

Uniform Practice Test Questions

1. In MOST states, when a first mortgage is foreclosed and the property has been sold, junior liens
 - a) must be included in the winning bid.
 - b) no longer have any claim on the property.
 - c) may be recorded against any other real estate owned by the defaulting borrower.
 - d) may be enforced only during the statutory period of redemption.

2. A judgment has been properly recorded. Any subsequent purchasers, whether they have actually examined the record or not, have been given
 - a) actual notice.
 - b) prescriptive notice.
 - c) constructive notice.
 - d) exculpatory notice.

3. A salesperson lists a property with a contract that allows for subagency and dual agency. The salesperson is
 - a) an independent contractor to the broker and an agent to the principal.
 - b) an agent to the broker and a subagent to the principal.
 - c) a subagent to the broker and an agent to the principal.
 - d) an agent to the broker and an agent to the principal.

4. What is the term used for the person or organization who acts as an intermediary for the purpose of obtaining financing?
 - a) Mortgage broker.
 - b) Bank loan officer.
 - c) Finance company.
 - d) Investment banker.

5. Which of the following events would AUTOMATICALLY cancel a listing agreement?
 - a) Property owner's marriage.
 - b) Property owner's death.
 - c) Salesperson's relocation to another agency.
 - d) Salesperson's retirement.

6. The sellers have agreed to give the buyers an allowance of \$16.95 per square yard to retile the kitchen. If the kitchen is 10 feet x 14 feet, how much will it cost the sellers (to the nearest dollar)?
- a) \$264.
 - b) \$791.
 - c) \$2,373.
 - d) None of the above.
7. A tenant rented an apartment, signing a 15-month lease. After the lease expired, the tenant paid 1 month's rent and got a receipt. What kind of leasehold does the tenant have?
- a) Gross lease.
 - b) Proprietary lease.
 - c) Tenancy at sufferance.
 - d) Tenancy at will.
8. If a borrower can afford to make monthly principal and interest payments of \$1,000 and the lender will make a 30-year loan at 8-1/2%, how large a loan (rounded to the nearest \$100) can this buyer afford? (BE SURE TO USE THE AMORTIZATION TABLE.)
- a) \$124,000
 - b) \$130,000
 - c) \$156,000
 - d) None of the above.
9. A major reason for buying and owning a condominium rather than a detached single-family home is that
- a) a condominium tends to be more affordable.
 - b) a condominium requires no maintenance.
 - c) a condominium is easier to resell.
 - d) condominium ownership has more tax advantages.
10. The amount of commission to be paid is
- a) set by state law.
 - b) set by Federal law.
 - c) set by multiple listing service.
 - d) agreed upon by the seller and agent on the contract.

11. The terms "littoral," "riparian," and "appropriative" refer to
- land accretion.
 - mineral rights.
 - water rights.
 - appurtenances.
12. The buyer is assuming a mortgage presently on the property in the amount of \$110,000. What is the adjustment made at closing?
- Credit buyer \$110,000; debit seller \$110,000.
 - Credit seller \$110,000; debit buyer \$110,000.
 - Credit buyer \$110,000; no adjustment to seller.
 - Credit seller \$110,000; no adjustment to buyer.
13. A couple signed a lease on an apartment for a period of 1 year. The lease does NOT contain an automatic renewal clause. The couple plans to move out at the end of the lease rather than renew it. How much notice MUST they give to comply with the lease term?
- 30 days.
 - 60 days.
 - 90 days.
 - No notice is required.
14. The real estate broker who is listing a house for sale should personally verify
- whether radon is present in the basement.
 - the number of square feet in the building.
 - that the electrical wiring is up to code.
 - how much the seller originally paid for the property.
15. When someone has living heirs but dies without leaving a will, the estate is distributed according to the
- statute of descent.
 - marital property law.
 - power of escheat.
 - devisees.

16. A mentally disabled person who has been declared incompetent by a judge wishes to enter into a contract. Under what conditions can such a person do so?
- The person must obtain prior written approval by a licensed psychiatrist or psychologist.
 - The person must be capable of understanding the transaction.
 - The person appointed by the court to act for the disabled person must contract on his or her behalf.
 - The person may enter a contract under any conditions, because the law prohibits discrimination against persons with disabilities.
17. Ownership of common stock in a corporation gives
- co-ownership in any real property held by that corporation.
 - the right to order the sale of any corporate real estate.
 - an interest that is classified as personal property.
 - assurance that a decline in land values will not affect the value of the stock.
18. A deed restriction is applicable to the activities of
- the current owner only.
 - present and future owners.
 - future owners only.
 - mortgagors.
19. Antitrust laws prohibit competing brokers from all of the following EXCEPT
- boycotting other brokers in the marketplace.
 - dividing the market to restrict competition.
 - agreeing to set sales commissions and management rates.
 - receiving compensation from both the buyer and the seller.
20. An appraiser MUST be licensed or certified to handle Federally related work on residential property valued at more than
- \$100,000.
 - \$250,000.
 - \$500,000.
 - \$1,000,000.

21. Too much leverage may result in
- negative cash flow.
 - decreased buying power.
 - lack of liquidity.
 - accelerated depreciation.
22. Which of the following BEST illustrates the concept and intent of a buffer zone?
- Garden apartments located between a single-family residential neighborhood and a shopping center.
 - A warehouse located between a single-family residential neighborhood and a park.
 - A single-family residential neighborhood located between a high-rise apartment building and office buildings.
 - An office park located between two residential developments.
23. A prospective buyer made an offer to purchase a property. The owner responded with a counteroffer. While the buyer was reviewing the counteroffer, the owner received a better offer. The owner can accept the second offer if
- it satisfies or exceeds all terms included in the counteroffer.
 - the owner withdraws the counteroffer before it is accepted.
 - the owner gives the first buyer notice that another offer was received and an opportunity to revise the bid.
 - the first buyer is informed, in writing, of the owner's intent to accept another offer.
24. Two lots of the same size are sold on a street. The lot on the corner sells for \$20,000 more than the lot in the middle of the street. Which of the following characteristics MOST likely explains the price difference?
- Permanence of investment.
 - Uniqueness.
 - Indestructibility.
 - Situs.
25. At the closing on June 16, the buyer is assuming a mortgage presently on the property, on which the monthly interest charge is currently \$600. The seller has made the payment due on June 1. Assuming a VA mortgage, what is the adjustment made at closing?
- Credit seller \$300; credit buyer \$300.
 - Debit seller \$300; debit buyer \$300.
 - Credit seller \$300; debit buyer \$300.
 - Debit seller \$300; credit buyer \$300.

26. When one of the parties to an agreement fails to perform one of its conditions, that contract is deemed to be
- a) breached.
 - b) void.
 - c) executed.
 - d) canceled.
27. The statement "this property has the most beautiful views in the neighborhood" is an example of
- a) puffing.
 - b) disclosure.
 - c) misrepresentation.
 - d) fraud.
28. The FHA functions MOST like
- a) a bank or savings and loan association.
 - b) a mortgage company.
 - c) an investment group.
 - d) an insurance company.
29. A broker lists a property, with a listing contract allowing sub agency and dual agency. One of the broker's salespersons shows the property. The salesperson would be classified as
- a) a general agent.
 - b) a dual agent.
 - c) a subagent of the seller.
 - d) an agent of the seller.
30. A written agreement in which a purchaser agrees to buy and a seller agrees to sell is called
- a) an agency.
 - b) an assessment.
 - c) a contract.
 - d) a fiduciary obligation.
31. In an exclusive right-to-sell listing, an owner lists the property for sale with how many brokers?
- a) One.
 - b) Two.
 - c) Three.
 - d) Any number.

