

Chapter 16

Answer Key

1. d. A tenancy (estate) at will gives the tenant the right to possess property with the landlord's consent for an unspecified or indefinite term.
2. b. The Statute of Frauds requires a lease for a term longer than one year must be in writing to be enforceable. In order for an oral lease to be enforceable, it must be for one year or less and the courts must be satisfied with the evidence.
3. c. An index lease allows rent to be increased or decreased periodically based on changes in the consumer price index or some other economic factor.
4. b. Consideration is the exchange of something of value by the tenant for possession of property owned by another person.
5. c. Constructive eviction terminates the lease when the landlord breaches any clause of the lease agreement. The tenant must prove that the premises have become unusable because of the conscious neglect of the landlord.
6. d. A tenancy (estate) for years is a leasehold estate that continues for a definite period of time with specific beginning and ending dates.
7. a. Sale and leaseback is an arrangement when an owner sells the property and then leases it back.
8. a. Actual eviction gives the landlord the right to regain possession through a legal process when a tenant breaches a lease or improperly retains leased premises. The court will issue a judgment for possession to the landlord.
9. d. Lessee is the tenant. Tenants are granted the right of possession, not ownership of the property.
10. d. Tenancy (estate) at sufferance occurs when a tenant who lawfully possessed real property continues in possession of the premises without the landlord's consent after the rights expire.
11. a. Most states require residential lessor to maintain property in a habitable condition. The tenant does not have to make any repairs but must return the premises in the same condition they were received, with allowances for ordinary wear and tear.

12. d. Subletting does not release the original tenant from the obligations and liability of the lease. Subletting is only allowed when a lease specifically permits it.
13. b. With a net lease the tenant pays a base rent plus certain costs in the operation of the property such as utilities, property taxes, and assessments. The landlord may pay some property expenses.
14. d. An estate from period to period, or periodic tenancy, does not have a specific expiration date. An estate (tenancy) for years has specific beginning and ending dates.
15. b. The covenant of quiet enjoyment is a promise by the lessor that the lessee may take possession of the premises and the landlord will not interfere in the tenant's possession or use of the property.
16. d. Notice is not required to terminate an estate for years because the lease agreement states a specific expiration date. When the date comes, the lease expires and the tenant's rights are terminated.
17. b. The lessor is the owner of real estate.
18. d. According to the Statute of Frauds, in general, oral leases for one year or less that can be performed within a year of their signing are enforceable.
19. d. With actual eviction the landlord may regain possession through legal process. If the tenant fails to vacate the property after the court issues a judgment for possession to a landlord, the landlord can have the judgment enforced by a court officer, who forcibly removes the tenant and the tenant's possessions.
20. c. An estate (tenancy) at will gives the tenant the right to possess property with the landlord's consent for an unspecified term. It continues until it is terminated by either party's giving notice.
21. c. Suit for possession, or actual eviction, occurs when the landlord may regain possession of the property through the courts because the tenant has breached the lease.
22. b. A security deposit is held by the landlord during the term of lease to compensate for any loss caused by the tenant with default on payment of the rent or damage to the property.
23. b. An estate (tenancy) for years is a leasehold estate that continues for a definite period of time. Because it always has specific beginning and ending dates, notice is not required.

24. d. With a percentage lease the rent is based on a minimum fixed rental fee plus a percentage of the gross income received by the tenant doing business on the leased property. This type of lease is usually used for retail businesses.
25. b. An estate (tenancy) at will automatically terminates by the death of either the landlord or the tenant.
26. c. Subleasing the property is a tenant transferring less than all the leasehold interests by leasing them to a new tenant. The original tenant remains responsible for rent being paid by the new tenant and for any damage during the lease term. The new tenant is responsible only to the original tenant to pay the rent due.
27. a. Since a lease is a contract transferring the owner's right of possession to the tenant for a specified period of time, the lease does not terminate if the property is sold. The new owner takes the property subject to the rights of the tenants.
28. b. An estate from period to period is created when the landlord and tenant enter into an agreement for an indefinite period of time because the lease does not contain a specific expiration date. Such a tenancy is created initially to run for a definite amount of time, but continues indefinitely. It automatically renews under the original terms until one of the parties gives notice to terminate. A month-to-month tenancy is an example of a periodic tenancy.