

Michael James Johnston  
Real Estate Essentials  
Chapter 7 & 8

Name \_\_\_\_\_

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Please chose ONE answer from each of the following.

1. Tenancy with *survivorship* means
  - a. the tenancy interest may be inherited.
  - b. the tenancy interest may be held by the remaining tenants upon death.
  - c. the tenant's heirs are survivors.
  - d. this is not a legal tenancy.
  
2. A statutory right that a family has in its residence is called
  - a. entirety.
  - b. survivorship.
  - c. curtesy.
  - d. homestead.
  
3. The major intent of zoning regulations is to
  - a. demonstrate the police power of the state.
  - b. ensure the health, safety and welfare of the community.
  - c. set limits on the amount and kinds of businesses in a given area.
  - d. protect residential neighborhoods from encroachment by business and industry.
  
4. An ownership interest that is based on annual occupancy intervals is the
  - a. leaschold.
  - b. time-share.
  - c. condominium.
  - d. cooperative.
  
5. L conveys the ownership of his house to his mother and stipulates that upon her death he will recapture the ownership. The interest L has in the ownership is a
  - a. remainder estate.
  - b. curtesy estate.
  - c. legal life estate.
  - d. reversion estate.
  
6. Creditors suing a homeowner who has obtained a homestead exemption as provided by state law
  - a. can have the court sell the residence and apply the full proceeds of the sale to the outstanding debts.
  - b. have no right to sell the debtor's residence.
  - c. may request a court-ordered sale and have the proceeds in excess of the statutory exemption and exempted liens applied to the debts.
  - d. can force the debtor to sell the residence in order to pay the outstanding debts in full.

7. K and U owned a combination apartment building with a small bar and grill on the premises. They shared their profits and losses on their venture equally, but they did not own the business under any written partnership agreement. One day, U died of a heart attack. If, after U's death, K continued to own the same undivided interest in the real estate as he did before U's death and no more, then
  - a. they were joint tenants.
  - b. they were tenants in common.
  - c. they were stockholders in their own corporation.
  - d. U died intestate.
  
8. A person who acquired ownership that can be inherited, with the provision that the land must always be used for recreational purposes, has which of the following?
  - a. A fee simple estate
  - b. A conditional fee estate
  - c. A restricted estate
  - d. An estate that cannot be sold
  
9. Which of the following is true about condominium ownership?
  - a. It cannot be mortgaged.
  - b. The corporation pays the real estate taxes.
  - c. The ownership cannot be willed.
  - d. The limited common elements cannot be sold separately.
  
10. 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. a lien can be filed against the condominium, including all of the units.
  - b. a lien can be filed against the neighbor's unit and his percentage of the common elements.
  - c. a lien can be filed only against the common areas of the condominium.
  - d. the taxing authority can order the condominium to be dissolved.
  
11. Under the community laws of the state in which they live, which of the following does NOT apply to the Ds?
  - a. Each also owns separate property.
  - b. They may not convey community property without the other's consent.
  - c. Each also owns community property with others.
  - d. They may not encumber community property without the other's consent.
  
12. A person wants to ensure that the ownership of real property can be willed to her children. Which of the following forms of ownership would the person want?
  - a. A conventional life estate
  - b. A fee estate
  - c. A joint tenancy
  - d. A license

13. The developer grants to the gas company the right to install transmission lines. This right is called a(n)
  - a. license.
  - b. easement in gross.
  - c. easement by prescription.
  - d. conditional use permit.
  
14. The severalty owner of a parcel of land sells it to a buyer. The buyer insists that the owner's wife join in signing the deed. The purpose of obtaining the wife's signature is to
  - a. terminate any rights the wife may have in the property.
  - b. defeat any curtesy rights.
  - c. provide evidence that the owner is married.
  - d. subordinate the wife's interests to the buyer.
  
15. The power by which government can acquire ownership of private land for public use is
  - a. escheat.
  - b. eminent domain.
  - c. condemnation.
  - d. doctrine of public acquisition.
  
16. Your neighbors use your driveway to reach their garage on their property. Your attorney explains that the ownership of the neighbors' real estate includes an easement appurtenant giving them the driveway right. Your property is the
  - a. leasehold interest.
  - b. dominant tenement.
  - c. servient tenement.
  - d. license property.
  
