

Missouri General Practice Quiz

1. Truth-in-lending laws apply to which of the following loans?
 - A. a loan to buy a 16-unit apartment building
 - B. a loan to a speculative builder
 - C. a loan to a first-time home buyer
 - D. a loan to a homeowners' association
2. To qualify as a tax-deferred exchange, the property must be
 - A. a principal residence.
 - B. held for productive use in trade or business.
 - C. financed through a federal institution.
 - D. amortized over a 30-year period.
3. A buyer wants a guarantee that there are no unknown encumbrances against the property he is buying. The buyer should require
 - A. a survey.
 - B. title insurance.
 - C. an appraisal.
 - D. an abstract.
4. John Jones has owned and operated a gas station for 15 years. The city has decided to rezone the area from commercial to residential use. Which of the following is true regarding this situation?
 - A. John can only continue to operate the station if he obtains a variance.
 - B. John has a non-conforming use and can continue to operate the gas station.
 - C. John would have to stop using the property as a gas station because of the rezoning of the area.
 - D. John would need to sell the property and limit it to residential buyers only.
5. Regarding ownership of one's home, which of the following would be income tax deductible?
 - A. down payment on the property
 - B. major home improvements
 - C. points paid to obtain the loan maintenance on the property
 - D. maintenance on the property
6. A broker, acting as a buyer's agent, is helping a married couple find a home that meets their needs. The wife's mother is going to live with them. They want to take title in such a way that if anything happens to either one of them, the remaining spouse would have a $\frac{2}{3}$ interest in the property, and the mother a $\frac{1}{3}$ interest. The broker should advise them to
 - A. take title as tenants by the entirety.
 - B. take title as joint tenants with the right of survivorship.
 - C. consult with an attorney.
 - D. consult with a title company.
7. Which of the following factors would tend to increase the price of residential real estate in a given area?
 - A. a zoning change allowing a group home
 - B. a large manufacturing plant opening in the city
 - C. higher interest rates on home loans
 - D. an abundance of homes in a preferred area
8. Which of the following is considered a tax benefit of owning investment property?
 - A. right of survivorship
 - B. protection from zoning changes
 - C. liquidity of investment
 - D. sheltering other income
9. Which of the following improvements would have the most positive effect on the value of a property?
 - A. adding a swimming pool in the back yard of a \$150,000 property
 - B. replacing the central air-conditioning unit
 - C. installing a second bathroom in a four-bedroom house
 - D. repairing a leaking roof

10. A real estate broker was hired by a property management company to lease and manage commercial properties. Each commercial lease was different based on the negotiations of the parties. Which of the following is true in these circumstances?
- A. Legal counsel should be sought to write or review the lease.
 - B. The broker can prepare the lease as he is trained in real estate.
 - C. The broker could fill in the blanks on a preprinted commercial lease form.
 - D. The lease agreement is not the same as a contract and can be prepared by either party.
11. An unencumbered residence was sold. The closing expenses amounted to \$526.40 plus a broker's commission of 7% of the selling price. The seller received a closing check amounting to \$37,231.60. What was the selling price?
- A. \$39,800
 - B. \$40,426
 - C. \$40,600
 - D. \$41,110
12. A buyer gives a broker a deposit with an offer to purchase. This deposit is known as
- A. an assignment
 - B. mutual assent
 - C. earnest money
 - D. escrow
13. A property has suffered a loss in value due to a lack of maintenance and upkeep. This would be classified as
- A. external obsolescence.
 - B. physical depreciation.
 - C. locational depreciation.
 - D. internal obsolescence.
14. The most important element for a property manager to consider in selecting rental rates would be?
- A. the rental rates for similar units in the area.
 - B. the types of tenants desired for the property.
 - C. how many units the property manager has to rent.
 - D. the square footage of each of the units.
15. Which of the following is considered the most important factor affecting value?
- A. age of improvements
 - B. annual real estate taxes
 - C. building design
 - D. location
16. A property has a fair market value of \$95,000 and is assessed at 50% of value. The tax rate is \$55.00 per \$1,000 of assessed value. What is the real estate tax for this property?
