the broker has purchased the property
   D. the property is sold at a loss

4. A landlord may legally reject a tenant's application for a lease if:
   A. the tenant's family is too large for the rental unit
   B. the tenant's family has small children
   C. the tenant is physically handicapped
   D. the tenant is mentally impaired

5. A lease in which it is agreed that the rental payments will increase at regular intervals by a specified amount or according to a specified formula is called a:
   A. graduated lease
   B. gross lease
   C. percentage lease
   D. net lease

6. A tenant on a long-term commercial lease is going out of business. Because contract rent on the tenant's lease is well below current market rents, a broker advises the tenant to:
   A. sublease the property
   B. assign the lease
   C. surrender the lease
   D. sell the property

7. Which of the following statements about a lease is true?
A. It is both a contract and an instrument used to transfer an interest in land
B. It creates an equitable interest for the lessee
C. If the lease is in writing, to be valid it must be signed by both landlord and tenant
D. A lease is classified as real property

8. An apartment owner provides free, unassigned parking to her tenants. A prospective tenant who is handicapped asks that he be assigned a parking space next to his apartment. What is the owner required to do?
A. Assign the space, but charge the tenant for it
B. Assign the space only if the other tenants agree
C. Assign the space if it is necessary for the tenant's full use and enjoyment of the apartment complex
D. Refuse to rent to the tenant

9. Under Title VIII of the Federal Fair Housing Act, certain transactions are exempt from FHA provisions. Which of the following is an allowable exemption?
A. A church-owned apartment complex where language in the lease restricts tenancy to members of a specific national origin
B. A commercial restaurant and lounge owned by a private club restricts admission to members of a certain ethnic group
C. An unlisted home that is for sale by owner, where the only advertising is a sign in front of the property that reads simply "For Sale"
D. An absentee owner who rents units in a four-plex without the help of a real estate broker

10. A principal instructs the agent not to show his property to members of a certain ethnic group. What should the agent do?
A. Revoke the agency
B. Obey the principal
C. Ignore the principal's request
D. Explain that she must show the property to anyone interested in seeing it

11. A local bank refuses to make residential loans in a particular section of town, because of the ethnic background of its residents. This is a discriminatory practice called:
A. blockbusting
B. redlining
C. steering
D. collusion

12. Broker H charges a leasing fee of one-half of the first month's rent, plus a management fee of 7% of the total lease payments. H negotiates a two-year lease at a monthly rental of $950. What has H earned on this transaction?
A. $1,273
B. $1,585
C. $2,071
D. $2,555

13. Which one of the following transactions is subject to the Real Estate Settlement Procedures Act?
A. A seller-financed residential sale
B. A VA-guaranteed loan to finance the purchase of a single-family dwelling
C. A conventional loan to finance the purchase of a six-unit residential building
D. A contract for deed to finance the purchase of a duplex

14. The term usury refers to which of the following?
A. The secondary market
B. Maximum interest rates
C. Construction loans
D. Loan-to-value ratios

15. For zoning purposes, the distance from a lot boundary to the front wall of a building on the lot is called:
A. perimeter footage
B. the building variance
C. the lot to building ratio
D. the setback

16. All of the following are appraisal terms except:
A. reconciliation
B. deferred maintenance
C. obsolescence
D. right of redemption

17. After the sales contract was signed by the buyer and seller but before the transaction closed, the broker discovered there was faulty wiring in the basement. The broker should:
A. inform the seller only
B. inform both the buyer and the seller
C. advise the buyer to rescind the transaction
D. say nothing unless asked

18. When showing an income-producing property, Listing Broker W advises Buyer M that this property is likely to be very profitable in the future because of its location. W's behavior might result in:
A. a universal agency
B. an estoppel agency
C. an implied agency
D. a consensual agency

19. Both private restrictions and zoning define and limit land uses for what purpose?
A. To prevent the use of restrictive covenants
B. To prevent uncontrolled growth and suburban sprawl
C. To ensure racially balanced communities
D. To ensure compatible uses and promote harmony between neighboring landowners

20. All of the following are rights that transfer with the land when the property is sold, EXCEPT:
  A. a leasehold interest
  B. an easement appurtenant
  C. a restrictive covenant
  D. a license

21. Which of the following would ordinarily file a request for notice of default?
  A. First lienholders
  B. Junior lienholders
  C. Mortgagor
  D. Sheriff