17. G owns 50 acres of land with 500 feet of frontage on a desirable recreational lake. She wishes to subdivide the parcel into salable lots, but she wants to retain control over the lake frontage while allowing lot owners to have access to the lake. Which of the following types of access rights would provide the greatest protection for a prospective purchaser?
  - a. An easement in gross
  - b. An appurtenant easement
  - c. An easement by necessity
  - d. A license
  
18. The owner divides a parcel into two lots, one of which is surrounded by other lots and has no street access. Which of the following is true?
  - a. The municipality must construct a street to create access.
  - b. The owner must create an easement by condemnation to provide access.
  - c. An easement by prescription should be granted.
  - d. An easement by necessity should be created for the land-locked parcel.

19. Q owned two acres of land. He sold one acre to F and reserved for himself an appurtenant easement over F's land for ingress and egress. F's land
  - a. is the dominant tenement.
  - b. is the servient tenement.
  - c. can be cleared of the easement when Q sells the withheld acre to a third party.
  - d. is subject to an easement in gross.
  
20. Which of the following best describes a legal life estate?
  - a. A homestead estate
  - b. An estate conveyed by one party to a second party for the life of the second party
  - c. An estate created by a will
  - d. An estate conveyed to a second party subject to a condition
  
21. Which of the following is NOT an element of a joint tenancy with right of survivorship?
  - a. It is created only when four unities are present.
  - b. It cannot be created by operation of law.
  - c. Each joint tenant may pass on his or her interest to the heirs.
  - d. The land may be the subject of a suit to partition.
  
22. V and N are co-owners of a fee simple interest in a small office building. N dies intestate and leaves no estate to be distributed to his heirs. V is neither related to N nor a creditor of N. Which of the following would explain why V acquired the interest of N?
  - a. Adverse possession
  - b. Reversionary rights
  - c. Joint tenancy
  - d. Foreclosure
  
23. Separate property owned by a married person in a community property state must be
  - a. incorporated into the community property.
  - b. kept totally separate from the community property.
  - c. designed so that it eventually becomes community property.
  - d. established prior to, not during, the marriage.
  
24. A person who owns one unit in a multi-unit structure together with a specified undivided interest in the common elements would own a
  - a. cooperative.
  - b. share in a real estate investment trust.
  - c. condominium.
  - d. time-share interest.
  
25. Which of the following does NOT have equal rights of possession?
  - a. Tenancy in common
  - b. Tenancy at will
  - c. Tenancy by the entirety
  - d. Joint tenancy

26. A property held as tenancy by the entirety requires which of the following?
- The co-tenants must be husband and wife.
  - The property in question must be Torrens property.
  - Upon the death of a co-tenant, the decedent's interest passes to his or her heirs.
  - In the event of a dispute the property must be partitioned.
27. F has the legal right to occupy and use a certain residential structure. Which of the following does NOT describe F's interest?
- Fee simple
  - Remainder
  - Leasehold
  - Life estate
28. Which of the following has an indefinite duration?
- Freehold estate
  - Less-than-freehold estate
  - Estate for years
  - License
29. To create a joint tenancy relationship 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.
30. Many states determine the order of water rights according to which users of the water hold a recorded beneficial use permit. This allocation of water rights is determined by
- accretion.
  - riparian theory.
  - littoral theory.
  - the doctrine of prior appropriation.
31. S and N bought a store building and took title as joint tenants. N died testate. S now owns the store
- as a joint tenant with rights of survivorship.
  - in severalty.
  - as a tenant in common with N's heirs.
  - in trust.
32. In a limited partnership
- the number of investors is limited to 10.
  - all the partners participate in running the business.
  - the general partners run the business.
  - investors can participate with a small amount of capital with a minimum risk.

33. Which of the following would be considered community property?
- A gift of property to the wife during the marriage
  - Income earned by one spouse during the marriage
  - Property inherited by the husband during the marriage
  - Income earned by either party prior to the marriage
34. The most all-inclusive type of real property ownership is a
- fee simple estate.
  - life estate.
  - conditional fee estate.
  - reversionary interest.
35. The local utility company dug up F's garden to install a natural gas line. The company claimed it had a valid easement and proved it by the county records. F claimed the easement was not valid because he did not know about it. The easement
- was valid even though the owner did not know about it.
  - was an appurtenant easement owned by the utility company.
  - was not valid because it had not been used during the entire time that F owned the property.
  - was not valid because F was not informed of its existence when he purchased the property.
36. A person purchases a fee simple estate and has an undivided interest in common elements. What does this person own?
- A tenancy in common
  - A cooperative
  - A condominium
  - A tenancy by the entirety
37. J and S are next-door neighbors. S tells J that he can store his camper in her yard for a few weeks until she needs the space. S did not charge J rent for the use of her yard. S has given J a(n)
- easement appurtenant.
  - easement by necessity.
  - estate in land.
  - license.
38. In defining a corporation as a legal entity, which statement is NOT true?
- Stockholders have a direct ownership interest in the real estate.
  - It is managed by the Board of directors.
  - It continues to exist until formally dissolved.
  - Profits are taxed on two levels: as corporation profit and as dividends to stockholders.
39. The rights of the owner of property located along the banks of a river are called
- littoral rights.
  - prior appropriation rights.
  - riparian rights.
  - hereditaments.

