

GENERAL REAL ESTATE PRACTICE EXAM

Students may use a calculator during this test. Also, remember, 1 section=640 acres;
1 acre =43,560 square feet 1 square yard=9square feet; 1 mile=5,280 feet.

1. When a general contractor has performed all work under a contract with a property owner, the contractor has recourse for non payment by filing which of the following:
 - a. A mechanic's lien against the property.
 - b. A vendor's lien against the owner.
 - c. A general lien against the owner's assets.
 - d. A general contractor's bond for nonpayment.
2. A lease that provides for periodic increases of rent at regular intervals is called a:
 - a. Graduated lease.
 - b. Percentage lease.
 - c. Yearly lease.
 - d. Net lease.
3. Which of the following terms BEST describes personal property that, by its attachment to real property, is regarded as real estate?
 - a. Emblements.
 - b. Personalty.
 - c. Fixtures.
 - d. Appliances.
4. If a broker receives two offers for the same property at approximately the same time, which of the following offers should the broker submit to the owner?
 - a. The first offer received, first.
 - b. The highest offer.
 - c. The best overall offer.
 - d. Both offers at the same time.
5. "Nonconforming use" is a term to classify property that:
 - a. Has not been surveyed.
 - b. Does not comply with zoning regulations.
 - c. Is in need of repairs.
 - d. Extends over the property line.
6. The price at which a willing and informed buyer would buy and a willing and informed seller would sell is called the:
 - a. Assessed value.
 - b. Book value.
 - c. Income approach to value.
 - d. Market value.
7. The donation of private land for public use is called:
 - a. Escheat.
 - b. Dedication
 - c. Assignment
 - d. Condenmnation

8. "This loan may become due and payable at lender's option should this property be sold without lender's prior written consent." This statement is an example of which of the following mortgage clauses?
- Escalation.
 - Acceleration.
 - Prepayment.
 - Right of redemption.
9. A property produces an income of \$10,000 per year. Management expenses are \$700 annually. Monthly heating costs are \$92. If the property is valued at \$80,000, what is the owner's approximate overall capitalization rate?
- 7%
 - 8%
 - 10%
 - 14%
10. A salesperson who prepares a written listing agreement with a buyer is helping to create a contractual relationship between the:
- Salesperson and the buyer.
 - Salesperson and the seller.
 - Salesperson and the listing broker.
 - Salesperson's broker and the buyer.
11. Which of the following situations is an example of encroachment?
- An access road that runs across a property from a public road to another property.
 - A storage building that extends over the boundary line between the property of the building's owner and an adjacent property.
 - Timber that has been cut down on the property by a tenant for use as firewood.
 - A right-of-way for electric and telephone lines that goes across a property.
12. Salesperson McDuff is listing a home for sale. The owner says "The house next door sold last week for \$95,000, all cash, within 8 days of being put on the market. Our home is definitely bigger and has a lot of extras." In the absence of an appraisal, the broker should recommend that the listing price be which of the following?
- \$95,000.
 - \$95,000 plus commission and closing costs.
 - A price reflective of additional comparable properties.
 - Any price the owner sets.
13. When a buyer purchases a property subject to a seller's existing mortgage, which of the following statements is CORRECT?
- The seller's credit will not be affected by foreclosure on the property as the buyer is assuming the mortgage.
 - The seller is released from all liability of the loan.
 - Any mortgage loan obtained by the buyer to complete the purchase will be a first mortgage.
 - The seller's obligations under the existing mortgage remain unchanged.
14. Which of the following statements about the income approach to value is CORRECT?
- It determines an investment property's value based on its return.
 - It is used more frequently than the direct sales comparison (market value) approach to set loan-to-value ratios.
 - It is the most accurate method of appraising single-family homes.
 - It produces the highest estimate of value possible based on best use.