32. A managing broker can be held responsible for
- all actions of associated salespersons.
 - all real estate activities of salespersons.
 - only those real estate activities the broker is aware of.
 - no activities of independent contractors.
33. Which of the following is NOT usually prorated at closing?
- Special tax assessments.
 - Homeowners association fees.
 - Property taxes.
 - Transferred homeowner's insurance.
34. An agent shows a home to a couple and mentions that it has a lovely fireplace in the living room. After buying the home, the buyers and agent discover that the brick fireplace is just a decorative fireplace and is not "wood burning." Which of the following would BEST protect the agent from financial loss?
- The state recovery fund.
 - E & O coverage.
 - Homeowner warranty insurance.
 - A business pursuits endorsement on the agent's homeowners insurance policy.
35. The Department of Housing and Urban Development estimates that most private homes built before 1978 contain potentially dangerous levels of lead. Because of this, some Federal agencies, such as FHA,
- will no longer lend or guarantee loans on these older properties.
 - require evidence of testing for and disclosure of any type of lead contamination before they will lend or guarantee loans on such properties.
 - require funds to be escrowed for lead abatement as a condition of lending or guaranteeing loans on such properties.
 - require the buyer to acknowledge disclosure of the presence of any known lead paint.
36. A seller mentions to his agent that the previous owners of his property may have dumped hazardous waste on the site. Under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), who is liable for damages from the dumping prior to the sale of the property?
- Seller.
 - Agent.
 - Company that manufactured the waste.
 - Federal government.

37. A homeowner has negotiated with a neighbor to obtain the permanent right to pass over the northern part of the neighbor's land to gain access to the river. He pays the neighbor \$9,000 for the right of access and receives a deed. This is an easement
- in gross.
 - by necessity.
 - appurtenant.
 - by prescription.
38. A lawsuit for inverse condemnation may be brought by
- the police.
 - the city.
 - a homeowner.
 - the zoning board.
39. Federal Truth-in-Lending laws are also known as
- the Freedom of Information Act.
 - the Equal Credit Opportunity Act.
 - Regulation Z.
 - Title VIII.
40. A home buyer is obtaining a fully amortized loan in the amount of \$140,000. The savings and loan will give him the loan for 15 years at 5% or for 30 years at 6%. To the nearest cent, what is the difference between the monthly payments for these two loans? (BE SURE TO USE THE AMORTIZATION TABLE.)
- \$267.40.
 - \$341.60.
 - \$355.60.
 - None of the above.
41. Which of the following approaches MOST reliably estimates the sales price of a single-family residence?
- Appreciation.
 - Market data.
 - Cost.
 - Mortgage value.

42. A broker, acting as agent for the seller, presents an offer to buy from the broker's former college roommate. The broker knows that the buyer will increase the amount of the offer if the seller turns down the offer. When presenting the offer, the broker should
- tell the seller that the buyer will pay more.
 - not disclose that the buyer will pay more to ensure fair treatment of all parties.
 - try to negotiate a fair compromise between what the seller is asking and what the buyer is offering.
 - encourage the seller to delay accepting the offer.
43. All but one of the following are true regarding an agreement of sale:
- Seller agrees to convey legal title in the future
 - Buyer agrees to pay purchase price over a specified period of time
 - Buyer is considered the equitable owner
 - Buyer pays the conveyance tax twice
44. All of the following are methods to calculate the reproduction or replacement cost of a building EXCEPT the
- quantity survey method.
 - unit-in-place method.
 - square foot method.
 - straight-line method.
45. A seller tells the listing agent that her home was treated for termites 10 years ago, so there are no termites now. Before listing the property, the agent should
- tell the seller not to disclose, because the statute of limitations has run out.
 - tell the seller to disclose the termite treatment on the property disclosure.
 - talk to neighbors to see if there are termites in the neighborhood.
 - talk to the planning and zoning department for local termite eradication ordinance.
46. Prospective buyers made an offer on a property. The seller did NOT accept, but made a counteroffer. The prospective buyers signed the counteroffer and the real estate agent delivered their acceptance to the seller. In the interim, the same buyers had found another house that they liked better and made an offer on it, which was accepted. Which of the following is TRUE?
- The contract on the first house is not enforceable.
 - Neither contract is enforceable.
 - Only the first contract is valid.
 - Both contracts are valid.

47. Which of the following is NOT a consideration in the definition of market value?
- a) Buyer and seller must be unrelated and acting without undue pressure.
 - b) Buyer and seller must be well informed of the property's use and potential.
 - c) Property has been exposed on the open market a reasonable time.
 - d) Buyer and seller must agree to appraised value.
48. A broker has brought a ready, willing, and able buyer to a seller. In MOST listing contracts, the broker has earned his commission when
- a) any offer is delivered to the seller.
 - b) the seller accepts the offer.
 - c) all contingencies are removed.
 - d) the sale closes.
49. When a principal authorizes an agent to perform a particular act or transaction, it is an example of a
- a) universal agency.
 - b) special agency.
 - c) general agency.
 - d) common agency.
50. An adjustable rate loan should include all of the following elements EXCEPT
- a) margin.
 - b) life-of-the-loan cap.
 - c) index.
 - d) negative amortization.
51. MOST closed real estate transactions should be reported to the IRS. REQUIRED information includes seller name(s) and social security number(s) and
- a) buyer name(s) and social security number(s).
 - b) the property financing.
 - c) the mortgage lender's name and address.
 - d) the sale price.
52. A competitive market analysis is MOST often used for
- a) estate tax purposes.
 - b) setting a listing price.
 - c) divorce proceedings.
 - d) property tax assessment.

53. A distinguishing characteristic of owning property by land trust is that
- lower tax assessments usually result.
 - corporate tax rates are applied to profits.
 - the identity of the legal owner is kept confidential.
 - building permits are more easily obtained.
54. Discrimination in the rental of rooms or apartments is permitted in all of the following except?
- The rental of a unit in a duplex, if the landlord resides in one of the units.
 - The rental of a room in a four bedroom house where the landlord resides in one of the units.
 - The rentals of rooms in a building run by a religious organization.
 - A six unit apartment building.
55. When a property owner uses his home as collateral for a loan and creates a lien in favor of the lender, title is held by the
- mortgagor.
 - lender.
 - mortgagee.
 - beneficiary.
56. A borrower has defaulted on the mortgage. The mortgage contains an acceleration clause. This permits the lender to
- confiscate the borrower's personal assets.
 - demand immediate payment of the entire note.
 - report the borrower to the Federal Housing Administration.
 - force the borrower to vacate the premises.
57. A commercial property lost value because a recently constructed highway moved traffic away from the property. This is an example of
- accelerated depreciation.
 - economic or external obsolescence.
 - functional or physical obsolescence.
 - incurable physical deterioration.

58. If you own a building free and clear that is worth \$115,000 and want an annual return of 12%, what net income is needed each month?
- a) \$1,150.
 - b) \$9,583.
 - c) \$13,800.
 - d) None of the above.
59. A couple bought a rental house for \$195,000. Its assessed value was \$180,000. If the tax rate is \$1.50 per \$100 of assessed value, what is the monthly contribution the lender will REQUIRE for taxes? Round to the nearest cent.
- a) \$225.00
 - b) \$162.50
 - c) \$150.00
 - d) \$112.50

60. An Environmental Impact Statement (EIS)

- a) summarizes the environmental impact of an existing project.
- b) protects the impact on the environment of a proposed project.
- c) is used primarily for state and Federally funded projects.
- d) must be approved by all affected water districts.

61. At the time of listing, the seller tells the listing agent they are moving because the neighbor has loud parties every weekend. The agent should

- a) suggest talking to the neighbor about being quiet.
- b) schedule only daytime showings.
- c) tell potential buyers about the parties.
- d) do not tell anyone about the parties.

62. Which of the following statements about discount points is FALSE?

- a) They are computed as a percentage of the selling price.
- b) They are used to buy down interest rate.
- c) They are a function of the marketplace.
- d) They are paid by either the buyer or the seller.

63. An escheat occurs when

- a) property is seized to satisfy a tax lien.
- b) property is condemned for a necessary public use.
- c) a property owner dies without heirs or a valid will.
- d) a property owner fails to perform legally required cleanup of toxic waste.

64. Depreciation is calculated based on the

- a) cost of the building only.
- b) value of the land only.
- c) total purchase price.
- d) assessed valuation.

