

Chapter 8 Questions

Forms of Real Estate Ownership

1. Shelly and Nadine bought a store building and took title as joint tenants. Nadine died testate. Shelly now owns the store
 - a. as a joint tenant with rights of survivorship.
 - b. in severalty.
 - c. as a tenant in common with Nadine's heirs.
 - d. in trust.

2. The difference between time-share use and a time-share estate is
 - a. the amount of time sold to the buyer.
 - b. one limits use to certain months, the other provides a rotation system for use.
 - c. time-share use sells only right of occupancy, not a fee-simple estate.
 - d. no difference except in terminology.

3. Which of the following would be considered community property?
 - a. Gift of property to a wife during her marriage
 - b. A motor home bought during the marriage
 - c. Property inherited by a husband during marriage
 - d. Rental property owned by either husband or wife prior to the marriage

4. A trust is a legal arrangement in which title to property is held for the benefit of a third party by a(n)
 - a. beneficiary.
 - b. trustor.
 - c. trustee.
 - d. attorney in fact.

5. Enid lives in an apartment building. The land and structures are owned by a corporation, with one mortgage loan securing the entire property. Like the other residents, she owns stock in the corporation and has a lease to her apartment. This type of ownership is called a
- condominium.
 - planned unit development.
 - time-share.
 - cooperative.
6. Victor and Norman are co-owners in fee simple of a small office building. Norman dies intestate and leaves nothing to be distributed to his heirs. Victor is neither related to Norman nor his creditor. Which of the following would explain why Victor acquired Norman's interest?
- Adverse possession
 - Reversionary rights
 - Joint tenancy
 - Foreclosure
7. An ownership interest that is based on annual occupancy intervals is a
- leasehold.
 - time-share.
 - condominium.
 - cooperative.
8. Jamal, Morton, and Herb are joint tenants in a parcel of land. Herb conveys his interest to his long-time friend Walid. After the conveyance, Jamal and Morton
- become tenants in common.
 - continue to be joint tenants with Herb.
 - become joint tenants with Walid.
 - remain joint tenants owning a two-thirds interest.

9. Kyle and Ursula owned a combination apartment building-restaurant. They shared their profits and losses on the venture equally, but they did not have any written partnership agreement. One day, Ursula died of a heart attack. If, after her death, Kyle continued to only own the same undivided interest in the real estate as he did before, then
- they were joint tenants.
 - they were tenants in common.
 - they were stockholders in their own corporation.
 - Ursula died intestate.
10. Which of the following is not a form of co-ownership?
- Tenancy in common
 - Ownership in severalty
 - Tenancy by the entirety
 - Community property
11. In receiving a gift of a parcel of real estate, one of the two new owners was given an undivided 60 percent interest and the other received an undivided 40 percent. They now hold their interests as
- cooperative owners.
 - joint tenants.
 - community property owners.
 - tenants in common.
12. Under the community property laws of the state in which the couple live, all of the following apply to John and Mary Duncan EXCEPT
- Each may also own separate property.
 - Mary may not convey community property without John's consent.
 - John may also own community property with a person other than Mary.
 - Neither may encumber community property without the other's consent.

13. To create joint tenancy in the ownership of real estate, there must be unities of
- grantees, ownership, claim of right, and possession.
 - title, interest, encumbrance, and survivorship.
 - possession, time, interest, and title.
 - ownership, possession, heirs, and title.
14. A person who owns one unit in a multiunit structure together with a specified undivided interest in the common elements would own a
- cooperative.
 - share in a real estate investment trust.
 - condominium.
 - time-share interest.
15. All of the following are true in defining a corporation as a legal entity, EXCEPT
- Stockholders have a direct ownership interest in the real estate.
 - It is managed by a Board of Directors.
 - It continues to exist until formally dissolved.
 - Profits are taxed on two levels: as corporation profit and as dividends to stockholders.
16. A joint tenancy with right of survivorship may be created
- automatically if the property is distributed to the surviving children.
 - by presumption if another form of ownership is not described.
 - by deed or will.
 - automatically if a deed is signed by both spouses.
17. The owner of a condominium unit learns that a neighbor has failed to pay his real estate taxes. If this neighbor does not pay the taxes
- a lien can be filed against the condominium, including all of the units.
 - a lien can be filed against the neighbor's unit and his percentage of the common elements.
 - a lien can be filed only against the common areas of the condominium.
 - the taxing authority can order the condominium to be dissolved.

18. For a property to be held in tenancy by the entirety which of the following is required?
- a. The cotenants must be husband and wife.
 - b. The property in question must be Torrens property.
 - c. Upon the death of a cotenant, the decedent's interest must pass to his or her heirs.
 - d. In the event of a dispute the property must be partitioned.
19. Which of the following about a condominium is INCORRECT?
- a. A declaration must be filed before any units may be sold.
 - b. Each unit owner has a fractional undivided interest in the common elements.
 - c. Each owner receives a separate real estate tax statement.
 - d. Each owner has a proprietary lease with the association for his or her own unit.
20. Because Mr. and Mrs. Jennings no longer need their large house, they decide to sell it and move into a cooperative apartment building. In a cooperative they will
- a. become stockholders in a corporation.
 - b. own their individual apartment.
 - c. own the common elements.
 - d. receive a 20-year lease to their apartment.
21. In a limited partnership
- a. the number of investors is limited to 10.
 - b. all the partners participate in running the business.
 - c. the general partners run the business.
 - d. investors may participate with only a small amount of capital but with unlimited liability.
22. Abel and Baker are joint tenants. Baker sells his interest to Charlie. What is the relationship of Abel and Charlie?
- a. They are joint tenants.
 - b. They are tenants in common.
 - c. There is no relationship because Baker cannot sell to Charlie.
 - d. Abel owns a 2/3 interest and Charlie owns a 1/3 interest.

23. Tenancy with *survivorship* means
- the tenancy interest will be inherited.
 - the tenancy interest will pass to the surviving tenants upon the death of one.
 - the tenant's heirs are survivors.
 - this is not a legal tenancy.
24. When two or more persons join to make and operate a real estate investment, the arrangement is called a
- subdivision.
 - time share.
 - syndicate.
 - group investment.
25. Which of the following is true of condominium ownership?
- It cannot be mortgaged.
 - The corporation pays the real estate taxes.
 - The ownership cannot be willed.
 - The limited common elements cannot be sold separately.
26. How does a cooperative obtain the funds necessary to cover ongoing operating expenses and mortgage payments?
- By charging rent
 - By selling common elements
 - By collecting regular assessments from shareholders
 - By charging special assessments
27. A trust that is established after the death of the owner is called a
- trust by will.
 - testamentary trust.
 - beneficial trust.
 - living trust.

28. In a land trust all of the following are true EXCEPT
- a. The beneficial interest can be transferred by assignment.
 - b. The beneficiary is usually the trustor.
 - c. Public records list all the beneficiaries.
 - d. The property can be pledged as security for a loan without recording a mortgage.