15. Which of the following types of legal descriptions identifies a property by outlining its boundaries in terms of a series of directions and distances from a specific point of beginning?
- A rectangular 100' on the street and back and 135' on the sides.
 - Lot and block.
 - Metes and bounds.
 - Geodetic.
16. A licensee preparing a competitive market analysis (CMA) has information on a comparable property that is similar in all respects to the subject property except that, while the subject property is ten years old and has two baths, the comparable property is five years old and has one bath. In this case, the licensee should adjust the:
- Sale price of the comparable property down for the age and up for the number of baths.
 - Sale price of the comparable property up for the age and down for the number of baths.
 - Value of the subject property up for the age and up for the number of baths.
 - Value of the subject property down for the age and up for the number of baths.
17. Which of the following clauses in a conventional mortgage instrument entitles the lender to accelerate the loan if the loan is assumed?
- Prepayment
 - Right to sell.
 - Due on sale.
 - Variable interest rate.
18. The term "holdover tenant" refers to a lessee who has taken the following action?
- Remains in possession of a leasehold beyond expiration of the lease.
 - Exercises an option to renew a lease.
 - Subleases to another tenant.
 - Uses the premises illegally.
19. If a lessee pays a fixed amount of rent plus all their expenses, the lease is known as a:
- Graduated lease.
 - Net lease.
 - Gross lease.
 - Percentage lease.
20. Carl and Rebecca bought a home as tenants in common. If Carl dies, which of the following statements about ownership of the house is RIGHT?
- It automatically becomes tenancy in severalty.
 - It is divided, with Rebecca retaining Rebecca's original interest and the balance going to Carl's estate.
 - Rebecca holds fee simple ownership in Carl's share of the property.
 - Rebecca holds life estate ownership in Carl's share of the property.
21. The final decision in establishing the listing price of a property is made by the:
- Listing Agent.
 - Broker.
 - Appraiser.
 - Owner.
22. A veteran is entitled to which of the following benefits upon repayment of the full loan balance of a VA mortgage?
- Restoration of Loan benefits for future use.
 - Refund of any discount points paid by the previous seller.
 - Refund of the origination fee or points.
 - Partial refund of all interest paid on the loan.

23. A visually impaired person with a Seeing Eye dog makes application for rental of an apartment that has vigorously enforced "no pets" policy in the building. According to the Federal Fair Housing Act as amended in 1988, the owner of the building may:
- Refuse to rent to the applicant as a result of the policy.
 - Require the person to house the dog outside the apartment.
 - Required the person to restore any damage to the apartment that results from the dog.
 - Increase the customary security deposit.
24. Which of the following statements about the law of agency is RIGHT?
- It refers specifically to insurance.
 - It establishes a fiduciary relationship.
 - It does not require a high degree of loyalty and fidelity from an agent.
 - There is no employment relationship.
25. The potential gross monthly rent on an apartment building is \$5,380. In July, operating expenses were \$1,500. A tenant whose monthly rent is \$550 failed to pay rent in July. If the property manager's commission is 5% of the rental income, the management fee for July was:
- \$322.80
 - \$194.00
 - \$269.00
 - \$241.50
26. Broker Smith is employed by the Jones to sell their home. The Whites submit an offer to purchase the Jones' home and tell Smith they will pay more than the offered price if the Jones request it. In this situation, Smith is:
- Not obligated to convey the information to the Jones because to do so would violate Smith's relationship with the Whites.
 - Not obligated to convey the information to the Jones because the Whites are not bound to this verbal representation.
 - Obligated to withdraw from the transaction because of conflicting obligations to both parties.
 - Obligated to convey the information to the Jones.
27. The brokerage fee charged by a listing broker is determined by:
- What all the other REALTORS in town are charging.
 - Local real estate board.
 - MLS.
 - The broker and the principal.
28. According to the Truth-in-Lending Act (Regulation Z) a lender is required to furnish a real estate loan applicant with a copy of a(n):
- Amortization schedule showing interest and principal payments each month.
 - A complete disclosure statement.
 - A deed.
 - A financial statement.
29. A management agreement between an owner and a broker states that the management fee will be 7% of the first \$15,000 of the monthly gross collected rent and 8% of the collected rent that exceeds that amount. If last months rent collection totaled \$18,500 what will the average annual management fee be, assuming it will be the same each month?
- \$1,330
 - \$12,600
 - \$15,540
 - \$15,960