65. The gross rent multiplier for a single-family home is calculated by dividing the sales price of the property by

- a) the cost per square foot.
- b) its gross annual rent.
- c) its gross monthly rent.
- d) expected rate of return.

66. The purpose of requiring an earnest money deposit in a real estate sales contract is to

- a) ensure that the broker will receive some compensation if either party defaults.
- b) ensure that the seller will not be bothered by offers from buyers who are unable to qualify for appropriate financing.
- c) provide evidence of the buyer's intention to carry out the contract.
- d) set aside funds to cover the buyer's closing costs and mortgage insurance premiums.

67. A broker supplies the financing for a project to build condominiums with the stipulation that he has the exclusive right to sell the completed condos. Which of the following BEST describes this relationship?

- a) Agency coupled with an interest.
- b) Specific agency.
- c) General agency.
- d) Exclusive agency.

68. If conditions for purchase are included in a deed and these conditions are violated, what is the penalty?
- a) A court order enforcing compliance.
 - b) Penalty charges.
 - c) An injunction against further use of the property.
 - d) Return of the property to the original owner.
69. At the time of harvest, crops that require annual planting are generally considered to be
- a) improvements.
 - b) personal property.
 - c) real property.
 - d) appurtenances.
70. The real estate contract for a specific property for use as an unlicensed whiskey sales operation was forced to terminate. The termination was the result of
- a) operation of law.
 - b) impossibility of performance.
 - c) novation.
 - d) breach of contract.
71. The buyer wants to make the purchase offer contingent on a complex mortgage arrangement. The buyer's agent who is drawing up the contract should
- a) include the provision for the mortgage as the buyer requests.
 - b) suggest the buyer ask a lawyer to furnish the wording.
 - c) consult the supervising broker for advice.
 - d) refer the matter to the seller's agent.
72. Which of the following may be considered prima facie evidence of discrimination by a broker?
- a) Failure to show property in certain neighborhoods.
 - b) Failure to display the equal housing opportunity poster at the broker's place of business.
 - c) Failure to keep appointments with minority customers even though the broker was unaware of the minority status.
 - d) Failure of a minority buyer to qualify for a loan arranged by the broker.

73. According to the Truth-in-Lending Act, if any "trigger terms" are used in an ad, all of the following disclosures MUST appear in the ad EXCEPT the

- a) cash price or amount of the loan.
- b) amount of down payment required.
- c) number, amount, and frequency of payments.
- d) prepayment penalties and rebates.

74. Earnest money should be deposited into a trust account

- a) in a timely manner, according to state laws.
- b) upon removal of all contingencies.
- c) at the broker's discretion.
- d) according to MLS rules.

75. What type of map is MOST useful for describing the terrain of a very hilly lot?

- a) Contour map.
- b) Assessor's map.
- c) Recorded map or plat.
- d) Conic projection map.

76. The document used in a real estate sale that establishes the legal rights of the buyer and seller is the

- a) purchase contract.
- b) deed.
- c) listing agreement.
- d) abstract of title.

77. The purpose of usury laws is to regulate

- a) interest rates charged by lenders.
- b) loan origination fees charged by lenders.
- c) loan prepayment penalties.
- d) lender collusion to fix interest rates.

78. A minority couple come to a salesperson looking for a house. The salesperson has some properties for which the couple qualify but avoids showing or mentioning these listings. Instead, the salesperson shows only properties in low-priced and integrated neighborhoods. This practice is known as
- steering.
 - blockbusting.
 - redlining.
 - conciliation.
79. A contract has been drawn which obliges the sellers to convey title to their land to the buyers if the buyers come up with \$22,000 on or before December 31st. This is called
- a buy-sell agreement.
 - an option contract.
 - an installment contract.
 - a vendor's lien interest.
80. A will has been drawn up leaving the family homestead to the owners' granddaughter. Once that has been done, the owners may
- not sell the property to anyone else.
 - sell the property only with their granddaughter's agreement.
 - change other aspects of the will but not the provision relating to real estate.
 - make any changes they wish through a codicil or a later will.
81. A property owner died, having willed his real property to his two daughters. There is still a chance that they could lose the land for a variety of reasons, but it CANNOT be taken through
- condemnation.
 - a challenge to the will.
 - sale to satisfy a tax lien.
 - escheat.
82. On January 15, a seller paid \$960 in annual property tax for the current calendar year. A buyer is purchasing the house with the closing set for March 1. What will be the seller's credit for the property taxes already paid if the buyer pays for the day of closing? Use a 360-day year and a 30-day month.
- \$120
 - \$160
 - \$800
 - \$840

83. When preparing a market data estimate of value, which of the following categories of adjustment is NOT essential?
- The amount of square footage.
 - The location of the property.
 - The original cost of the building.
 - The date of sale of the comparables.
84. The day after a broker's listing on a house expired, it was listed with another broker and offered in the MLS. Several days later, a third licensee called the first broker and asked for the key to show the home. The broker should inform the caller that
- he is no longer the listing agent.
 - he will set up an appointment for showing-the home.
 - he will leave the key under the door mat.
 - the house is currently off the market.
85. If a building is non-conforming, it is:
- Taken by eminent domain
 - Outside the existing zoning code
 - Subject to loss of occupancy permit
 - Misclassified by the existing zoning code.
86. The land description T3N, R4W Principal Meridian refers to what method of property description?
- Rectangular survey.
 - Metes and bounds.
 - Lot and block.
 - Common address.
87. Errors and Omissions insurance covers the broker for
- title defects.
 - intentional misrepresentations.
 - unintentional misrepresentations.
 - commission losses.
88. An example of a fiduciary relationship is one which exists between the listing broker and
- a prospective buyer.
 - anyone he talks to about real estate.
 - her client.
 - her customer.

89. The escrow officer or closing agent **MUST** give information regarding the sales price and seller's social security number to
- HUD
 - FIRPTA
 - IRS
 - OSS
90. Although states make specific laws governing water rights and the rights in land that borders water, most states generally follow one of two basic doctrines regarding water rights. Either riparian and littoral rights are automatically conveyed with property, or all water rights are controlled by the state under the doctrine of prior appropriation. The doctrine of prior appropriation is **MOST** likely to be followed in states where
- water is plentiful.
 - water is scarce.
 - waterways are important to commercial traffic.
 - there are severe water pollution problems.
91. For Federal income tax purposes, which of the following are costs of homeownership that may be deducted from gross income?
- Mortgage loan interest, local property taxes, mortgage loan origination fees.
 - Mortgage loan interest, homeowner's insurance premium, local property taxes.
 - Cost of essential repairs, mortgage loan origination fees, local property taxes.
 - Homeowner's insurance premium, mortgage loan origination fees, mortgage loan interest.
92. A landlord may legally refuse to rent to a prospective tenant if the tenant
- has a history of serious mental illness.
 - is unable to live alone without assistance.
 - has ever been convicted of using illegal drugs.
 - has ever been convicted of selling illegal drugs.
93. The sellers have agreed to give the buyer a carpet allowance to replace the family room carpet. They will allow \$19.95 per square yard for carpet plus \$5 per square yard for pad and installation. If the family room is 22'6" x 15', how much will it cost the sellers (to the nearest cent)?
- \$935.63.
 - \$939.78.
 - \$966.81.
 - None of the above

94. A company agrees to lease a property to be used as a gambling casino. State laws prohibit gambling. This particular contract would be legally defined as
- void.
 - voidable
 - valid.
 - unenforceable.
95. Tenants are still in their rental property even though their lease has expired. The landlord has given them written notice to quit and refused to accept rent. They are
- periodic tenants.
 - tenants by reversion
 - tenants in common.
 - tenants at sufferance.
96. A buyer is getting a fully amortized loan for \$220,000. The bank will give the buyer the loan for 15 years at 5 ½% or for 30 years at 6 ½%. To the nearest cent, what is the difference between the monthly payments for these two loans? (BE SURE TO USE THE AMORTIZATION TABLE.)
- \$309.20.
 - \$409.20.
 - \$550.80.
 - \$407.03.
97. A charge of violation of Federal Fair Housing laws can be heard by an administrative law judge within the Department of Housing and Urban Development (HUD) or by a Federal district court judge in Federal court. The advantage of a Federal court hearing to the complaining party is that
- the case will be more thoroughly reviewed.
 - there is no dollar limit on damages paid.
 - only a district court judge can order that the property be sold to the complaining party.
 - only a district court judge can order jail time for the guilty party.
98. An equal housing opportunity notice MUST be
- displayed in the brokerage office.
 - included in all written advertisements.
 - specified in all listing agreements and offers to purchase.
 - given to all prospective clients.
99. A competitive market analysis takes into consideration
- square footage of the subject property.
 - neighborhood nuisances.
 - unemployment levels in the community.
 - age of the sellers.