22. A property owner has an old motel along a highway. He tears it down and builds a commercial building on the site. His decision was based on what principle?
  A. Change
  B. Highest and best use
  C. Substitution
  D. Contribution

23. When a deed of reconveyance is received, it should be recorded by the:
  A. grantor
  B. trustee
  C. mortgagee
  D. beneficiary

24. Marks bought a home for $203,000, and obtained an 80% loan for thirty years at 8.75% interest. His monthly payment is $1,277.60. How much interest will Marks pay over the life of the loan?
  A. $136,467
  B. $189,495
  C. $256,936
  D. $297,536

25. Which of the following statements is CORRECT about a deed restriction that prohibits building a home of less than 3,000 square feet on the lot?
  A. It is illegal and therefore unenforceable
  B. It runs with the land and is binding on subsequent owners
  C. It is binding on the new owner only and terminates when the property is resold
  D. It terminates on the death of the grantor

26. Which of the following would have first lien priority?
  A. Ad valorem taxes
  B. A mechanic's lien
  C. The first lien recorded
  D. A mortgage

27. Which of the following would NOT be revealed by a title search?
A. Property tax lien
B. Encroachment
C. IRS lien
D. Mechanic's lien

28. T signed a deed under duress. The deed is:
A. void
B. voidable by the grantor only
C. voidable by the grantee only
D. valid only if recorded before voided by the grantor

29. A contract for deed (land contract) conveys:
A. equitable title to the vendee
B. legal title to the vendee
C. unencumbered title to the vendee
D. equitable title to the vendor

30. M's property is not on the lake, but M has an easement across S's property to allow M to reach the lake. M has decided to abandon his plan to build on the lot, so he sells his property to S. This action terminates M's easement through:
A. failure of purpose
B. release
C. merger
D. abandonment

31. According to state statute, the right of use of another's property that is acquired over a long period of time is called a/an:
A. gross easement
B. adverse possession
C. prescriptive easement
D. grant by the sovereignty

32. A written transfer of a mortgage note from one lender to another lender is a/an:
A. assumption
B. novation
C. cancellation
D. assignment

33. The closing date is January 25. The annual property tax bill is $2,124, and the seller hasn't paid any part of it yet. Using a 360-day year for proration, at closing the:
A. buyer owes the seller $1,062 as a prorated share of the taxes
B. buyer owes the seller $1,982.40 as a prorated share of the taxes
C. seller owes the buyer $1,062 as a prorated share of the taxes
D. seller owes the buyer $141.60 as a prorated share of the taxes

34. A 17-year-old agrees in writing to purchase a home from S. What is the legal status of the contract?
A. Void
B. Voidable
C. Unenforceable
D. Valid

35. S purchases G's home and assumes G's loan payments without the lender's written permission. Under these circumstances, the lender may declare the entire loan balance due in full at once if the loan agreement contained a:
A. defeasance clause
B. subordination clause
C. prepayment clause
D. due-on-sale clause

36. Broker X secured a nonexclusive listing from homeowner G. Who must sign the listing?
A. X only
B. G only
C. G and X
D. A nonexclusive listing does not have to be signed

37. A municipality installs sidewalks and charges local homeowners for their proportionate share of the cost of installation. This is an example of:
A. an ad valorem tax
B. a building code tax
C. a special assessment
D. subordination

38. How is an appraiser's fee determined?
A. It's a percentage of the appraised value
B. By state regulations
C. It's a percentage of the selling price
D. Based on the time and difficulty involved in making the appraisal

39. How is a construction loan normally disbursed?
A. All at once at the start of construction
B. All at once at the conclusion of construction
C. In installments over the period of construction
D. In two installments: once at the start and once at the end of construction

40. In spite of J's objections, the city took a portion of J's lot as part of a street widening project. The process by which the property was taken was:
A. eminent domain
B. adverse possession
C. condemnation
D. police power

41. Buyer S wants to finance the purchase of a home with a 90% conventional loan, but the bank turns him down. Seller W still wants to make the deal and offers to accept a 10% downpayment and to personally finance the remainder of the purchase price. If the security agreement is a mortgage, it would be called a:

A. graduated payment mortgage
B. shared appreciation mortgage
C. purchase money mortgage
D. budget mortgage

42. A lawsuit to determine who has title to a piece of property is called a:

A. quiet title action
B. partition action
C. recapture action
D. suit for redemption

43. R buys a commercial property from B that is currently leased to A. Which of the following is correct?

A. R may evict A
B. R must compensate A for the remainder of the lease term
C. R must renegotiate the lease
D. R must honor A's lease

44. The policies and procedures that regulate the recordation of documents that convey rights and/or interests in real estate are established by:

A. city ordinances
B. agreement between interested parties
C. state statutes
D. federal law

45. Broker J sold $3,500,000 worth of real estate. Her commissions totaled $185,000. She was paid 7% of the first $2,000,000. What is the rate of commission on the remainder of the sales?