30. In a real estate closing, the buyer generally pays for the?
- Release of the mortgage.
 - Recording of the new mortgage.
 - Preparation of the deed.
 - Sales commission.
31. Which of the following deeds should a grantor use to transfer an uncertain interest in real property?
- Quitclaim deed.
 - General warranty deed.
 - Special warranty deed.
 - Grant deed.
32. A broker is typically considered to be which of the following types of agent?
- A general agent.
 - A universal agent.
 - An individual agent.
 - A special agent.
33. A tenant leases a space in a shopping center, which provides rental payments that reflect the store's sales, which type of lease are they MOST likely to use?
- Flat fee.
 - Percentage.
 - Gross.
 - Net.
34. Blackwells bought a home and when reviewing the deed noticed a number of limitations regarding its use. These limitations are commonly known as:
- Codicils.
 - Constraints.
 - Building codes.
 - Restrictive covenants.
35. According to the Federal Fair Housing Act as amended in 1988, which of the following circumstances is considered a handicapping condition?
- Being a drug addict and using a controlled substance illegally for a prolonged period of time.
 - Being economically disadvantaged.
 - Having a mental impairment that substantially limits a major life activity.
 - Lacking the ability to qualify for a federally insured mortgage.
36. Which of the following documents is usually prepared when a real estate buyer also purchases a seller's riding lawn mower?
- An option.
 - A wraparound mortgage.
 - A conditional sales contract.
 - A bill of sale.
37. The donation of private land for public use is called?
- Accretion.
 - Dedication.
 - Assignment.
 - Condemnation.

38. Who or what decides the amount of earnest money to be deposited by a prospective buyer?
- State real property law.
 - Agreement between the seller and the buyer.
 - Local real estate association.
 - The listing broker.
39. Who does a mortgagee's title policy protect?
- A mortgagee against default in the loan payments.
 - The borrower against default in loan payments.
 - The lender against existing, undiscovered title defects.
 - The borrower against unrecorded liens.
40. Sales from which of the following sources generally are used in the direct sales comparison approach?
- Bankruptcies.
 - Divorce settlements.
 - Estate sales.
 - Multiple listing service records.
41. If a licensee is paid a salary of \$600 per month plus one-half of the office's 6% fee on all sales, what must the licensee's monthly sales be for the licensee to receive a total monthly income of \$2,200?
- \$27,000
 - \$37,000
 - \$54,000
 - \$74,000
42. An oral sales contract that involved the sale of real estate may:
- Not be enforceable in a court action.
 - Not be subject to the Statute of Frauds.
 - Be a common method of consummating a sale.
 - Be assignable to a third party.
43. A commercial building that occupies an area 52 feet by 28 feet can be replaced at a cost of \$34.90 per square foot. The total accrued depreciation on the building is estimated at 25% of the replacement cost. Current value of the land on which the building stand is \$6,300. According to the cost approach, the indicated value of the property is approximately how much?
- \$42,836.
 - \$44,411.
 - \$50,814
 - \$57,114
44. If the Perkins are interested in buying a duplex, which of the following would offer them the best protection in case of loss of title?
- Title search.
 - Title insurance.
 - Abstract of title with attorney's opinion.
 - Certificate of title.
45. A person who has secured and paid consideration for the right to purchase a property at a fixed price for a designated period of time owns:
- A right of first refusal.
 - A contract for deed (land contract).
 - An option.
 - An assignment of interest.

46. A buyer is said to have which type of title after a seller accepts their offer to purchase?
- Fee title
 - Legal title.
 - Equitable title.
 - Defeasible title.
47. When a seller is conveying title to property and wants to limit the basic warranties to the period of time the seller held title, which of the following types of deeds should be used?
- Quitclaim deed.
 - Bargain and Sale deed.
 - Special warranty deed.
 - General warranty deed.

Questions 48 & 49 refer to the following situation: A broker and an owner agree to list a residential property at a selling price of \$50,000 with a commission of eight percent. On June 1, after the owner makes a monthly mortgage payment of \$500 that includes 8.5% interest, and mortgage balance of \$28,500 remains. Taxes are based on an assessed value of \$20,000, at 8.75%, payable in advance on January 1 of each year. The buyer's cost of title insurance is 1.5% of the selling price. The broker subsequently sells the property to a buyer for \$48,500 and the closing is to take place August 15. For test purposes there are 12 months in each year and 30 days in each month.