40. A lot is encumbered by a sewer easement that runs where the foundation of a building would be. How will this affect the owner who wants to build a house?
- It will have no effect because the sewer line is deeper than the foundation would be.
  - The house must be constructed to avoid the easement.
  - The municipality must move the sewer line prior to construction.
  - Any easement through the buildable part of the lot will prevent construction.
41. How does a cooperative obtain the funds necessary to cover on-going operating expenses and mortgage payments?
- Charge rent.
  - Sell common elements.
  - Assess shareholders.
  - Charge special assessments.
42. In a gift of a parcel of real estate, one of the two owners was given an undivided 60 percent interest and the other received an undivided 40 percent interest. The two owners hold their interests as
- cooperative owners.
  - joint tenants.
  - community property owners.
  - tenants in common.
43. A portion of W's building was inadvertently built on G's land. This is called an
- accretion.
  - avulsion.
  - encroachment.
  - easement.
44. A person who has complete control over a parcel of real estate is said to own a
- leasehold estate.
  - fee simple estate.
  - life estate.
  - defeasible fee estate.
45. Homeowner G acquired the ownership of land that was deposited by a river running through her property by
- reliction.
  - succession.
  - avulsion.
  - accretion.

46. E lives in an apartment building. The land and structures are owned by a corporation, with one mortgage loan covering the entire property. Like the other residents, E owns stock in the corporation and has a lease to his apartment. This type of ownership is called a
- condominium.
  - planned unit development.
  - time-share.
  - cooperative.
47. Which of the following is a false statement about a condominium?
- A declaration must be filed before any units may be sold.
  - Each unit owner has a fractional undivided interest in the common elements.
  - Each owner receives a separate real estate tax statement.
  - Each owner has a proprietary lease with the association for his or her own unit.
48. Which of the following is NOT an ownership right to real estate?
- Buildings located on the property.
  - Air space above the property.
  - Easements running with the land.
  - Navigable rivers running through the property.
49. The difference between time-share use and a time-share estate is
- the amount of time sold to the buyer.
  - one limits use to certain months, the other provides a rotation system for use.
  - time-share use sells only right of occupancy, not a fee-simple estate.
  - no difference except in terminology.
50. Acquisition of real estate by a group that includes one or more sponsors (promoters) and several investors is called a
- subdivision.
  - time share.
  - syndication.
  - group investment.
51. A decedent left a will giving his neighbor the right to use a well on the decedent's land as long as the neighbor was alive. The neighbor's interest in the property is properly called a(n)
- license.
  - easement in gross.
  - easement appurtenant.
  - life estate.
52. A and B are joint tenants. B sells his interest to C. What is the relationship of A and C?
- They are joint tenants.
  - They are tenants in common.
  - There is no relationship because B cannot sell to C.
  - A owns a  $\frac{2}{3}$  interest and C owns a  $\frac{1}{3}$  interest.

53. A deed conveys ownership to the grantee so as long as the existing building is not torn down. What type of estate did this deed create?
- A life estate
  - A nondestructible estate
  - A fee simple estate
  - A determinable fee estate
54. If the owner of the dominant tenement becomes the owner of the servient tenement and merges the two properties,
- the easement becomes dormant.
  - the easement is unaffected.
  - the easement is terminated.
  - the properties retain their former status.
55. A trust is a legal arrangement whereby the title to property is held for the benefit of a third party by a(n)
- beneficiary.
  - trustor.
  - trustee.
  - attorney in fact.
56. H conveys a life estate to her grandson and stipulates that upon her death the estate will pass to her son-in-law. The son-in-law has a(n)
- estate in reversion.
  - estate in remainder.
  - estate for years.
  - legal life estate.
57. For land to be taken by the government under its right of eminent domain, which of the following must apply?
- The taking must be for a public purpose.
  - There must be a statutory dedication.
  - This must be an adverse action.
  - There must be constructive notice.
58. Mrs. D conveys the ownership of her apartment building to a nursing home, anticipating that the rental income will help pay for her father's care there. When her father dies, Mrs. D will recapture the ownership of the apartment building. This is an example of a
- remainder life estate.
  - legal life estate.
  - life estate pur autre vie.
  - leasehold estate.