A. 3%
B. 3.5%
C. 4%
D. 6%

46. A net lease requires the tenant to pay a share of the:

A. property taxes
B. mortgage interest
C. mortgage principal
D. lessor's income taxes

47. A property is zoned for multi-family dwellings with up to four units, with a minimum lot size of 6,000 square feet. The same property is covered by restrictive covenants that limit its use to single-family homes with a minimum lot size of 17,500 square feet. Under these circumstances, which of the following uses would be permitted?

A. One- to four-unit residential buildings with minimum lot sizes of 6,000 square feet
B. Single-family dwellings with seven units per acre
C. Single-family dwellings with two units per acre
D. One triplex per 6,000 square feet

48. The law that requires that a deed be in writing is the:
A. statute of limitations
B. statute of frauds
C. parol evidence law
D. tort law

49. A residential property with built-in bookcases is sold. Which of the following statements is correct?
A. The seller is entitled to take the bookcases
B. The seller may not remove the bookcases because they are part of the real property
C. The seller may take the bookcases if they can be removed without damaging the property
D. The seller may take the bookcases only if a separate bill of sale is used

50. K's offer to purchase W's home states that the offer will remain open for 72 hours. Twenty-four hours later, K notifies the broker that she is withdrawing the offer. The broker should tell K that:
A. the offer may not be withdrawn until the 72 hours has passed
B. she will forfeit her earnest money deposit
C. W can sue her for specific performance
D. she can revoke the offer

51. The Taxpayer Relief Act of 1997 states that if a residential property is sold for a gain of less than $250,000, the seller will not have to pay taxes on the transaction if:
A. the seller is 55 years of age or older
B. the seller lived in the house for at least two of the last five years
C. the proceeds are used to purchase a home of equal or greater value
D. it is the only property owned by the seller

52. Broker G advertises a new listing, and the ad says only that the existing loan is assumable at 8.5%. Which of the following statements is TRUE?
A. G has violated the Truth in Advertising section of the Federal Fair Housing Act
B. G has violated the advertising rules in the Truth in Lending Act
C. This is a permissible advertisement according to the Home Mortgage Disclosure Act
D. Advertising of this kind is permitted, because it is consistent with general public policy

53. When someone signs a document in front of another person who is authorized to witness the signature, the act of signing is referred to as:
A. hypothecation
B. express grant
C. acknowledgment
D. notarization

54. Which of the following could be an example of voluntary alienation?
A. Sheriff's sale
B. Dedication
C. Partition action
D. Adverse possession

55. A one-half acre lot is appraised at $45,000. The home on the lot has depreciated by 25% and has a remaining value of $180,000. Using the cost approach to value, what is the estimated original value of the property?
A. $225,000
B. $270,000
C. $285,000
D. $295,000

56. The operating expenses for an income-producing property include all of the following except:
A. insurance
B. utilities
C. property taxes
D. vacancies and unpaid rents

57. The Truth in Lending Act concerns consumer loan transactions. For the purposes of the act, a loan is a consumer loan if it is:
A. for $25,000 or more
B. used to purchase consumer goods, rather than real estate
C. used for personal, household, or family purposes
D. tied to the Consumer Price Index

58. Which of the following is an example of economic obsolescence?
A. Deteriorating neighborhood
B. Unconventionally small rooms
C. Five-bedroom home with one bath
D. Poor orientation

59. The deed that creates the least liability for the grantor is the:
A. general warranty deed
B. quitclaim deed
C. special warranty deed
D. bargain and sale deed

60. If the lender charges three points on a $100,000 loan, the borrower will be required to pay:
A. $300
B. $3,000
C. $30,000
D. $300,000

