

Chapter 8

Answer Key

1. b. Under joint tenancy, the ownership remains with the surviving joint tenants. In this case, there is only one owner, and therefore, Shelly owns the property in severalty. (136)
2. c. A time share estate is a fee simple interest in condominium ownership. A time-share use is a contract under which the developer owns the real estate and has sold only a right of occupancy and use to the purchaser, not a fee simple interest. (147)
3. b. Any real or personal property acquired by either spouse during the marriage becomes community property. Gifts, inheritances, or property owned prior to the marriage, are considered separate property. (139)
4. c. A trustor creates a trust for a beneficiary who benefits from the trust. A third party, a trustee, holds legal title to the property and is entrusted with carrying out a trustor's instructions. (140)
5. d. In a cooperative, a corporation holds title to the property and offers stock shares to the residents, who then receive a proprietary lease to the apartment. (145)
6. c. Upon death in a joint tenancy, all remaining interests do not pass to the heirs or according to the will, but to the surviving joint tenant. (136)
7. b. A real property interest and the right to use the facilities for a certain period of time is called a time share. (147)
8. d. When a joint tenant conveys his or her interest in the jointly held property, the unities of time and title are destroyed, but the remaining right of the joint tenants are unaffected. (137)
9. b. Under tenancy in common, when a co-owner dies, the tenant's undivided interest passes according to the will. (135)
10. b. When there is one sole individual who owns the property, this is known as ownership in severalty. (134)
11. d. Unlike joint tenants, tenants in common do not need to hold equal ownership interests. (135)
12. c. Community property laws are based on husband and wife being the only parties and merging into one entity. (139)

13. c. The interests of possession, time, interest, and title must all be present for a joint tenancy to be created. (137)
14. c. A person who holds a fee simple title to a unit and a specified share of the undivided interest in the common elements, would own a condominium. (144)
15. a. Stock is personal property, so shareholders do not have direct ownership interest in the real estate owned by a corporation. (142)
16. c. A joint tenancy can be created only by the intentional act of conveying a deed or giving the property by will, not implied or created by operation of law. (138)
17. b. Real estate taxes are assessed and collected on each unit as an individual property. Failure to pay taxes may result in a lien against the neighbor's unit. (145)
18. a. The term entirety refers to the fact that the owners are considered on indivisible unit and early common law viewed a married couple as one legal person. (138)
19. d. In a condominium, each owner has fee simple title to the unit. Owners of cooperatives have proprietary leases. (143)
20. a. .In a cooperative, a corporation holds title to the land and building and offers shares of stock. (145)
21. c. In a limited partnership, the limited partners are not legally permitted to participate, and each can be held liable for losses only to the extent of his/her investment. (142)
22. b. If a joint tenant sells his/her interest in the jointly held property, the unities of time and title are destroyed. The new owner, Charlie, becomes a tenant-in-common with Able. (137)
23. b. Tenancy with survivorship, joint tenancy, means that the entire ownership remains with the surviving joint tenant. (136)
24. c. A syndicate is not in itself a legal entity, but is generally speaking, two or more people or firms joined together to make and operate a real estate investment. (143)

- 25. d. Although an individual unit owner owns the common elements as a tenant-in-common, state laws usually provide that unit owners do not have the same right to partition that other tenants-in-common have. (144)
- 26. c. Funds for the budget are assessed to individual shareholders, generally in the form of monthly fees. (146)
- 27. b. A trust established by will after the owner's death, is called a testamentary trust, as opposed to a trust created by agreement during the owner's lifetime, which is called a living trust. (140)
- 28. c. One of the distinguishing characteristics of a land trust is that the public records usually do not name the beneficiary. (141)