- A. \$1,306.25
 - B. \$2,612.50
 - C. \$3,918.75
 - D. \$5,225.00
17. Which of the following is a requirement of an independent contractor relationship between a broker and a licensee?
- A. The licensee must enter into a written agreement with the broker.
 - B. The licensee must not earn less than 65% of her annual income from real estate sales commissions.
 - C. The broker must establish a daily work schedule.
 - D. The broker must consider the licensee an employee for state and federal income tax purposes.
18. A comparative market analysis is based on the principle that
- A. market value can best be estimated by an appraisal.
 - B. the anticipated selling price may be estimated by recent sales of similar properties.
 - C. competition in the marketplace increases the sale prices of properties.
 - D. properties typically will sell for twice their assessed valuation.
19. A broker is listing a rural property. The property was owned by a deceased woman who had six grown children. Two of the sons are listing the property for sale. Before completing the listing agreement, the broker should do which of the following?
- A. Check the woman's will to ascertain who the heirs are.
 - B. Require all six children to sign quitclaim deeds.
 - C. Have the woman's attorney sign a release of title.
 - D. Check the ownership of record.

20. Which of the following would most directly affect the supply of real estate in the market place?
- A. demographics
 - B. employment
 - C. labor force
 - D. population
21. Which of the following is considered a primary lender in the mortgage market?
- A. Federal Housing Administration
 - B. Federal National Mortgage Association
 - C. Government National Mortgage Association
 - D. commercial banks
22. A property owner who has riparian rights owns property that borders
- A. a river or stream.
 - B. an orchard or forest.
 - C. government property.
 - D. more than one street or road.
23. A broker has a listing he has shown to two different couples. At 10:00 a.m. one of the couples decides to make an offer below the asking price on the property with a 24-hour time limit. The broker prepares the offer for them, dates and times it, and contacts the seller who sets up a meeting with the broker for 7:00 p.m. That afternoon, the other couple contacts the broker and wants to make a full price offer on the property. What should the broker do?
- A. Tell the second couple there is already an offer on the property, but if the seller refuses it, he will take their offer.
 - B. Meet with the second buyer and prepare the second offer. Take both offers to the seller, but tell them they must decide what to do with the first offer before they can see the second.
 - C. Let the first offer expire without presenting it and then present the second offer.
 - D. Present both offers to the sellers and tell them to not make up their mind until he has seen both of them.
24. A property manager is responsible for all maintenance of a property. Replacing the furnace filters on a regular basis is what type of maintenance?
- A. corrective
 - B. constructive
 - C. deferred
 - D. preventive
25. A man leased a small building and installed metal shelves to exhibit his products. Near the time for his lease to expire, he decided to move to a larger building and wanted to take the metal shelving with him. Which of the following is true regarding this situation?
- A. The shelves are attached to the property: therefore, they are fixtures and must stay with the property.
 - B. The shelves are trade fixtures and can be removed as long as it is done before the expiration of the lease.
 - C. The shelves are fixtures and must be removed by the tenant.
 - D. The shelves are trade fixtures and must remain with the building.
26. A deed restriction in a subdivision had created a community playground that used a few square feet from the rear of every owner's lot. An owner has begun making plans to convert the rear half of his lot to a garden. The plans would require the removal of park equipment. A neighbor objects to these plans. The neighbor should
- A. do nothing since an individual landowner has no authority to enforce deed restrictions.
 - B. apply for a court injunction against the owner's plans.
 - C. inform the owner that the playground is community property.
 - D. file a lis pendens as soon as possible.
27. A broker completed a listing in which the seller stated a desire to net \$30,000. The broker will charge a 7% commission. There is \$90,000 in the mortgage and other expenses that will be paid from the sale price. In order for the seller to net \$30,000, the property must sale for at least.
- A. \$120,900
 - B. \$129,363
 - C. \$130,000
 - D. \$138,030
28. When a borrower defaults on a mortgage, an acceleration clause allows the lender the option of
- A. attaching the borrower's personal property.
 - B. demanding immediate payment of the entire loan balance.
 - C. reporting the borrower to both the FHA and the VA.
 - D. preventing conveyance of the mortgaged property.