61. Which one of the following provisions, contained in a promissory note or security instrument, allows a lender to demand all sums due at once in the event of nonpayment?
A. Escalation clause
B. Acceleration clause
C. "Subject to" provision
D. Alienation clause

62. A condominium owner fails to pay property taxes. This results in a:
A. cloud on the title of that person's unit only
B. cloud on the title of the condominium project
C. lien against the condominium project
D. foreclosure action against the condominium project

63. The highest loan-to-value ratio for a single-family home is available with which type of loan?
A. Wraparound financing
B. FHA 203(b)
C. VA
D. Interest-only loan

64. A clause in a contract that means performance on the exact dates specified is an essential element of the contract is called the:
A. novation clause
B. time is of the essence clause
C. statute of limitations clause
D. breach clause

65. The main purpose of a mortgage is to:
A. promise repayment of a debt
B. pledge the property as security for a loan
C. authorize the lender to conduct a credit analysis of the borrower
D. structure a repayment schedule for the loan

66. As evidence of her ownership interest in a condominium project, a purchaser will receive:
A. a long-term lease
B. stock proportionate to her percentage of ownership
C. a deed
D. a share in the corporation

67. If a seller accepts a promissory note as earnest money but the buyer doesn't provide the promised cash by the agreed upon date, which of the following is true?
A. The seller does not have to complete the terms of the contract
B. The licensee would be subject to disciplinary action
C. The contract is automatically void
D. The buyer can rescind the contract

68. The Zs lease a building to open a health-food restaurant, and they install equipment related to their business. When the Zs close the restaurant and prepare to move out, they want to take the equipment with them. Which of the following is correct?
A. The Zs are not allowed to take the equipment because it is the landlord's property
B. The Zs may take the equipment but must pay the landlord the equipment's depreciated value
C. The Zs may take the equipment and are not required to reimburse the landlord
D. The landlord may keep the equipment but is required to reimburse the Zs

69. If the seller rejects an offer from a prospective buyer that matches the terms set forth in the listing agreement, the seller may be:
  A. required to pay the listing broker a commission
  B. liable to the buyer for breach of contract
  C. liable to both the buyer and the broker
  D. required to convey the property to the buyer

70. The process of interpreting the value indicators yielded by the different appraisal methods to arrive at a final value estimate is called:
  A. integration
  B. neighborhood analysis
  C. reconciliation
  D. devaluation

71. The purchase and sale agreement includes a contingency clause for the benefit of the buyer. It is clear now that the contingency will NOT be met by the closing date. The contingency clause can be waived by:
  A. either the seller or the buyer
  B. neither the seller nor the buyer
  C. the seller
  D. the buyer

72. After taking a listing on a home, K wants to determine its square footage. To do this, he must measure the:
  A. interior dimensions of each room, compute for area, then add them together
  B. interior dimensions of each room, add six inches for each interior wall, compute for area, then add them together
  C. exterior dimensions, including the garage
  D. exterior dimensions, excluding the garage

73. When a corporation buys a piece of property with another entity, how does it take title?
  A. In joint tenancy
  B. As a tenant in common
  C. In severalty
  D. As a tenant by the entireties

74. T deeds her home to B for B's lifetime, with the provision that title will pass to C when B dies. C is referred to as:
  A. a life tenant
  B. the measuring life
  C. a remainderman
  D. an heir by descent

75. In the cost approach, after calculating the replacement cost, the appraiser arrives at an estimate of the present value of the improvements by:
  A. adjusting the sales price of the comparable
  B. deducting the reproduction cost
  C. subtracting the estimated depreciation
  D. adding the external obsolescence

76. Which of the following would not influence the value of real property?
A. The lot's status as a nonconforming use
B. Recently enacted fire code regulations
C. The contour of the land
D. A title insurance policy that indemnifies the insured against any loss occasioned by defects in title

77. A father conveyed a life estate to his child for her lifetime. Years later the child sold her interest to a friend. Which of the following statements is true?
A. The friend's interest ceases to exist on the death of the child
B. The friend's interest ceases to exist on the death of the friend
C. The life estate converts to a fee simple estate in favor of the friend on the death of the child
D. The life estate converts to a fee simple estate in favor of the child on the death of the father

78. Which of the following is an example of riparian water?
A. A mountain lake
B. A fishing pond
C. A natural creek
D. A swimming pool