48. After the owner makes the August 1 mortgage payment, the principal balance remaining on the mortgage is how much?
- \$27,902
 - \$28,033
 - \$28,182
 - \$28,202
49. What is the cost to the buyer for title insurance PLUS their share of taxes on this property for the year?
- \$728
 - \$1,095
 - \$1,256
 - \$1,384
50. The term "replacement cost new" as used in the cost approach to estimating value means the present cost of replacing the subject improvements:
- Minus depreciation.
 - Plus land value.
 - With another having the same utility.
 - With another built of identical materials.
51. If two lots, each 75 feet wide by 105 feet deep, cost \$30,000 in total, what is their APPROXIMATE cost per square foot?
- \$1
 - \$2
 - \$3
 - \$4
52. When homeowners itemize deductions in computing their annual taxable income, they may deduct?
- Payments of principal on the home mortgage.
 - Interest paid on the home mortgage.
 - Depreciation of the home
 - Cost of repairs.

53. The Housing and Urban Development (HUD) settlement statement includes which of the following information?
- The buyers' and sellers' closing costs.
 - Only the sellers' closing costs
 - The total interest and principal to be paid by the buyers.
 - The closing costs that are tax deductible.
54. In order for a property manager to determine net operating income on a property, which of the following fees is subtracted from the effective gross income?
- Debt service.
 - Advances to owners.
 - Operating expenses.
 - Reserve for replacements.
55. According to the Federal Fair Housing Act as amended in 1988, which of the following individuals is permitted to reside in housing with a familial status exemption?
- A fifty year old employed nurse.
 - A fifty-three year old retired construction worker.
 - A fifty-four year old retired teacher.
 - A sixty-three year old employed postal worker.
56. The sale of which of the following would be considered the sale of a security?
- Single family rental homes.
 - Luxury condominiums in a high rise building.
 - Vacant lots at a resort area.
 - Townhouses in a rental pool.
57. If buyers purchased a home for \$128,000 and secured a 100% loan, which type of loan did they most likely get?
- VA Guaranteed.
 - FHA insured with MIP
 - Conventional loan with PMI
 - Wraparound Mortgage.
58. Title insurance on a property is \$174.90. The fee for title search is \$75; the cost of preparing papers is \$15, and other miscellaneous fees amount to \$6.10. If the seller pays 60% of the total charge and the buyer pays the balance, to the nearest dollar, how much MORE will the seller pay than the buyer?
- \$49.
 - \$53.
 - \$54
 - \$56
59. Which of the following credit terms may be included in an advertisement for real estate without further disclosure?
- "10% annual percentage rate"
 - "5 years to repay"
 - "\$5,000 down payment"
 - "\$300 monthly payment"
60. The continued use of a property that was lawful at the time the use began but now is in violation of a zoning regulation is an example of:
- A variance.
 - Spot zoning.
 - Nonconforming use.
 - Exclusionary zoning.

61. When a husband and wife take title to a property as tenants in common, they have elected a form of ownership that allows for:
- Title in severalty.
 - Separate life estates.
 - The right of survivorship.
 - Unequal share of ownership.
62. A title insurance policy will protect a buyer from financial losses that are caused by:
- A change in zoning regulations.
 - A recorded easement to which the policy has taken an exception.
 - An unrecorded easement to which the policy has taken an exception.
 - An encumbrance to which the policy has not taken an exception.
63. An apartment project with 320 units has 16 vacancies. The vacancy rate is:
- 5%
 - 8%
 - 92%
 - 20%
64. Under a sales contract, the legal remedy that may be used by the buyer to force the seller to complete the transaction is called what?
- Adverse possession.
 - Foreclosure.
 - Specific performance.
 - Forcible detainer.
65. If negative forces outside the property affect the value of a property, which are beyond the control of the owner, this is referred to as?
- Physical deterioration.
 - Accrued depreciation.
 - Functional obsolescence.
 - Economic obsolescence.
66. Charging an interest rate higher than the legal limit is called?
- Graft
 - Compounding.
 - Usury
 - Discounting.
67. One of the required elements of a valid real estate sales contract is that it MUST:
- Be signed by the seller.
 - Provide for possession of the property by the buyer.
 - Provide for installment payments.
 - Contain a metes and bounds description of the property.
68. The income approach to appraising is MOST often used in determining the value of:
- A vacant residential lot.
 - An office building.
 - A single family home.
 - A cooperative apartment.

