

Chapter 2

Answer Key

1. a. Purchasing real property means buying rights of ownership, or a bundle of legal rights. (17)
2. b. The right of “exclusion” allows an owner to exclude someone else from entering the property. (17)
3. c. An item used in conducting business is considered a trade fixture and can be removed by the tenant. It is considered personal property (personalty) even though it may be attached to a building. (22)
4. b. Area preference, location, is also known as situs, and is the single most important economic characteristic of land. (23)
5. d. Personal property, such as patio furniture, is movable. A fireplace, bathtubs, and awnings are all attached to the property and considered real property. (20)
6. c. Trade fixtures can be attached to a building and appear as improvements, but are legally permitted to be removed, and are considered personal property. (22)
7. a. Severing an item from real property results in the item becoming personalty, or personal property. (20)
8. d. Scarcity is an economic characteristic of real estate. (23)
9. d. Unless addressed differently on the contract, all of the items that are attached to the real estate must convey with the property. (21)
10. a. Land is permanent and indestructible. This does not mean it is not immune to the forces of supply and demand. (23)
11. a. Ownership of real property includes subsurface rights, in this case, oil. (18)
12. c. Manufactured housing is considered personal property, but may, in some instances, be considered real property once it is permanently affixed to the land. (20)
13. d. Fructus naturales are real estate as they do not require annual cultivation, unlike emblements. (20)

14. a. Fixtures are personal property that have been affixed to the land or building that have become part of the real property. Trade fixtures are chattels and can be removed by the tenant. (21)
15. a. Air rights can be purchased to construct buildings, but this does not interfere with the operation of the railroad or its right-of-way. (18)
16. c. Uniqueness is a physical characteristic of real estate, along with immobility and indestructibility. (23)
17. b. Personal property is distinct from real property in that it is movable. (20)
18. b. Crops are either considered part of the natural real estate- fructus naturales, or emblements- fructus industrials, which are personal property, but in neither case are they improvements: artificial things attached to the land. (16)
19. d. Trade fixtures are personal property, but if they are not removed by the tenant, they become part of the real property. (22)
20. b. Appurtenances are rights or privileges associated with the property and generally convey with the sale. These rights can include air and water rights, but are not restricted to those rights alone. (18)
21. c. An improvement is an artificial thing attached to the land. A sidewalk is a man-made addition. (16)
22. b. The overall test to identify a fixture is intent, determined by method of attachment, adaptation, or agreement. (21)
23. b. Annexation is the opposite of severance. Personal property (fencing) is converted to real estate once it is permanently attached or annexed to the land. (21)
24. a. Nonhomogeneity is another term for uniqueness, as two parcels of land are never exactly alike. (24)
25. d. The bundle of legal rights include possession, control, enjoyment, exclusion and deposition, not compatibility. (17)
26. c. Personal property is conveyed by a bill of sale, while real property is conveyed by deed. (21)