29. A properly drawn property management agreement must contain which of the following?
- A. a description of the property that is for sale
 - B. an agreed-upon flat salary
 - C. a percentage of the net income as a salary
 - D. the scope of the property manager's authority
30. A woman bought a house in a subdivision zoned residential. She wanted to open a day care in her home. To do so legally she would need to obtain a
- A. conditional use permit.
 - B. nonconforming use permit.
 - C. bulk zoning permit.
 - D. permit for a buffer zone.
31. Marie and John Scott bought property. They took title in such a manner that if something happened to Marie, John would own the entire property, and if something happened to John, Marie would own it. They took title as
- A. tenants in common.
 - B. joint tenants.
 - C. tenants at sufferance.
 - D. tenants in severalty.
32. Which of the following would be considered a latent defect in property?
- A. a leak in a wall covered by paneling
 - B. a bathroom faucet that drips water
 - C. a storm door that has been badly damaged
 - D. worn out floor covering in the kitchen
33. A mortgage loan on property that includes fixtures and equipment is known as which of the following?
- A. warranty
 - B. package
 - C. due-on-sale
 - D. open-end
34. A seller wants to list his property with a broker. The seller asks the broker to help identify a realistic asking price. The broker would primarily rely on which of the following?
- A. cost approach
 - B. market data
 - C. income approach
 - D. capitalization approach
35. A seller agreed to list an older house for sale on an "as is" basis. He told the broker that the roof leaked occasionally and that the plumbing and electrical systems were old and outdated. After signing the listing agreement, the seller had the house inspected for termites and rot damage. Both termite and rot damage were present and the seller notified the broker. If neither the seller nor the broker told the buyer about the damage and the buyer personally inspected the property before closing, would the buyer be able to sue at a later date when the termite damage is found?
- A. No, because the seller sold the property on an "as is" basis.
 - B. No, because the buyer was free to inspect the property and ask any questions prior to the sale.
 - C. Yes, because the damages were from more than one cause.
 - D. Yes, because the broker did not alert the buyer once he discovered the termite and rot damage.
36. A salesperson completed a listing agreement form, which the owners signed. When should the salesperson furnish the owners a copy of that listing form?
- A. immediately upon signature of the owners
 - B. when an offer has been presented to the owners
 - C. after an offer has been accepted by the owners
 - D. after it has been processed through the local multiple listing service
37. A property sells for \$85,000. The existing mortgage balance is \$17,000 and the seller's closing costs are \$1,600. What should the seller net if the brokerage fee is 6.5%?
- A. \$59,275
 - B. \$60,875
 - C. \$60,979
 - D. \$63,580

38. Which of the following could a person deduct from federal income taxes?
- A. interest paid on a home loan
 - B. capital improvements to a personal residence
 - C. recurring expenses on one's home
 - D. the principal payment on a home loan
39. A leasing agent was showing property in an eight-unit complex to a prospective tenant in a wheelchair. The tenant wanted to rent a unit, install grab bars in the bathroom, and lower all the door handles. The landlord
- A. must allow and pay for these modifications to be made.
 - B. can refuse to rent to the individual because it would devalue the property.
 - C. must allow the tenant, at the tenant's expense, to make the modifications, but cannot require restoration at the end of the lease.
 - D. must allow the tenant to make the modifications at the tenant's expense. but can require, by the terms of the lease, restoration of the property.
40. Which of the following is an example of functional obsolescence?
- A. The living room carpet is worn out.
 - B. The house is located near a factory.
 - C. A person must go through the kitchen to get to the only bathroom.
 - D. The house has a sloping wooden porch that is unattractive.
41. Which of the following would have the greatest effect on the value of the property?
- A. The house is 25 years old.
 - B. The property is next to the boundary of the subdivision, and is abutted by an interstate highway.
 - C. The house has outdated plumbing fixtures.
 - D. The property is located in a subdivision of a large city.
42. A listing broker has an exclusive right to represent a new subdivision. She shows properties in the subdivision to prospective buyers who are not working with other agents. She prepares the offers for those who decide to buy. Which of the following statements best describes this situation?
- A. The buyers are represented by the listing broker.
 - B. The buyers are not represented by a broker.