100. A buyer wants to purchase a home priced at \$100,000. The lender appraises the house at \$90,000 and agrees to make an 80% loan-to-value loan. How much cash MUST the buyer put down to get the house?
- \$18,000.
 - \$20,000.
 - \$28,000.
 - \$26,000.
101. The real estate licensee who accepts an undisclosed fee for referring a buyer to a specific title company may be in violation of
- RESPA
 - Title VIII
 - UCC
 - CC&Rs
102. According to the principle of progression, a three-bedroom, one-story home is MOST likely to bring the highest sales price if located in a neighborhood in which
- all homes are similar in size.
 - most homes are smaller than the sale home.
 - most homes are larger than the sale home.
 - most of the homes are rental properties.
103. A property management plan may serve different purposes for different owners, and generally has to strike a balance between preservation of the property's value and generation of income. Which of the following owners would MOST likely prefer a property manager who emphasizes maintenance of value over profitability?
- An individual entrepreneur who owns several apartment buildings.
 - The Department of Housing and Urban Development.
 - The investment division of a bank.
 - A corporate Real Estate Investment Trust.
104. An owner lists his home and agrees to pay a 6% commission provided he nets \$10,000 after paying the commission and the balance of his mortgage, which is \$75,000. To the nearest dollar, what should the selling price be to net the owner his \$10,000?
- \$79,787
 - \$80,189
 - \$90,100
 - \$90,426.
105. An easement can be terminated by
- a license.
 - prescription
 - an express grant.
 - merger of titles.

106. A major difference between freehold and nonfreehold estates is that all freehold estates
- are of indeterminable duration.
 - terminate upon the death of the person on whose life they are based.
 - are inheritable by the holder's heirs.
 - are estates for a fixed term.
107. A buyer was negotiating the purchase of a house for himself. During a conversation with the seller, the seller agreed to include all kitchen appliances in the sale, and this fact was included in the sales contract. In this situation, if the seller takes the appliances with him, what recourse does the buyer have?
- The buyer has no recourse because he negotiated the sale himself.
 - The buyer may declare the sales contract invalid.
 - The buyer may sue the seller for partial performance.
 - The buyer may sue the seller for specific performance.
108. An agreement to purchase that has NOT yet closed is
- an executed agreement
 - an executory contract
 - a unilateral contract
 - voidable
109. Under the terms of their listing contract, the owners may sell their house themselves and pay no commission. If their agent sells it, a commission will be due. What kind of listing contract do the owners have?
- Multiple listing
 - Net listing
 - Exclusive agency listing
 - Exclusive right to sell listing
110. Two parties orally promise one thing, but write and sign something else. Which contract will prevail?
- The oral contract.
 - The written contract.
 - The contract first agreed to.
 - Either contract, depending on individual circumstances.
111. Davis, Hernandez, and Moore are vested as tenants in common on a parcel of land. Each received a pro-rata undivided interest in the parcel. The total price was \$120,000. Davis put up 40% and Hernandez put up \$22,500. What percentage does Moore own (to the nearest tenth of a percent)?
- 33.3%
 - 36.0%
 - 45.0%
 - None of the above.

112. A buyer made an offer on a property that was listed at \$350,000. She wanted to put \$35,000 down and make payments to the seller, allowing the seller to retain title until the principal was paid off. The seller accepted, and the buyer became a
- Grantor
 - Grantee
 - Vendor
 - Vendee
113. Without checking the facts, a broker who is the seller's agent tells a buyer that the property taxes in a particular neighborhood are among the lowest in the area. The buyer relies on the broker's statement and makes an offer on a house in the neighborhood. Before closing, it is determined that the taxes are actually among the highest in the area. The buyer could seek to rescind the contract on the basis of
- Puffing
 - Misrepresentation
 - lack of care and diligence
 - Nothing; property taxes are a matter of public record and it was the buyer's responsibility to check them.
114. Real property can be converted to personal property by
- Annexation
 - Severance
 - Accession
 - Extension
115. A realty firm has just entered into an agreement to represent a home builder in the sale of a new subdivision. The firm has located several potential buyers and five homes have been sold to purchasers that the firm's agents have contacted. The realty firm has an agency relationship with
- The builder
 - The buyers
 - The builder and the buyers
 - Neither the builder nor the buyers
116. When a sewer line is installed down a rural road, the cost will probably be shared by
- All taxpayers in that township.
 - Current landowners with the largest amount of frontage on that road.
 - Any future purchaser of property on the road.
 - All current owners of real estate fronting on that road.

117. Three identical homes in a neighborhood were listed at the same time in a market where demand was constant. According to the law of supply and demand, which would have sold for the lowest price?
- The first sold.
 - The second sold.
 - The last sold.
 - Cannot tell from the information given.
118. Timeshare ownership programs MOST often use which of the following ownership forms?
- Joint tenancy.
 - Tenancy in common.
 - Tenancy by entirety.
 - Cooperative ownership.
119. When is flood insurance REQUIRED in order to obtain a loan?
- When the property is located in a Flood Hazard Zone.
 - If the lender learns that the property securing an existing loan has been recategorized as being located in a Flood Hazard Zone.
 - When there is no hazard insurance. If the property is covered by hazard insurance, flood hazard is also covered.
 - Never. Flood insurance is optional, and requiring special insurance in certain areas is called redlining.
120. The relationship in which the agent is placed in the position of trust and confidence to the principal is known by the term
- Disclosure
 - Brokerage
 - Fiduciary
 - Implied agreement
121. When more than one approach to value is applied to a property and different indications of value are produced, how should the final estimate of value be determined?
- Reconciliation
 - Averaging
 - Capitalization
 - Assemblage
122. A loan which requires the borrower to pay interest only until the maturity date (or due date), and then to pay the entire principal on the maturity date, is called a
- Term loan
 - Wraparound loan
 - Shared-equity loan
 - Partially amortized loan.

123. A homeowner is willing to let his neighbor park an RV in his backyard. He does NOT want to make the permission permanent in case he dislikes others who might move next door in the future. What should he give his neighbor?
- An easement by necessity.
 - A variance
 - A license
 - A life estate
124. A couple owns an older home in a neighborhood that is becoming a commercial area. Because of the change in the use of the land, the couple can expect the value of their parcel to increase at some future time. This is an example of the principle of
- Substitution
 - Contribution
 - Conformity
 - Anticipation
125. Another term for the owner of a property listed with your firm is the
- Customer
 - Prospect
 - Consumer
 - Client
126. Although states make specific laws governing water rights and the rights in land that border water, most states generally follow one of two basic doctrines regarding water rights. In many states, the common law doctrine of riparian or littoral rights dictates that water rights are automatically conveyed with property. In others, all water rights are controlled by the state under the doctrine of
- Eminent domain.
 - Prior appropriation.
 - Express reservation.
 - Avulsion
127. Under the Federal Fair Housing Law, which of the following is considered discriminatory advertising?
- "Nonsmoker preferred."
 - "Military discount."
 - "Seniors welcome."
 - "Catholics preferred."