59. In a community property state
- the property that a person accumulated prior to marriage is called separate property.
  - the property that a person received as a gift during marriage is known as community property.
  - all property owned by a married person is called community property.
  - the property paid for by the earnings of one spouse during the marriage is known as separate property.
60. Under the condominium form of ownership, the owner's interest in the unit would normally be
- a life estate.
  - a fee simple estate.
  - a reversionary estate.
  - a proprietary leasehold.
61. A life estate conveys to the life tenant
- a leasehold for life.
  - a reversionary interest.
  - a legal life estate.
  - ownership for life.
62. In a land trust which of the following is NOT a correct statement?
- The beneficial interest can be transferred by assignment.
  - The beneficiary is usually the trustor.
  - Public records list all the beneficiaries.
  - The property can be pledged as security for a loan without recording a mortgage.
63. The owner of a condominium is responsible for paying a monthly maintenance fee. If the owner fails to make this payment, which of the following is true?
- The owner is evicted.
  - The debt is collected from other owners.
  - The debt is liened against the unit.
  - The debt is added to the mortgage payment.
64. The process by which the government can take ownership of a building that has deteriorated, with bricks falling on a public sidewalk, is
- escheat.
  - eminent domain.
  - condemnation.
  - doctrine of public protection.
65. J, M, and H are joint tenants owning a parcel of land. H conveys his interest to his long-time friend W. After the conveyance, J and M
- become tenants in common.
  - continue to be joint tenants with H.
  - become joint tenants with W.
  - remain joint tenants owning a two-thirds interest.

66. A trust that is established after the death of the owner is called a
- trust by will.
  - testamentary trust.
  - beneficial trust.
  - living trust.
67. Because Mr. and Mrs. J no longer need their large house, they decide to sell the house and move into a cooperative apartment building. In a cooperative they will
- become stockholders in a corporation.
  - own their individual apartment.
  - own the common elements.
  - receive a 20 year lease to their apartment.
68. A father conveyed the family home to his daughter by will as a pur autre vie estate for the life of her mother. If the daughter should die before the mother, who holds the property?
- The mother
  - The remaindermen
  - The daughter's estate
  - The father's other children
69. The purchase of a ticket for a professional sporting event gives the bearer
- an easement right to park his car.
  - a license to enter and claim a seat for the duration of the game.
  - an easement in gross interest in the professional sporting team.
  - a license to sell goods and beverages at the sporting event.
70. In a community property state, separate property is owned
- solely by either spouse before the marriage or acquired by gift or inheritance by either spouse during the marriage.
  - by one spouse before the marriage and jointly with the other spouse during the marriage.
  - one-half by each living spouse during the marriage and then passes entirely to the survivor.
  - jointly by one spouse and his or her deceased spouse's descendants.
71. J owned the fee simple title to a vacant lot adjacent to a hospital and was persuaded to make a gift of the lot. She had her attorney prepare a deed that conveyed the ownership of the lot to the hospital "So long as it is used for medical purposes." After the completion of the gift, the hospital will own a
- life estate.
  - tenancy for years.
  - fee simple determinable.
  - periodic tenancy.

72. 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.
  - when a deed is signed by both spouses.
73. A homestead exemption protects against judgments
- of unsecured creditors.
  - that result from unpaid taxes.
  - that result from foreclosure of a mortgage.
  - that result from the costs of improvements.
74. The owner of a secluded area adjacent to the Atlantic Ocean noticed that people from town walked along the shore in front of this property. The owner learned that the local citizens had been walking along this beach for years. The owner went to court to try to stop people from walking along the water's edge in front of his property. The owner is likely to be
- unsuccessful because the local citizens have been doing this for years and thus have an easement.
  - unsuccessful because the owner's property extends only to the high-water mark and the public can use the land beyond this point.
  - successful because the owner's property extends to the middle of the water bed.
  - successful because the owner can control access to his own property.