79. Which of the following is a primary reason for holding client funds in a trust account?
A. To protect client funds from attachment if the broker is sued
B. To prevent a dual agency
C. To protect the broker's general funds in the event the client is sued
D. To satisfy the statute of frauds

80. A dual agency by a real estate broker is:
A. legal as long as the principals give their consent
B. legal only if it is inadvertent
C. illegal if both principals pay the agent
D. always illegal

81. T makes an offer on J's home but wants to write a post-dated earnest money check to accompany the offer. What should the broker do?
A. Refuse to write the offer
B. Deposit the check as she would any other, even though it is post-dated
C. Refuse to present the offer until the check has cleared the bank
D. Present the offer but explain that the earnest money check is post-dated

82. Q tells Broker T that she wants to net $200,000 from the sale of her home. T knows that Q will have to pay $450 for a standard title insurance policy, half of a $360 escrow fee, $225 in attorney's fees, and a commission that is 6% of the selling price. What must the property sell for if Q is to receive her desired net?
A. $206,855
B. $210,097
C. $213,676
D. $215,850

83. An appraiser should not use a property as a comparable if:
  A. it was sold more than three months ago
  B. it is worth over $5,000 more than the subject property
  C. the sale was not an arm's length transaction
  D. it is in the same neighborhood as the subject property

84. Which of the following is considered personal property?
  A. A chandelier
  B. A picket fence
  C. An inflatable above-ground swimming pool
  D. Keys to the house

85. W and U purchase commercial property as joint tenants. When W dies, the property will pass to:
  A. W's estate
  B. W's family
  C. U's family
  D. U only

86. Which of the following must take the form of a written document?
  A. Management agreement
  B. Property maintenance contract
  C. Property management designation
  D. Management plan

87. ABC Realty lists a property for sale with a multiple listing association. XYZ Realty conveys an offer on the property from a prospective buyer. If the listing agreement contains a unilateral offer of subagency, which of the following is correct?
  A. ABC Realty has an agency relationship with the buyer only
  B. ABC Realty has an agency relationship with both the buyer and seller
  C. XYZ Realty is a subagent of the seller
  D. ABC Realty is a subagent of XYZ Realty

88. T owns a commercial property management firm. T also owns a carpet-cleaning firm. T contracts with her carpet-cleaning company to clean the carpets for all the buildings T manages. T may legally do this if:
  A. her fees are competitive with or below the fees charged by competing carpet cleaners
  B. her management agreements authorize T to select the carpet cleaners for the buildings
  C. a majority of the property owners consent to the arrangement
  D. she has the written permission of all affected property owners

89. A salesperson lists a property. Immediately after listing the property, the sellers notify the salesperson that a registered sex offender lives down the block, six houses away. Which of the following is correct?
  A. The sellers must disclose this fact in the seller disclosure statement
  B. The sellers do not need to disclose this because it is not a material fact
  C. The listing agreement must be withdrawn and a new listing agreement stating this fact must be prepared
  D. This does not need to be disclosed in the seller disclosure statement, but must be disclosed verbally to potential buyers

90. What instrument is used to assign certain legal rights to another person?
A. Attorney in fact
B. Certificate of no defense
C. Estoppel certificate
D. Power of attorney

Answer Key

1. C
Explanation: An open-end loan is one that permits the borrower to reborrow the money he has repaid on the principal, usually up to the original loan amount, without executing a new loan agreement.

2. C
Explanation: It will be taxed as real property, because by permanently attaching the mobile home to the land the owner has made it a fixture.

3. B
Explanation: The seller (grantor) sells the property and frees up capital, but retains possession of the land as a tenant.

4. A
Explanation: The tenant can be denied the lease if his family is too large for the rental unit, according to the use density portion of the zoning law. Options B, C, and D would be discriminatory reasons for denying the lease.

5. A
Explanation: This is a definition of a graduated lease.

6. A
Explanation: By subleasing the property, the tenant can take advantage of any difference between the actual rent she is paying and any increase in market rents that have occurred since the lease was written.

7. A
Explanation: It is both a contract and an instrument used to transfer an interest in land.

8. C
Explanation: The landlord must assign the space to the tenant if it is necessary for the tenant's full use and enjoyment of the apartment complex.

9. C
Explanation: The Federal Fair Housing law does not apply to the sale or rental of a single-family home by its owner, provided that the owner doesn't own more than three such homes; no real estate broker is used; and no discriminatory advertising is used.