128. Even if a loan applicant's current income seems adequate to qualify for a certain loan, the Equal Credit Opportunity Act allows a lender to refuse the loan as a high risk if the applicant's main source of income is
- Alimony
 - Commission sales
 - Pension fund
 - Child support payments
129. Two buyers bought a house with a \$178,000 mortgage. The interest rate is 6 1/2% per annum payable for 30 years. To the nearest dollar, what is their monthly principal and interest payment? (BE SURE TO USE THE AMORTIZATION TABLE.)
- \$1,068
 - \$1,077
 - \$1,085
 - \$1,125
130. A landowner wishes to build a neighborhood grocery store on a busy street in an area zoned for residential use. Which of the following would MOST likely be used to obtain permission for this store?
- Deed amendment.
 - Approval of surrounding property owners.
 - Inclusionary zoning.
 - Conditional use permit or zoning variance.
131. The principal difference between zoning and planning as they relate to land use control is that zoning
- is backed by police power while planning is backed by injunctive relief.
 - is a legal implementation while planning is a process.
 - supersedes restrictions contained in seller's deeds.
 - has no police power.
132. The purpose of laws that provide for property to escheat to the state or county when a landowner dies with no will and no heirs is to
- increase the amount of land available for public use.
 - prevent property from being ownerless.
 - ensure that all U.S. citizens have the opportunity to own property.
 - protect the bundle of rights of the landowner.

133. Which rule-of-thumb version is being offered to an investor who is told that a house renting for \$900 a month should sell for about \$90,000?
- Gross Rent Multiplier
 - Cap Rate
 - Return on Investment
 - Triple Net Lease
134. Regulation Z addresses all of the following issues EXCEPT
- Usury
 - Truth in Lending
 - APR
 - Finance Charges
135. One common method for controlling the problems created by conflict of interest in dual representation is
- requiring that disclosures of dual representation include a strong warning to buyers that no listing broker can represent them effectively because of the broker's prior commitment to the seller.
 - allowing a broker to designate separate salespeople within the company as legal representatives of each of the clients.
 - not allowing dual agency in the office.
 - posting a sign in the office that all clients are subject to dual agency.
136. In MOST states, foreclosed property is sold through
- hedge funds.
 - public auction.
 - asset managers.
 - private auction.
137. The economic characteristics of land are
- its immobility.
 - its indestructibility.
 - its scarcity, location, and durability.
 - its uniqueness (heterogeneity)
138. A property is encumbered by a first mortgage of \$60,000 and a second mortgage of \$23,500. The property has just been sold at a foreclosure auction to a speculating investor for \$88,000. Assume that all costs of the foreclosure sale are included in these balances. Which of the following statements is FALSE regarding the distribution of funds?
- The former owner receives \$4,500.
 - The second mortgagee receives nothing unless he forced the foreclosure auction.
 - Tax liens would have priority over all other liens.
 - The second mortgagee receives \$23,500.

139. Which of these Federal laws regulates the advertisement of a lender's credit terms (rates, payment, etc.)?
- Consumer Protection Credit Act.
 - Regulation Z.
 - Equal Credit Opportunity Act.
 - RESPA.
140. A salesperson qualified a minority couple with two children and defined their price range as between \$110,000 and \$120,000 for the three bedroom house they wanted. They asked to look at two listings in a nonminority neighborhood. The salesperson did not show them the properties because they were priced under \$90,000 and had only two small bedrooms. Did the salesperson act appropriately and why or why not?
- Yes, because the couple originally stated they wanted a 3 bedroom house.
 - No, because it is appropriate to show any property for which the buyer is qualified.
 - Yes, because the homes were located in a nonminority neighborhood.
 - Yes, because the homes priced under \$90,000 were overpriced for the neighborhood.
141. A lender will make an 80% loan-to-value loan on a property that is appraised for \$72,250 and sells for \$73,500. How much can the purchaser borrow?
- \$58,800.
 - \$72,250.
 - \$57,800.
 - None of the above.
142. How does a creditor who has obtained a judgment get satisfaction against a debtor who will not pay?
- Writ of possession.
 - Writ of execution.
 - Writ of executory judgement.
 - Writ of compensatory judgement.
143. Legal descriptions using the government survey system are NOT generally used in
- mortgages or deeds of trust.
 - general warranty deeds.
 - the original 13 states.
 - homestead land.
144. When land is conveyed to a trustee, the trustee may
- amend the trust agreement at any time.
 - assign beneficial interests to a new beneficiary.
 - cancel the trust agreement within 90 days.
 - do whatever is permitted under the trust agreement.

145. A couple are moving to a new city. They have decided to rent temporarily before buying a house to see which part of the city they would like to live in. What type of lease would BEST suit the couple's needs?
- A one year lease.
 - A triple net lease.
 - A month-to-month lease.
 - A convertible lease.
146. The power vested In the government to establish legislation to preserve order, protect the public health and safety, and promote the general welfare is known as
- escheat.
 - police power.
 - zoning.
 - planning.
147. If all other factors are equal, in which location is a parking lot likely to bring the highest sales price?
- Commercial district zoned for light industrial.
 - Business district zoned for a six-story office building.
 - Agriculture district zoned for farming.
 - Spot zoning parcel in a residential neighborhood.
148. A formal appraisal will ALWAYS be REQUIRED when the
- lender wants to sell the mortgage to the secondary market.
 - the borrower has had a recent bankruptcy.
 - the property is non-conforming.
 - subject property is zoned commercial.
149. Usury laws were enacted to protect the
- lender.
 - HUD.
 - seller.
 - borrower.
150. The Equal Credit Opportunity Act addresses all of the following EXCEPT
- discrimination in lending.
 - protecting single mothers from discrimination.
 - standardization of interest rates.
 - discrimination against welfare recipients.

151. An agency relationship between a property owner and a property manager is usually created by
- an implied agreement.
 - a purchase contract to buy investment property.
 - a lease agreement.
 - a management agreement.
152. Which of the following is the first action to take when mold problems are found?
- Try to clean it using chlorine bleach.
 - Identify and remedy the cause of the problems.
 - Determine if the mold is dangerous or harmless.
 - Tell the client that mold is in every home and not to worry.
153. An amount of money, agreed to in writing by buyer and seller, that will serve as full compensation if one party does not live up to a sales contract is called
- earnest money.
 - liquidated damages.
 - purchase price.
 - additional deposits.
154. While an agent is showing a listed property, the seller and the buyer enter into an oral agreement for the purchase of the home. If a dispute over the terms arises later, the agreement may be unenforceable because
- the agreement does not comply with the Statute of Frauds.
 - oral agreements are unenforceable.
 - oral agreements required to be in plain language.
 - title insurance will not be available.
155. Under a land contract for deed, who retains fee ownership of the property?
- Vendor
 - Vendee
 - Mortgagor
 - Mortgagee
156. Failure of a real estate agent to comply with Fair Housing practices is punishable by
- there are no requirements for real estate agents to comply with Fair Housing practices.
 - license revocation and criminal prosecution.
 - Equal Credit Opportunity Act.
 - RESPA.

157. A licensed broker may employ:
- Another broker to act as a salesperson
 - Unlicensed persons to solicit new listings
 - A salesperson to manage a branch office
 - Licensed salespersons from another state to show listings.
158. Points charged on a conventional loan are used to:
- Increase the yield of the loan
 - Cover any escalation fees
 - Defray costs of potential foreclosure
 - Be held in escrow to insure payment of real property taxes
159. All of the following rescission periods are correct, except:
- 30 days under Condominium Law
 - 7 days under Subdivision Law
 - 7 days under Timesharing Law
 - 72 hours under Truth in Lending Law
160. A cloud on the title would be commonly cured by:
- Warranty Deed
 - Special Warranty Deed
 - Bargain and Sale Deed
 - Quitclaim Deed
161. After a property is sold, a roofing contractor files a mechanics lien for work done 15 months ago. No notice of completion was ever published. When does the lien attach?
- 14 months
 - 45 days
 - 90 days
 - Too late
162. In accordance with the Federal Equal Credit Opportunity Act of 1974, a lender discussing a home loan with a young couple who both work may not consider which of the following factors?
- Verification of bank and savings accounts
 - Age of either husband or wife
 - Credit references supplied by the couple
 - Verification of employment of husband and wife
163. A custodian would need a real estate license to:
- Rent condominium units for the association of owners
 - Rent more than a single property for one owner
 - Renting has no license requirement
 - Rent his own property.

