

Chapter 10 Questions

Real Estate Taxes and Other Liens

1. When properly recorded in the county where the real estate of the defendant is located, a judgment becomes a(n)
 - a. voluntary lien.
 - b. involuntary lien.
 - c. specific lien.
 - d. statutory lien.

2. When a company furnishes materials for the construction of a house and is subsequently not paid, it may file a(n)
 - a. deficiency judgment.
 - b. lis pendens.
 - c. estoppel certificate.
 - d. mechanic's lien.

3. When a lien against a parcel of real estate may result from a lawsuit currently before the court, one examining the public records would look for
 - a. the chain of title.
 - b. a lis pendens.
 - c. a suit to quiet title.
 - d. a judgment lien.

4. A mechanic's lien would be properly classified as a(n)
 - a. equitable lien.
 - b. voluntary lien.
 - c. general lien.
 - d. specific lien.

5. The current market value of a property is \$35,000. For tax purposes, it is assessed at 40 percent of market value. The tax rate is \$4 per \$100 of assessed value. What is the amount of the tax due?
- a. \$560
 - b. \$625
 - c. \$705
 - d. \$740
6. Under which of the following types of liens can both the real property and the personal property of the debtor be sold to pay the debt?
- a. Real estate tax lien
 - b. Mechanic's lien
 - c. Judgment lien
 - d. Assessment lien
7. Which of the following is a voluntary lien?
- a. Mortgage lien
 - b. Estate tax lien
 - c. Real estate tax lien
 - d. Judgment lien
8. Priority of mechanic's liens is based on
- a. federal law.
 - b. state law.
 - c. common law.
 - d. case law.
9. John is involved in a lawsuit. He owns a rental home which is free of any mortgage. What can a creditor obtain to prevent John from selling the rental home before the lawsuit is settled?
- a. a judgment
 - b. a foreclosure notice
 - c. a seizure notice
 - d. a writ of attachment

10. The adoption of a budget is the first step in arriving at a (n)
 - a. equalization factor
 - b. tax rate
 - c. tax levy
 - d. tax bill

11. The current market value of a property is \$255,000, and it is assessed at 35 percent of its current market value with an equalization factor of 1.25. What is the amount of real estate tax due if the tax rate is \$3.50 per \$100 of assessed value?
 - a. \$2,756.25
 - b. \$3,445.31
 - c. \$3,904.69
 - d. \$4,880.26

12. Special assessments initiated by a public agency are
 - a. general liens.
 - b. voluntary liens.
 - c. equitable liens.
 - d. statutory liens.

13. A property owner contracted to have a swimming pool installed on her property. When the pool was completed, she refused to pay for the improvement, and the contractor filed a lien for nonpayment. This lien was most likely a
 - a. general lien.
 - b. special lien.
 - c. specific lien.
 - d. voluntary lien.

14. Gordon has defaulted in the payment of several of his debts, and the court has ordered his property sold to satisfy them. A title search revealed several outstanding liens against the property. Which of the following liens has highest priority?
 - a. An outstanding first mortgage lien dated and recorded one year ago
 - b. A real estate tax lien for the current year
 - c. A judgment lien rendered and recorded last month
 - d. A mechanic's lien for work started two months before the mortgage was recorded

15. After real estate has been sold by the state or county to satisfy a delinquent tax lien, the defaulted owner usually has a right to
- have the sale canceled by paying the back taxes and penalties.
 - pay his or her creditors directly and have their liens removed.
 - redeem the property within the time specified by law.
 - record a notice of nonresponsibility for the unpaid taxes.
16. Normally, the priority of general liens is determined by
- the order in which they are filed or recorded.
 - the order in which the cause of action arose.
 - the size of the claim.
 - the court.
17. Which of the following is a lien on real estate?
- An easement
 - A recorded mortgage
 - An encroachment
 - A restrictive covenant
18. All of the following are generally exempt from paying real estate taxes EXCEPT
- cities
 - for-profit assisted living facilities
 - hospitals
 - schools.
19. The current value of a property is \$140,000. The property is assessed at 40 percent of its current value, with an equalization factor of 1.5 applied to the assessed value. If the tax rate is \$4 per \$100 of assessed value, what is the amount of tax due on the property?
- \$840
 - \$3,360
 - \$5,600
 - \$8,400

20. What is the difference between a general lien and a specific lien?
- a. A general lien cannot be enforced in court, while a specific lien can be enforced.
 - b. A specific lien is held by one person, while a general lien is held by at least two persons.
 - c. A general lien affects all of a debtor's property, while a specific lien affects only a certain piece of property.
 - d. A specific lien covers real estate, while a general lien covers personal property.
21. If the market value of a property is \$184,500 and the assessment ratio is 35 percent, what are the monthly taxes if the tax rate is 30 mills?
- a. \$1,937.25
 - b. \$179.37
 - c. \$161.44
 - d. \$1,614.38
22. Taxes levied on a property owner to pay for installation of sidewalks or sewers are called
- a. ad valorem taxes.
 - b. general property taxes.
 - c. special excise taxes.
 - d. special assessments.
23. General real estate taxes are also known as
- a. special assessments
 - b. ad valorem taxes
 - c. appropriation funds
 - d. general, voluntary liens
24. When real estate taxes on a parcel are \$2,400 a year, the assessment rate is 20 percent, and the tax rate 120 mills, what is the value of the property?
- a. \$200,000
 - b. \$80,000
 - c. \$40,000
 - d. \$100,000

25. The monthly taxes on a property are \$400. If the tax rate is \$4 per \$100 of assessed value, what is the assessed value?
- a. \$480,000
 - b. \$100,000
 - c. \$120,000
 - d. \$192,000