69. A 15' easement exists across the front of a piece of property, and a zoning ordinance requires a building setback of 40 feet from the front property line. If the property is offered for sale, a licensee should take which of the following actions when notifying prospective buyers about this situation?
- Don't worry about it as the setback includes the easement so they can't build on it anyway.
 - Don't inform them as the title insurance policy will provide protection against any possible problems.
 - Inform them of the existence of both the easement and the setback line.
 - Have stakes placed on the property to identify both the easement and the setback line.

TABLE:				
End of Year	Payment required	Interest at 10% of unpaid balance	Principal retirement	Unpaid balance at end of year
1	\$263.80	\$100.00	\$163.80	\$836.20
2	\$263.80	\$ 83.62	\$180.18	\$656.02
3	\$263.80	\$ 65.60	\$198.20	\$457.82
4	\$263.80	\$ 45.78	\$218.02	\$239.80
5	\$263.80	\$23.98	\$239.80	\$ 00
Total retired:		\$1,000		

70. The chart above illustrates the monthly repayment schedule for which type of loan:
- An adjustable rate mortgage.
 - A reverse annuity mortgage.
 - A fixed rate mortgage fully amortized.
 - A graduated payment mortgage.
71. The buyer of a commercial property that has an outstanding lease would normally be entitled to which of the following?
- Immediate possession upon closing.
 - Possession after 30 days notice to the tenant.
 - Title subject to the lease.
 - Cancellation of the lease.
72. If the quarterly real estate tax on a property with an assessed value of \$70,000 is \$491, approximately what percent of the assessed value is the annual real estate tax?
- .7%
 - 2.8%
 - 3.8%
 - 5%
73. Jessica is being transferred by her company and tells her real estate agent that she needs to sell her home within 30 days. Although she wants \$85,000 for the property, a CMA shows the home is valued at and will sell for probably not more than \$75,000. It may have to sell for less in order to complete the sale within 30 days. Which of the following statements is true?
- It would be illegal for the Broker to take the listing at \$75,000.
 - In order to comply with Truth in Lending Act (Regulation Z), the broker cannot advertise this property at \$85,000 as that is over priced.
 - The broker may list the property at \$85,000 and advertise it for \$75,000.
 - The broker should advise Jessica to list the property for a maximum of \$75,000.
74. A correct statement about the Federal National Mortgage Association (FNMA) is that it:
- Purchases certain mortgages originated by lending institutions.
 - Insures mortgages through insurance fees paid by borrowers.
 - Provides guarantees to lenders on certain mortgages.
 - Is the nation's central bank, designed to provide economic stability.