164. All of the following practices are generally true in a conversion of an apartment building to a condominium, EXCEPT:
- The existing tenants on month-to-month leases are given 120 days' notice to relocate
 - The existing tenants are given the first right to purchase their units
 - Renovations are made to individual apartments
 - The tenants can extend their leases for 5 years.
165. With respect to residential leases for terms in excess of one year:
- The tenant is required to give 45 days' notice to vacate
 - Leases for more than one year are illegal
 - The landlord must give 30 days' notice to vacate
 - The lease must be in writing.
166. The broker/owner fiduciary relationship is created when:
- The buyer makes an offer
 - The property is submitted to MLS
 - The buyer's offer is accepted
 - The owner lists the property with the broker
167. The type of listing in which the broker and seller are LEAST likely to know the amount of money that will be received as commission for the sale of the property is:
- An open listing
 - An exclusive authorization to sell
 - A multiple listing
 - A net listing
168. All of the following are TRUE concerning an option sales contract, EXCEPT:
- The optionee can enforce the contract
 - The option money is usually forfeited if the purchase is not completed
 - The optionee must sign the contract
 - The optionor cannot require specific performance
169. In the typical real estate transaction, before a sales contract has been signed by the offeree, the earnest money belongs to the:
- Broker
 - Offeree
 - Esrow
 - Offeror
170. Which type of listing does not require proof that the broker was the procuring cause in order to receive a commission?
- Exclusive agency
 - Open
 - Net
 - Exclusive right to sell

171. When a person who owns real estate in severalty dies testate, his property:
- Goes entirely to the surviving joint tenant
 - Is probated and distributed according to the will
 - Would be solely vested in the remaining tenant in common
 - Reverts to the county by escheat.
172. Items that are affixed as appurtenances to land are usually real property. All of the following are real property, EXCEPT:
- Growing trees
 - Trade fixtures
 - Buried water tanks
 - Buildings
173. The primary purpose of the Federal Housing Administration is to:
- Lend money for the purchase of homes
 - Regulate low interest rates on real estate loans
 - Insure lenders that make real estate loans
 - Function in the secondary market to purchase real estate loans.
174. What advantage does a 20-year amortization loan have over a 15-year amortization loan?
- Lower amount of interest
 - Lower monthly payments
 - Higher monthly payments
 - Lower down payment
175. What accompanies the mortgage document in a real estate loan transaction?
- Promissory note
 - Deed
 - Abstract
 - Appraisal
176. An 80% loan-to-value ratio would be typical of which of the following types of financing?
- VA guaranteed loan
 - Conventional loan
 - Conventional insured loan
 - FHA insured loan
177. Assume that a buyer is making \$600 per month fully amortized payments on his purchase money mortgage. Which is true?
- The amount applying to principal decreases each month
 - The interest payment stays the same
 - The amount paid to interest and principal are constant
 - The amount applying to interest payment decreases each month

178. Which of the following is most likely involved with a 100% loan?

- a) FHA
- b) VA
- c) FMHA
- d) FNMA

179. A deed is not used to convey:

- a) Air rights
- b) An easement
- c) A remainder estate
- d) An estate for years

180. Which part of the deed expresses the intent of the document?

- a) Execution
- b) Granting clause
- c) Habendum
- d) Recital

181. Which of the following enables a mortgage lender to foreclosure:

- a) A note
- b) The purchase agreement
- c) A mortgage
- d) The deed

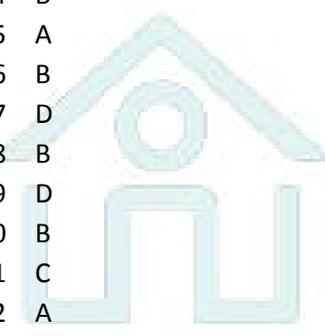
182. State laws differ on whether a buyer is entitled to know about

- a) a suicide that occurred in the house last year.
- b) possible lead paint in the property.
- c) the flooding of the basement every spring.
- d) the fact that the sellers are getting a divorce.



Uniform Practice Test Answer Key

1 B	41 B	81 D	121 A	161 D
2 C	42 A	82 C	122 A	162 B
3 B	43 D	83 C	123 C	163 A
4 A	44 D	84 A	124 D	164 D
5 B	45 B	85 B	125 D	165 D
6 A	46 D	86 A	126 B	166 D
7 D	47 D	87 C	127 D	167 D
8 B	48 B	88 C	128 B	168 C
9 A	49 B	89 C	129 D	169 D
10 D	50 D	90 B	130 D	170 D
11 C	51 D	91 A	131 B	171 B
12 A	52 B	92 D	132 B	172 B
13 D	53 C	93 A	133 A	173 C
14 B	54 D	94 A	134 A	174 B
15 A	55 A	95 D	135 B	175 A
16 C	56 B	96 D	136 B	176 B
17 C	57 B	97 B	137 C	177 D
18 B	58 A	98 A	138 B	178 B
19 D	59 A	99 A	139 B	179 D
20 B	60 B	100 C	140 B	180 B
21 A	61 C	101 A	141 C	181 C
22 A	62 A	102 C	142 B	182 A
23 B	63 C	103 B	143 C	
24 D	64 A	104 D	144 D	
25 D	65 C	105 D	145 C	
26 A	66 C	106 A	146 B	
27 A	67 A	107 D	147 B	
28 D	68 D	108 B	148 A	
29 C	69 B	109 C	149 D	
30 C	70 B	110 B	150 C	
31 A	71 B	111 D	151 D	
32 B	72 B	112 D	152 B	
33 A	73 D	113 B	153 B	
34 B	74 A	114 B	154 A	
35 D	75 A	115 A	155 A	
36 A	76 A	116 D	156 B	
37 C	77 A	117 A	157 A	
38 C	78 A	118 B	158 A	
39 C	79 B	119 A	159 B	
40 A	80 D	120 C	160 D	



Additional Uniform Questions

1. A new residential subdivision requires each home to have an attached garage that's at least 20'x22'. This is a requirement of:
 - A. Covenant
 - B. Building codes
 - C. Zoning ordinance
 - D. State planning and permitting

2. A Salesperson Joe meets a Buyer Keoki while sitting an open house for one of the office listings. The Keoki tells Joe he is not working with any agent. No representation agreement is signed between the Joe and Keoki. Joe shows Keoki several other homes, and gives advice as to what Keoki should offer on one of the homes Keoki's interested in. Keoki's offer is accepted and escrow is opened. Soon after, there are several undisclosed defects that are discovered.
 - A. Joe should advise Keoki that because there was no agency agreed to, he can't give Keoki advice as to what he should do.
 - B. Because of Joe's actions, an implied agency was created, and Joe should advise Keoki to hire a competent home inspector to assess the problems.
 - C. Because Joe met Keoki at the open house, Keoki is just a customer and Joe has no fiduciary to Keoki.
 - D. Law of agency only applies to clients, not customers.

3. The main purpose for the protection clause in a listing agreement is:
 - A. To protect the seller from breach of contract by the buyer.
 - B. To protect the listing broker from other agents from selling the property to their client after the listing expires.
 - C. To protect the listing broker from the seller and buyer colluding with each other.
 - D. To protect the listing broker for all buyers the broker showed the property to and registered with the seller.

4. The main advantage of Private Mortgage Insurance is:
 - A. It provides a lower interest rate on the loan.
 - B. It allows a buyer to purchase with less cash.
 - C. It pays off the loan in the event of death.
 - D. It assures the borrower will qualify for a loan.