10. D
Explanation: The broker can't disobey the principal; nor can she discriminate in the showing of the home. If reasoning with the owner won't change the owner's mind, the agent must give up the listing.

11. B
Explanation: This is redlining, which is illegal.

12. C
Explanation: \$475 (half of the first month's rent) + \$1,596 (24 months × \$950 × 7%) = \$2,071.

13. B
Explanation: It applies to loans used to finance residential properties with four units or less. Seller financing, including a contract for deed, is not subject to the act.

14. B
Explanation: State usury laws set the maximum interest rates that can be charged on loans.

15. D
Explanation: Provisions in a zoning ordinance that do not allow structures to be built within a certain distance of the property line are called setback requirements.

16. D
Explanation: The right of redemption is a finance-related term that refers to the rights of a property owner after a mortgage foreclosure.

17. B
Explanation: The wiring is a latent (hidden) defect and must be disclosed to all parties.

18. C
Explanation: W's recommendations could easily cause M to think W was serving M's interests and, therefore, was M's agent.

19. D
Explanation: Zoning and private restrictions help ensure that neighboring land uses are compatible, which promotes harmony between neighboring landowners.

20. D
Explanation: A license is not a right; it's a privilege that can be revoked, and it does not run with the land.

21. B
Explanation: Junior lienholders will file requests for notice of default to ensure that they will be notified if anyone files for foreclosure in connection with the security property.

22. B
Explanation: The decision was based on the principle of highest and best use. As a rule, it's not feasible to demolish a building unless it no longer contributes to the value of the site. That must have been the situation in this case.

23. A
Explanation: The trustor (the borrower) should record the deed of reconveyance, to give public notice that the deed of trust is no longer a lien against her property. The trustor is also called the grantor of the original deed of trust.

24. D
Explanation: Determine the amount borrowed ($203,000 × 80% = $162,400 loan). Multiply the monthly principal and interest payments by 360, which is the total number of payments over 30 years ($1,277.60 × 360 = $459,936). Subtract the amount borrowed from the amount paid; the difference is the interest ($459,936 – $162,400 = $297,536).

25. B
Explanation: Deed restrictions run with the land, which means they are binding on all future owners of the land.

26. A
Explanation: While the general rule is "first to record, first in right," general real estate taxes (also called ad valorem taxes) always have first lien priority.

27. B
Explanation: An encroachment would not be a matter of public record, so it would not be revealed by a title search. Surveys often reveal encroachments.

28. B
Explanation: The deed can be voided by the victimized party (in this case, T). Only the grantor signs the deed.

29. A
Explanation: Equitable title is a substantial interest in real estate that will become legal title when the land contract has been paid in full.

30. C
Explanation: S now owns both the dominant tenement and the servient tenement. When title to both tenements is held by the same person, an easement terminates by merger.

31. C
Explanation: An easement by prescription (prescriptive easement) is an easement acquired by using the property openly and without the owner's permission for the period prescribed by statute.

32. D
Explanation: A mortgage is a contract between a borrower and a lender. When the lender transfers its rights and interests in the mortgage contract to another lender in the secondary market, it is called an assignment.

33. D
Explanation: Using a 360-day year, the per diem rate for the taxes is \$5.90 (\$2,124 ÷ 360 = \$5.90). The seller will owe the buyer the property taxes for the period from January 1 through January 24. Multiply the per diem rate by 24 days. \$5.90 × 24 = \$141.60, the amount owed by the seller to the buyer.

34. B
Explanation: A contract signed by a minor is voidable by the minor. But the minor could enforce the contract against the other party if he or she chooses to do so.

35. D
Explanation: A due-on-sale clause prevents assumption by stipulating that the loan balance is due and payable in full if the property is sold. It is also called an alienation clause.

36. B
Explanation: Only the seller has to sign a nonexclusive listing. It is considered a unilateral contract, binding the seller to pay a commission to X if he finds a buyer on the seller's terms. X is under no obligation to make any effort to find a buyer.

37. C
Explanation: It's a special assessment, which is a tax levied only against the properties that have benefited from a public improvement, such as sewers, sidewalks, and street lights.

38. D
Explanation: Generally, the more time-consuming and complicated the valuation, the more the appraiser will charge. An appraiser's fee must never be tied to the appraised value of the property, since that would give the appraiser an incentive to inflate the value.