75. Which of the following clauses will put the priority of an existing mortgage or deed of trust below that of a mortgage recorded later?
- An exculpatory clause.
 - A prepayment clause.
 - An assumption clause.
 - A subordination clause.
76. When private property is abandoned, the state may acquire title to that property under the right of:
- Escheat.
 - Eminent domain.
 - Police power.
 - Adverse possession.
77. The owners of a home sign a listing agreement and later tell the salesperson that the garage roof leaks. If they tell the salesperson not to reveal the roof's condition to any prospective buyers, the salesperson MUST:
- Abide by the owners' request as he/she works for them.
 - Advise the sellers that they must disclose the condition of the roof to all prospective buyers.
 - Advise only those prospective buyers who ask about the roof's condition.
 - Refer all prospective buyers who have questions about the roof's condition to the sellers.
78. A buyer purchases a \$100,000 home with an 80% loan. There was a real estate commission of 8% and a loan origination fee of \$100. The buyer's attorney charged them \$75. The credit report was \$35. If the loan discount points were 2% of the loan, what was the total of the buyer closing costs?
- \$210
 - \$2,210
 - \$8,610
 - \$1,810
79. A broker lists a property. The broker advertises and shows the property several times, but after each showing, the owners call the broker with a list of unreasonable restrictions they want placed on the showing of the property. The broker decides not to continue the listing. In this situation, the broker:
- Must sue the owners to obtain a release from the listing contract.
 - Must give the owners thirty days advance written notice to cancel the listing contract.
 - May not cancel the listing contract.
 - May rescind the listing contract without obtaining permission from the owners.
80. What should the maximum purchase price for a small shopping center be in total annual rentals are \$75,000, total annual expenses are \$9,000 and an annual return on investment of 12% is desired?
- \$550,000
 - \$625,000
 - \$792,000
 - \$900,000
81. Which of the following is NOT a cause of functional obsolescence?
- Rotting wood.
 - Lack of modern facilities.
 - Poor architecture design.
 - Out of date equipment.
82. If an owner in severalty dies testate, the property will be:
- Automatically vested in the other joint owner or owners.
 - Automatically vested in the sole surviving tenant.
 - Probated and vested in the other joint owner or owners.
 - Probated and passed to the owner's heirs or devisees.

83. A house that sold for \$72,500 has been assessed at 60% and the taxes are \$2.50 per \$100. How much are the annual taxes?
- \$109
 - \$261
 - \$1,088
 - \$1,813
84. If a broker receives and holds an earnest money deposit of \$5,000 from a buyer, the deposit will be shown on the final settlement statement as a:
- Credit to the buyer
 - Credit to the seller
 - Debit to the buyer
 - Debit to the seller.
85. A broker listed a property at \$100,000. A prospective buyer made an offer of \$90,000, which was rejected by the seller, who counter offered with \$99,800. The broker knew the prospective buyer wouldn't accept the counteroffer, and would be offended. In this situation, the broker should:
- Disregard the seller's counteroffer, since it is not a valid response.
 - Urge the seller to modify the counteroffer to a more reasonable figure.
 - Present the seller's counteroffer to the prospective buyer, regardless of how the buyer might receive it.
 - Explain to the seller that he can't in good conscience deliver the counteroffer to the buyer.
86. Under a long-term lease the lessee pays \$650 per month during the first year. At the beginning of each new year, the rent is adjusted by the same percent as the percent change in the rent component of the consumer price index. Which of the following terms is used to describe this type of lease?
- Net Lease.
 - Gross Lease.
 - Percentage Lease.
 - Index Lease.
87. All of the following are sources of capital for real estate loans EXCEPT:
- Life insurance companies.
 - FHA
 - Credit unions.
 - Pension funds.
88. Chuck has owned his home for one year. His records show the following: \$650 property insurance; \$720 property taxes; \$1,000 general maintenance; \$1,180 amortization payments; \$3,675 mortgage interest; \$1,500 straight line depreciation; \$800 property improvements. What is the total amount that Chuck can deduct on his federal income tax return?
- \$4,395.
 - \$3,675.
 - \$5,575
 - \$5,895
89. A real estate transaction is under contract. The deed has been deposited with an escrow agent and closing is scheduled. The seller dies 2 days before closing. Which of the following statements is true.
- Title transferred when the deed was deposited with the settlement agent.
 - Title will transfer as soon as the estate provides a new deed.
 - Title will transfer when closing is completed according to the contract.
 - It is not transferable because it became void on the death of the seller.