5. A broker lists a property to be sold "As-Is" in a single agent capacity. Which of the following is the broker not required to disclose to broker's customer:
- A. The broker is not required to disclose anything because the property is being sold As-Is.
 - B. An obviously leaking faucet because it's wasting water.
 - C. A roof leak evidenced by apparent stains on the ceiling.
 - D. Cracked roof trusses.
6. All of the following are required in a fiduciary relationship EXCEPT:
- A. Loyalty
 - B. Obedience
 - C. Indemnification
 - D. Confidentiality
7. The secondary markets purchase mortgages from:
- A. Trust funds
 - B. Banks
 - C. Insurance companies
 - D. Mutual funds
8. Bob and Sally, husband and wife, are purchasing a property together. They tell Agent Mary that they want to make sure that upon the death of one, the surviving spouse will get the other's share. Agent Mary should:
- A. Advise them to take title as Tenants by the Entirety because it assures them of what they want to happen in the event of death.
 - B. Explain to them the basics of the different types of tenancy and advise them to seek the counsel of an estate planner or attorney.
 - C. Advise them that it's beyond your scope of service to give them that advice.
 - D. Advise them that either Joint Tenancy or Tenants by the Entirety will do the same thing.
9. When can a seller cancel a 90 day listing agreement without any liability:
- A. After 30 days.
 - B. If the broker breaches the listing agreement.
 - C. After giving written notice, but not before 30 days.
 - D. After 60 days.

10. The main purpose of keeping trust funds for client's monies held is:
- A. It's easier for the state to audit the financial records.
 - B. It makes it impossible for a broker to mix and converge broker and client funds.
 - C. It keeps broker's and client's funds separate so that there is no question on accounting of client's monies.
 - D. It makes it easier for the broker's CPA to perform accounting duties.
11. What title does the Vendee hold:
- A. Equitable title
 - B. Legal title
 - C. Both
 - D. None
12. Buyer and Seller agree on a sales price and execute a Purchase Contract. The Buyer has a contingency on obtaining a loan to purchase the property. This is a:
- A. Unilateral contract
 - B. Bilateral contract
 - C. Executory contract
 - D. Voidable contract
13. Seller wishes to retain legal title and lend money to the buyer for the purchase of seller's home. This is:
- A. Wraparound mortgage
 - B. Agreement of sale contract
 - C. Deed
 - D. Purchase money mortgage
14. A business owner signs a 5 year lease on a commercial building to operate a grocery store. The property owner sells the property in June of the following year. The commercial lease is:
- A. Voidable by the business owner
 - B. Binding on the new owner
 - C. Assignable
 - D. Terminates on the closing date of the sale

Answer Key

1 A 2 B 3 D 4 B 5 A 6 C 7 B 8 B 9 B 10 C 11A 12C 13B 14B

Additional Uniform Study Questions

1. Three identical homes in a neighborhood were listed at the same time in a market where demand was constant. According to the law of supply and demand, which would have sold for the lowest price?
 - a) The first sold.
 - b) The second sold.
 - c) The last sold.
 - d) Cannot tell from the information given

2. An equal housing opportunity notice MUST be
 - a) displayed in the brokerage office.
 - b) included in all written advertisements.
 - c) specified in all listing agreements and offers to purchase.
 - d) given to all prospective clients.

3. For Federal income tax purposes, which of the following are costs of homeownership that may be deducted from gross income?
 - a) Mortgage loan interest, local property taxes, mortgage loan origination fees.
 - b) Mortgage loan interest, homeowner's insurance premium, local property taxes.
 - c) Cost of essential repairs, mortgage loan origination fees, local property taxes.
 - d) Homeowner's insurance premium, mortgage loan origination fees, mortgage loan interest.

4. In helping a buyer to select a lender, if the buyer believes he has good credit and his income is documentable as a salary and by tax returns, the licensee might recommend a mortgage banker, instead of a mortgage broker, for all of the following reasons EXCEPT
 - a) closing costs may be lower.
 - b) loan originator has knowledge of the underwriter's policies.
 - c) more variety of loan programs available.
 - d) originator and lender are part of same company

5. A salesperson qualified a minority couple with two children and defined their price range as between \$110,000 and \$120,000 for the three-bedroom house they wanted. They asked to look at two listings in a nonminority neighborhood. The salesperson did not show them the properties because they were priced under \$90,000 and had only two small bedrooms. Did the salesperson act appropriately and why or why not?
 - a) Yes, because they were overqualified for the homes they had requested to see.
 - b) Yes, because it is the salesperson's job to tailor the properties shown to the needs of the buyer.
 - c) No, because it is appropriate to show any property for which the buyer is qualified.
 - d) No, because the presence of children requires granting occupancy if they desire it.

6. To be valid, every deed must
 - a) contain a warranty.
 - b) include granting language.
 - c) be executed by the grantor.
 - d) be signed by the grantee if there are covenants.

7. An environmental impact statement typically describes the effects of a proposed project on factors such as
 - a) public health and safety.
 - b) zoning regulations.
 - c) highest and best use of the land.
 - d) mapping requirements.

8. Salesperson Susan was at the local coffee shop with some agents from other offices. The subject of commissions came up, and agents began to compare their commission rates. Susan should
 - a) excuse herself from the discussion as this could constitute illegal blockbusting.
 - b) advise her friends this could constitute a violation of Sherman Antitrust Act.
 - c) listen carefully so she can be more competitive in the market.
 - d) be certain her company is charging as much as the others.

9. When a listing broker is preparing an Offer to Purchase for a buyer customer, contingencies involving inspections or approval by a third party should
 - a) have short deadlines.
 - b) be discouraged by the broker.
 - c) be stated as briefly as possible.
 - d) be limited to mortgage arrangements.

10. While an agent is showing a listed property, the seller and the buyer enter into an oral agreement for the purchase of the home. If a dispute over the terms arises later, the agreement may be unenforceable because
 - a) the agreement does not comply with the Statute of Frauds.
 - b) oral agreements are never enforceable in court.
 - c) it is not assignable by novation between the parties.
 - d) the oral agreement does not include the agent.

11. The Department of Housing and Urban Development estimates that most private homes built before 1978 contain potentially dangerous levels of lead. Because of this, some Federal agencies, such as FHA,
- will no longer lend or guarantee loans on these older properties.
 - require evidence of testing for and disclosure of any type of lead contamination before they will lend or guarantee loans on such properties.
 - require funds to be escrowed for lead abatement as a condition of lending or guaranteeing loans on such properties.
 - require the buyer to acknowledge disclosure of the presence of any known lead paint.
12. During the listing presentation, the seller questions the amount of commission to be paid and is told
- the amount is set by law.
 - everyone charges the same amount.
 - the amount of commission is negotiable.
 - the agent that charges a lower commission will not do as good a job selling the property.
13. Even after an offer has been accepted and is binding, the buyer and seller may still choose to sign mutual release papers rather than proceed to closing. Which of the following circumstances would NOT give either party a justifiable reason to insist on a mutual release?
- The buyer finds a better property for better terms.
 - A title defect that will take months to clear is discovered.
 - A basement fire causes damage that requires extensive repairs.
 - The buyer is unable to obtain financing that meets the terms of the contract's financing contingency.
14. A legal easement can be created by any of the following EXCEPT
- definition within a deed.
 - merger of the titles.
 - a written agreement between the parties.
 - the parties' behaving as though there was an agreement.
15. Three people buy a house as tenants in common. Subsequently, two of the owners want to sell, but the third discourages each potential purchaser. The two owners who wish to sell the house can
- sell without the third owner's consent.
 - file an action for partition against the third owner.
 - file for a lien against the third owner's interest as damages.
 - force the third owner to sell if they invoke the rule of specific performance

16. What is the duration of a home warranty's coverage?

- a) the expected life of the purchaser
- b) the expected life of the product or system covered
- c) as disclosed in the contract that offers the warranty
- d) a minimum of 5 years or the duration of the purchaser's ownership, whichever is shorter

17. A competitive market analysis is MOST often used for

- a) estate tax purposes.
- b) setting a listing price.
- c) divorce proceedings.
- d) property tax assessment.