 - C. The broker owes these buyers the duty of obedience.
 - D. The broker owes half of his commission to the developer.
43. A woman bought some property from a seller and received a general warranty deed. Two years later, the seller's brother came forth and claimed he had an ownership interest in the property. The brother stated he knew the court would uphold his interest. In a general warranty deed, the buyer is protected from this situation by the covenant
- A. of further assurance.
 - B. of seisin.
 - C. against encumbrances.
 - D. of special warranty.
44. When managing property, which of the following actions is legal?
- A. refusing to rent to families with children
 - B. requiring a power of attorney from all prospective tenants
 - C. collecting larger security deposits from prospective tenants with support animals
 - D. obtaining information from prospective tenants to determine if they can afford the rent
45. A seller agreed to owner finance the purchase of his property by a buyer. To give public notice of his financial interest in the property the seller should
- A. record the deed.
 - B. record the mortgage.
 - C. require a quitclaim deed signed by the buyer in case of default.
 - D. use a contract for deed.
46. Howard decided to find a tenant to rent the upstairs portion of his home. He did not use discriminating advertising, or a broker to lease the rooms. He screened his prospective tenants and would rent only to a religious, non-smoking, white male. On which of the following qualifications is it ILLEGAL for him to discriminate?
- A. gender
 - B. religion
 - C. smoking preference
 - D. race

47. A 60' X 30' one story house has an attached 12' X 20' family room. The total square footage in the house is?
- A. 1,800
 - B. 2,040
 - C. 2,160
 - D. 3,840
48. A person can acquire property owned by someone else through open, notorious, hostile and continuous use. This is known as
- A. condemnation
 - B. adverse possession
 - C. escheat
 - D. alienation
49. Which of the following elements would be considered an economic characteristic of real estate?
- A. scarcity
 - B. immobility
 - C. indestructibility
 - D. uniqueness
50. An owner obtains a new mortgage on her house because the house had appreciated in value and she wanted money for an investment. The old mortgage rate was 3% lower than the new rate. What is this process called?
- A. refinancing
 - B. disintermediation
 - C. rollover
 - D. subordination
51. Which of the following is true about prepayment penalties on VA or FHA loans for single-family dwellings?
- A. The VA requires a prepayment penalty of 2% of the outstanding loan balance.
 - B. The FHA requires a prepayment penalty of 2% of the original principal amount
 - C. Both the VA and the FHA require prepayment penalties of 3% of the outstanding loan balance.
 - D. Neither the VA nor the FHA allows prepayment penalties.
52. Building codes are created to do which of the following?
- A. Provide performance standards for construction
 - B. Accomplish the same objectives as zoning codes
 - C. Create revenue for municipal and state purposes
 - D. Acquire land for public use such as highways and landmarks
53. Which of the following tests have traditionally been applied by the courts to determine if an item is a permanent fixture?
- A. cost
 - B. size
 - C. use
 - D. age
54. A farmer decided to sell his farm because of illness. His crops were still growing in the field. The farmer wanted the right to come back and harvest them even though the property had been sold. In this situation, the crops are considered to be
- A. fixtures and belong to whomever owns the farm.
 - B. emblements and belong to the farmer.
 - C. trade fixtures and cannot be removed from the property.
 - D. personal property and belong to the buyer of the property.
55. A listing broker is preparing an offer for a buyer. The property is listed for \$205,000. The buyers want to offer \$200,000, and require that the new free-standing stove and refrigerator remain with the property. The agent prepares the offer, the buyers sign it, and the agent presents the offer to the seller. The seller accepts the price, but he does not want to leave the refrigerator. The broker removes the part about the refrigerator staying and the seller and his wife initial, sign, and date the document. Which of the following is true?
- A. The offer has been signed and accepted by all parties and is now considered a contract.
 - B. Neither the seller, nor his agent, has a right to make any changes to the original offer.
 - C. The original offer is now terminated and a counteroffer has been created.
 - D. If the buyers refuse to give up the refrigerator, the seller can accept the original offer.

56. A property owner's fence extends onto a neighbor's property. This is known as
- A. an easement.
 - B. an encumbrance.
 - C. a restriction.