39. C
Explanation: Construction loan funds are disbursed in installments over the period of construction.

40. C
Explanation: Eminent domain is the constitutional power to take private property for a public use. Condemnation is the process by which the property is taken.

41. C
Explanation: A purchase money mortgage is one given by the buyer to the seller to secure credit extended by the seller.

42. A
Explanation: A lawsuit to determine the true owner of a parcel of land is called a quiet title action.

43. D
Explanation: A landlord can sell the leased property during the term of the lease, but the buyer takes title subject to the lease for the remainder of its term.

44. C
Explanation: Recording procedures are established by state law.

45. A
Explanation: Determine the commission on the first $2,000,000. $2,000,000 × 7% = $140,000. Subtract $140,000 from the total commissions. $185,000 – $140,000 = $45,000, which is the amount paid on the additional $1,500,000 in sales. Divide $45,000 by $1,500,000 to learn that the rate on the excess was 3%.

46. A
Explanation: A net lease includes property taxes, hazard insurance, and maintenance expenses.

47. C
Explanation: When zoning ordinances and private restrictions conflict, the more restrictive of the two will prevail. In this case, the restriction (which allows only single-family dwellings with a minimum lot size of 17,500 square feet) is much more restrictive than the zoning (which allows multiple-family dwellings with lots as small as 6,000 square feet). An acre has 43,560 square feet; 43,560 ÷ 17,500 = 2.49, so an acre could accommodate only two houses.

48. B
Explanation: The statute of frauds is a law that requires certain types of contracts to be in writing and signed in order to be enforceable. Real estate contracts fall under the statute of frauds.

49. B
Explanation: The bookcases are built-in, so they would be considered part of the real property. Upon sale of the property, the bookcases would pass to the buyer along with the rest of the real property, unless there is an agreement to the contrary. A bill of sale is used only to convey title to personal property.

50. D
Explanation: An offer can be revoked at any time prior to notification of acceptance.

51. B
Explanation: A taxpayer may exclude up to $250,000 in gains on the sale of a principal residence (or $500,000 if married and filing jointly) if she owned the property and used it as a principal residence for at least two of the previous five years.

52. B
Explanation: The Truth in Lending Act includes rules governing advertising of consumer credit. Mention of any specific financing term in an ad "triggers" the full disclosure requirement, which includes disclosure of the APR.

53. C
Explanation: A person acknowledges a document by formally declaring to an authorized official (usually a notary public) that he signed voluntarily. For instance, a grantor would acknowledge a deed in the presence of a notary public, who would then attest that the signature is voluntary and genuine.

54. B
Explanation: Dedication can be voluntary or involuntary. (Voluntary dedication is a gift of private property for public use. Involuntary dedication occurs when a developer is required to donate to the public portions of her subdivision for streets, sidewalks, or easements.) The other options are always involuntary.

55. C
Explanation: The home's remaining value is 75% of its original value (100% – 25% = 75%). Divide the remaining value by 75% ($180,000 ÷ 75% = $240,000). Add the land value to the home's original value ($240,000 + $45,000 = $285,000) for the property value. (Land + improvements = property value.)

56. D
Explanation: Vacancies and unpaid rents represent money not collected, not expenses.

57. C
Explanation: Under the Truth in Lending Act, a loan is not a consumer loan unless the borrower will use the loan proceeds for personal, household, or family purposes. (The act does not apply to loans for business, commercial, or agricultural purposes.) The act applies to any consumer loan secured by real estate, and to other consumer loans of $25,000 or less.

58. A
Explanation: The deteriorating neighborhood is external to the property and is classified as economic (external) obsolescence. Poor orientation is poor placement of the improvements (like a house) on the lot, and it is considered functional obsolescence.

59. B
Explanation: Since there are no warranties in a quitclaim deed, signing it creates no liability for the grantor.

60. B
Explanation: Three points equals 3% of the loan amount. On a $100,000 loan, that's $3,000 ($100,000 × 3% = $3,000).

61. B
Explanation: The acceleration clause allows the lender to accelerate the loan if the borrower fails to pay as agreed or defaults on any other aspect of the loan agreement.

62. A
Explanation: A unit owner's interest in a condominium is separate from the interests held by all other owners in the project. His failure to pay taxes or a mortgage payment will result in a lien against his interest only.