18. When compiling a competitive market analysis, a broker would look for comparable properties that

- a) were sold for all cash.
- b) had been extensively advertised.
- c) were offered by owner with no broker.
- d) were located near the property being listed.

19. A licensee has an agency representation agreement with a buyer. When showing another company's listing, what obligation does the licensee have to the seller and the listing broker at the other company?

- a) There is no obligation because the buyer's agent has a fiduciary duty to the buyer.
- b) The buyer's agent will be paid by the buyer and has no obligations to the seller or his agent.
- c) The listing broker works for the seller and has no right to any information from the buyer's broker or the buyer.
- d) Disclose the agency relationship when arranging the showing and disclose material information about the buyer if presenting an offer.

20. An investment property returns 12% of its value or \$21,000 annually. What is the value of the property?

- a) \$100,000
- b) \$175,000
- c) \$235,200
- d) \$252,000

21. A licensee is listing a property in a known flood plain. The seller flatly denies that the structure and the property have ever been flooded. What is the licensee required to do in this situation?

- a) Rely on the face value of seller's statement.
- b) Inform the seller of potential legal consequences if this claim is untrue.
- c) Inform the seller of the legal obligation to disclose facts regarding flood plains.
- d) Refuse to list the property and explain to the seller that all properties in this area flood.

22. A prospective seller asks a salesperson to recommend a listing price for a property. The salesperson should suggest

- a) listing the property at the price the owner believes it is worth.
- b) listing the property at least 30% above the current mortgage.
- c) a competitive market analysis to determine the property's value.
- d) setting the price at the value of the most recent sale in the neighborhood.

23. A seller's statement in a property disclosure document means

- a) the owner is disclosing known latent defects.
- b) nothing, because the seller will not be responsible for any defects.
- c) the property is fully suitable for the uses contemplated by the buyer.
- d) the owner creates a warranty that there are no defects in the property.

24. The Civil Rights Act of 1866 prohibits any type of discrimination based on

- a) gender.
- b) race.
- c) race and gender.
- d) religion.

25. A broker has signed a listing contract for the sale of a home. Which of the following could make this contract voidable?

- a) The seller cannot write and sign with an "X".
- b) The listing contract specifies that no other broker may show the house.
- c) The seller is heavily under the influence of alcohol at the time of signing.
- d) The listing contract specifies that a commission will be paid only if the house is sold within 3 weeks.



26. Which of the following consumers would be able to derive the most benefit from a reverse mortgage?
- a) Any homeowner whose property is free of any mortgage encumbrance.
 - b) A young couple whose mortgage loan has a higher interest rate than the current rate for new loans.
 - c) A 65-year-old man who has recently bought a condominium with a conventional loan for 90 percent of the purchase price
 - d) A couple in their late 60's who need to tap their home equity to help cover their expenses but do not want to sell their house.
27. Even with title insurance, the policyholder may still suffer losses arising from a)
- a) forged documents.
 - b) incompetent grantors.
 - c) defects found in recorded public records. d)
 - d) land use change due to zoning ordinances.
28. If a borrower can afford to make monthly principal and interest payments of \$1,000 and the lender will make a 30-year loan at 5-1/2%, or a 20-year loan at 4-1/2%, what is the largest loan (rounded to the nearest \$100) this buyer can afford? (BE SURE TO USE THE AMORTIZATION TABLE.)
- a) \$158,100
 - b) \$158,300
 - c) \$175,900
 - d) \$176,100
29. Under the common law of agency, licensees owe the broker with whom they are associated all of the following duties EXCEPT
- a) loyalty.
 - b) competence.
 - c) indemnification.
 - d) full disclosure.
30. According to the principle of progression, a three-bedroom, one-story home is MOST likely to bring the highest sales price if located in a neighborhood in which
- a) all homes are similar in size.
 - b) most homes are smaller than the sale home.
 - c) most homes are larger than the sale home.
 - d) most of the homes are rental properties.

31. Under the terms of their listing contract, the owners may sell their house themselves and pay no commission. If their agent sells it, a commission will be due. What kind of listing contract do the owners have?

- a) Multiple listing.
- b) Net listing.
- c) Exclusive agency listing.
- d) Exclusive right to sell listing.

32. A competitive market analysis takes into consideration

- a) square footage of the subject property.
- b) neighborhood nuisances.
- c) unemployment levels in the community.
- d) age of the sellers.

33. At the closing on June 15, the buyer is assuming a mortgage presently on the property, on which the monthly interest charge is currently \$600. The seller has made the payment due on June 1. Assuming a VA mortgage, what is the adjustment made at closing?

- a) Credit seller \$300; credit buyer \$300.
- b) Debit seller \$300; debit buyer \$300.
- c) Credit seller \$300; debit buyer \$300.
- d) Debit seller \$300; credit buyer \$300.

34. A salesperson in a branch office is sued for damages by a buyer after the salesperson misrepresents a property. Who has the ultimate responsibility for the salesperson's actions?

- a) the owner of the property
- b) the supervising broker
- c) the branch manager
- d) the salesperson

35. A borrower has defaulted on the mortgage. The mortgage contains an acceleration clause. This permits the lender to

- a) confiscate the borrower's personal assets.
- b) demand immediate payment of the entire note.
- c) report the borrower to the Federal Housing Administration.
- d) force the borrower to vacate the premises.

36. Unrepresented buyers ask the licensee who listed the home whether they should order a property inspection as a part of their due diligence for the purchase of the home. Which of the following would be the most appropriate way for the listing agent to respond?

- a) If you feel it is in your best interest, please do so.
- b) Since I represent the seller I am not able to answer your question.
- c) I am not aware of any issues that such an inspection would identify.
- d) Since the seller has provided a property disclosure, there should be no need for any further inspection.

37. What critical aspect of the property inspection process MUST licensees convey to prospective buyers?

- a) Difficulty of finding competent inspectors.
- b) Appropriate fee splitting between inspectors and brokers.
- c) Need for inspections to be completed within the time stated in the contract.
- d) Likelihood that the inspection will generate a list of items sellers must repair.

38. An exclusive right to sell listing obtained by a broker associate belongs to

- a) the seller only.
- b) the employing broker only.
- c) the broker associate only.
- d) both the broker associate and the responsible broker.

39. If leased premises become unusable for the purpose stated in the lease, the tenant may have the right to abandon the premises. This action is called

- a) condemnation.
- b) actual eviction.
- c) constructive eviction.
- d) abandoned lease property

40. A landowner wishes to build a neighborhood grocery store on a busy street in an area zoned for residential use. Which of the following would MOST likely be used to obtain permission for this store?

- a) Deed amendment.
- b) Approval of surrounding property owners.
- c) Inclusionary zoning.
- d) Conditional use permit or zoning variance.

41. Which restrictive covenant would be considered illegal?

- a) A covenant that is more restrictive than local zoning ordinances.
- b) A restriction that is time-limited and expires after a stated period.
- c) A covenant that restricts the type of building that may be constructed.
- d) A covenant that restricts selected parcels within a defined subdivision.

42. An owner hired a construction company to build a swimming pool at a new home. The owner failed to pay the bill once the work was completed and the construction company filed a lien to obtain payment of the debt. The encumbrance created is called

- a) an equitable lien.
- b) a mechanic's lien.
- c) a lien by default.
- d) a workman's lien.

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Answers to Additional Questions

- | | |
|-------|-------|
| 1. a | 21. c |
| 2. a | 22. c |
| 3. a | 23. a |
| 4. d | 24. b |
| 5. c | 25. c |
| 6. c | 26. d |
| 7. a | 27. c |
| 8. b | 28. d |
| 9. a | 29. c |
| 10. a | 30. c |
| 11. d | 31. c |
| 12. c | 32. a |
| 13. a | 33. d |
| 14. b | 34. b |
| 15. b | 35. b |
| 16. c | 36. a |
| 17. b | 37. c |
| 18. d | 38. b |
| 19. a | 39. c |
| 20. b | 40. d |
| | 41. d |
| | 42. b |

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