90. A life tenant can do all of the following with his life interest EXCEPT?
- Sell it.
 - Devise it.
 - Lease it.
 - Mortgage it.
91. An investor bought a tract of land one-year ago for \$960 per acre. His annual expenses are \$100 per acre. If he wants to sell a 2 acre tract at a profit of 9% he should sell it for a minimum of:
- \$1,155
 - \$2,080
 - \$2,202
 - \$2,311
92. An owner wants to list his property with only one real estate firm but wishes to avoid paying a brokerage fee if he sells the property himself. Which of the following types of listing contract would be most appropriate?
- Exclusive right to sell.
 - Exclusive agency
 - Open listing
 - Net listing
93. As part of the purchase price of her new home, Cyndi gives the seller a promissory note secured by a deed of trust. Cyndi later defaults on her obligation under the note. The result is a non-court foreclosure sale of the property. The purchase at the sale will eventually receive a:
- Sheriff's deed.
 - Trustee's deed
 - Marshall's deed
 - Referee's deed
94. A meeting of minds indicates that:
- All of the elements of the contract have been satisfied.
 - An offer and an acceptance have been made.
 - A contract has been completed.
 - A consideration has been paid.
95. An investor purchased a rental home for a price of \$36,000. He added \$13,000 in improvements by remodeling. The purchase was financed with a \$30,000 first mortgage loan. A \$10,000 second mortgage loan financed part of the improvements. Cumulative line depreciation taken over the holding period was \$8,000. Using the services of a broker, the investor sold the home for \$67,500. The investor paid commission and closing costs of \$3,000. How much gain did the investor realize on the sale?
- \$15,000.
 - \$18,500
 - \$23,500
 - \$26,500
96. The Wilson's earn \$32,500 per year. They own a house valued at \$70,000 but want to buy a larger home. If a lender's requirements include buyer qualification at 2.5 times their annual income, and if the Wilson's will net \$42,000 from the sale of their present home, what would be the most expensive home they could afford to buy?
- \$74,500
 - \$81,250
 - \$123,250
 - \$185,250

97. Police powers that affect the value of property include all of the following EXCEPT:
- a. Zoning ordinances.
 - b. Building codes.
 - c. Health codes.
 - d. Restrictive covenants.
98. A farmer purchased the NE $\frac{1}{4}$ and the E $\frac{1}{2}$ of the SE $\frac{1}{4}$ of a section for \$360,000. How many acres did he purchase and how much did he pay per acre? (Remember: a section is 640 acres.)
- a. 160 acres at \$2,250 per acre
 - b. 320 acres at \$1,135 per acre
 - c. 240 acres at \$1,500 per acre
 - d. 120 acres at \$3,000 per acre
99. A \$100,000, 30 year fully amortized, fixed rate loan is made for 9.5% annual interest. The monthly principal and interest payment is \$840.87. Calculate the principal balance owing after the second monthly payment has been made.
- a. \$98,318.26
 - b. \$98,416.66
 - c. \$99,901.21
 - d. \$99,950.80

For question #100: 1 acre = 43,560 square feet. 9 square feet = 1 square yard.

100. How many acres is 348,480 square yards?
- a. 2.66
 - b. 8
 - c. 24
 - d. 72

ANSWER KEY TO GENERAL PRACTICE EXAM

- | | |
|-------|--------|
| 1. A | 55. D |
| 2. A | 56. D |
| 3. C | 57. A |
| 4. D | 58. C |
| 5. B | 59. A |
| 6. D | 60. C |
| 7. B | 61. D |
| 8. B | 62. D |
| 9. C | 63. A |
| 10. D | 64. C |
| 11. B | 65. D |
| 12. C | 66. C |
| 13. D | 67. A |
| 14. A | 68. B |
| 15. C | 69. C |
| 16. A | 70. C |
| 17. C | 71. C |
| 18. A | 72. B |
| 19. B | 73. D |
| 20. B | 74. A |
| 21. D | 75. D |
| 22. A | 76. A |
| 23. C | 77. B |
| 24. B | 78. D |
| 25. D | 79. D |
| 26. D | 80. A |
| 27. D | 81. A |
| 28. B | 82. D |
| 29. D | 83. C |
| 30. B | 84. A |
| 31. A | 85. C |
| 32. D | 86. D |
| 33. B | 87. B |
| 34. D | 88. A |
| 35. C | 89. C |
| 36. D | 90. B |
| 37. B | 91. D |
| 38. B | 92. B |
| 39. C | 93. B |
| 40. D | 94. B |
| 41. C | 95. C |
| 42. A | 96. C |
| 43. B | 97. D |
| 44. B | 98. C |
| 45. C | 99. C |
| 46. C | 100. D |
| 47. C | |
| 48. A | |
| 49. D | |
| 50. C | |
| 51. B | |
| 52. B | |
| 53. A | |
| 54. C | |