 - D. an encroachment.
57. Which of the following defines amortization?
- A. the act of withdrawing from a signed contract
 - B. the payment of a financial obligation on an installment basis
 - C. the filing of a judgment against a debtor who has moved out of state
 - D. the declaration of the entire debt being due upon the omission of one mortgage payment
58. A borrower secures a second mortgage loan from City National Bank. Under the federal Truth-in-Lending Act, the borrower has the legal right to rescind the loan transaction
- A. 3 business days after the borrowers have signed the mortgage and note.
 - B. 3 days after the money has been disbursed.
 - C. 7 business days after the borrowers have signed the mortgage and note.
 - D. 7 days after the money has been disbursed
59. Significant variations in the size of a property may be found between a listing agreement, a purchase agreement, a mortgage, and a deed. Which of the following will take precedence?
- A. the listing agreement
 - B. the purchase agreement
 - C. the mortgage
 - D. the deed
60. A landlord had a property that produced a 12% rate of return. The net income on the property was \$1,050 a month. Based on the income approach to value, what was the market value of the property?
- A. \$87,500
 - B. \$105,000
 - C. \$151,200
 - D. \$200,000
61. A buyer is interested in a new residential property that has a two-story home on approximately one-half acre. The property is adjacent to a creek. It is two blocks from an elementary school and six blocks to a small shopping center. A licensee who is representing this buyer should advise the buyer to investigate whether this property
- A. is located in a flood plain.
 - B. is convenient to public transportation
 - C. has ever had asbestos insulation.
 - D. has been owned by the current owner for at least 2 years.
62. A broker was taking an upper bracket listing from a seller. The seller told her that they had lived in the neighborhood a long time, had many friends there, and wanted to be selective about who bought their house. The broker was to tell them the race and nationality of anyone making an offer. How should the broker respond to this requirement?
- A. She should refuse to do so by explaining she would not always know the people making the offer.
 - B. She should refuse to do so and explain that the seller's instruction could be a violation of federal law.
 - C. She could take the listing as it is legal as long as no discriminatory advertising is used.
 - D. She should agree to it; as the agent of the seller, the broker has the duty of obedience to the seller's instructions.
63. Real estate taxes on a property were \$150 a month and due at the end of the year. The property was sold and closed August 15th. What is the seller's prorated share of the taxes?
- A. \$825
 - B. \$900
 - C. \$1,125
 - D. \$1,800
64. The best way to determine whether or not there is an encroachment of a boundary line would be to
- A. have a spot survey done.
 - B. require an appraisal of the property.
 - C. examine a plat map.
 - D. have a title search done

65. A broker was completing a listing with a seller as the seller's agent. When they were walking through the property together, the broker noticed that new paneling had been installed in the basement. When asked, the seller told the broker that there had been a leak in the basement wall, but the crack had been patched and the paneling installed. Therefore, the seller said it need not be discussed with a buyer. In this case, which of the following is the best thing to tell a prospective buyer?
- A. Nothing. As an agent of the seller, the broker should follow the seller's instructions and not disclose any defects.
 - B. The basement had leaked, but had been successfully repaired and was no longer a problem.
 - C. The basement had leaked and there had been some repair work done, but the buyer is entitled to require an inspection of the basement.
 - D. The broker works for the seller, and therefore, cannot discuss with the buyer potential problems in the property.
66. Which of the following would be considered real property taxes?
- A. taxes on cars, boats and trailers
 - B. taxes on a house and the land it is on
 - C. taxes on underdeveloped land only
 - D. taxes on a house and all furnishings
67. Which of the following gives a person the right to buy or lease property at a certain price within a certain time?
- A. an encumbrance
 - B. a lien
 - C. an option
 - D. a rescission
68. It is most important for a licensee completing a comparative market analysis to
- A. pick comparables that are similar in size, age, and quality.
 - B. complete the form with the seller present.
 - C. record the financing used on each of the properties sold.
 - D. disregard houses that were listed, but did not sell.
69. On an investment property, which of the following could be deducted as expenses from annual income taxes?
- A. making additional principal payments
 - B. replacing a roof
 - C. installing a new furnace
 - D. painting a structure
70. The owner of a lot is interested in selling. The lot is 99' x 110'. If similar property sells for \$36,000 per acre, what is the most likely selling price for this property?