63. C
Explanation: VA financing is often 100% of the purchase price.

64. B
Explanation: This describes the time is of the essence clause.

65. B
Explanation: A mortgage pledges the property as security for a loan.

66. C
Explanation: Condominium owners get a deed to their condominium interest. Cooperative owners get a long-term lease and stock in the cooperative corporation.

67. A
Explanation: When the promissory note is not converted to cash by the agreed upon date, the seller, not the buyer, can rescind the transaction. The seller may have other remedies as well, such as a suit for damages or specific performance.

68. C
Explanation: The Zs may take the equipment and are not required to reimburse the landlord. The items of equipment, even though attached by permanent means, are trade fixtures; thus, they are the personal property of the tenants.

69. A
Explanation: Rejecting an offer that meets the terms set forth in the listing can make the seller liable for the broker's commission, but it can't make the seller liable to the buyer who made the offer. The listing agreement is a contract between the seller and the broker; a prospective buyer is not a party to the agreement. The seller does not have a contract with any prospective buyer until the seller has accepted that buyer's offer.

70. C
Explanation: The process of interpreting the value indicators to arrive at a final estimate of value is called reconciliation (or, sometimes, correlation).

71. D
Explanation: A contingency clause can be waived by the party that it was intended to benefit, if that party chooses to go ahead with the transaction.

72. D
Explanation: The home's square footage is determined by measuring the exterior dimensions, excluding the garage.

73. B
Explanation: The corporation would take title as a tenant in common. Joint tenancy is impossible because a corporation has a perpetual life and does not die; thus, the other entity could never survive the corporation. Tenancy by the entireties is limited to married couples (and is not used in Washington).

74. C
Explanation: A remainderman holds a future interest, called an estate in remainder, as long as the measuring life remains alive. On the death of the measuring life, title passes to the remainderman in fee simple.

75. C
Explanation: Unless the improvements are brand new, depreciation makes their present value less than their replacement cost. So the appraiser estimates how much depreciation has accrued, then subtracts that figure from the replacement cost to arrive at the present value of the improvements.

76. D
Explanation: The title insurance policy would be irrelevant to the value of the property.

77. A
Explanation: The child's estate was for her lifetime. On her death, the estate would revert to the father or the father's other heirs.

78. C
Explanation: Riparian water is flowing water, such as a creek, a stream, or a river. Standing water, such as a pond or a lake, is littoral water.

79. A
Explanation: Trust funds could not be seized by a broker's creditors in the event they sued him successfully.

80. A
Explanation: Although it can be very difficult to fulfill fiduciary duties to both parties, dual agency is legal as long as both principals have agreed to the arrangement.

81. D
Explanation: The broker should present the offer and let the seller decide whether the post-dated check is a problem. The principal makes the decision to accept or reject an offer; it is the broker's duty to make sure it is an informed decision.

82. C
Explanation: Add the settlement costs to the desired net. $200,000 + $450 + $180 (half the escrow fee) + 225 = $200,855. Subtract the commission percentage from 100%. 100% – 6% = 94%. Divide $200,855 by 94%, which comes to $213,676.

83. C
Explanation: If the property wasn't offered on the open market, or the buyer and seller were relatives, or one of the parties was under unusual pressure to sell or buy, there's a good chance that the sales price did not reflect the property's market value.

84. C
Explanation: Options A and B are permanent attachments to the land (fixtures) and classified as real property. The keys are part of the real estate because they are specifically adapted to the house. The above ground swimming pool is not permanently attached; therefore, it is personal property.

85. D
Explanation: A joint tenancy is characterized by the right of survivorship, where upon the death of one joint tenant, the tenant's interest automatically passes to the other tenants (co-owners).

86. A
Explanation: A management agreement must be in writing and must be signed by both parties.

87. C
Explanation: Under a unilateral offer of subagency, a selling agent (the buyer's agent) is considered to be a subagent of the seller.

88. D
Explanation: It is permissible if T obtains the written consent of all affected property owners.

89. B
Explanation: According to Washington state law, a seller has no legal duty to investigate or provide information regarding the presence of sex offenders in the neighborhood. The seller disclosure statement always contains a brief statement that sex offender information may be obtained from local law enforcement agencies, but does not ask sellers to disclose this information.

90. D
Explanation: The document used to assign legal rights to another person, such as authorizing a person to sign a contract on one's behalf, is a power of attorney. The person who is appointed to act is known as an attorney in fact.