- A. \$9,000
 - B. \$10,890
 - C. \$12,000
 - D. \$18,000
71. Which of the following is true concerning eminent domain?
- A. The property must be used solely for recreation.
 - B. The property is taken through the process of condemnation.
 - C. The owner must be paid based on the mortgagor's perceived value.
 - D. The property owner is not compensated for the property.
72. The most typical purpose of a deed restriction is to
- A. ensure that the property will not become encumbered.
 - B. encourage varied uses of the property.
 - C. control future uses of the property.
 - D. limit costs of new houses in a subdivision.
73. In financial practice, which of the following defines interest?
- A. a surcharge used to offset potential losses on the lender's part
 - B. the charge paid by the borrower for the use of the lender's money
 - C. a penalty charged to the borrower for going into debt
 - D. the equity of the lender in relation to financial transactions

74. A broker is asked to list Randall's house for sale. Randall is moving to a house three blocks away and she believes that persons of a certain national origin increase neighborhood crime. Randall tells the broker that she does not want her house shown to persons of this national origin. The broker should do which of the following?
- A. Comply with Randall's wishes because Regulation Z ensures an owner's freedom to limit showings and sales.
 - B. Sign a listing contract containing Randall's wishes, but show the property to all interested prospects with no exceptions.
 - C. Inform Randall that *the* property will be *shown* to all interested parties, but she can refuse to sell to people she does not want in her neighborhood.
 - D. Refuse to accept the listing on Randall's expressed terms because it violates federal law.
75. The Americans with Disabilities Act of 1992 would apply in which of the following situations?
- A. a four-unit apartment complex that does not have elevators
 - B. a rental house that has no ramp by the front stairs
 - C. a shopping center without wheelchair accessible restrooms
 - D. garden style apartments with narrow doorways that are not wheelchair accessible.
76. A man called a broker to list his property for sale. When the broker arrived, she and the seller filled out the listing sheet. The broker asked the man if he was married. The man replied that he was, but his wife was out of town. He wanted the broker to put his listing in a listing service and to advertise it. The broker should
- A. do as the seller directs as he is the seller's agent and has the duty of obedience.
 - B. tell the seller he will as soon as they can obtain the signature of the wife on the listing agreement.
 - C. go ahead and advertise the property, but get the wife's signature later.
 - D. refuse the listing and notify the Real Estate Commission of the possibility of fraud.
77. A pest inspection is ordered and infestation is found. Who pays to correct the problem?
- A. the buyer
 - B. the broker
 - C. the seller and buyer split the cost
 - D. the party specified in the contract
78. A buyer wants to buy a house and open a beauty shop in her home. She tells the listing real estate agent her plans and looks at property with that licensee. They find a property she likes and she makes an offer that is accepted. After closing and moving into the property, she finds out there are deed restrictions in the subdivision that prohibit a business operating out of one's home. Which of the following is true?
- A. The buyer was solely responsible for checking out the deed restrictions before buying the property.
 - B. The agent was representing the seller and had no duty to the buyer to check out the restrictions.
 - C. Since the agent knew of the buyer's intended use, the agent should have ascertained whether or not it could be used for that purpose.
 - D. The seller was solely liable for not telling the buyer she could not open a beauty shop in the property.
79. A real estate company sold a seller's property for \$205,000. The seller had an outstanding mortgage of \$85,000 that would be paid at closing, along with a 6% commission to the broker. In addition, the seller agreed to pay 3 discount points for the buyer to obtain a loan for 95% of the purchase price. Other closing costs of \$4,000 were also to be paid by the seller at closing. After all costs are paid, what will the seller net from this transaction?
- A. \$97,857.50
 - B. \$97,910.00
 - C. \$100,460.00
 - D. \$104,469.50
80. A buyer buys a home in a subdivision that has an active homes association and a list of restrictive covenants. The city where the home is located allows fences, but the restrictive covenants of the subdivision prohibit them. Which of the following is true regarding the situation?
- A. The city, being a government entity, takes precedence over the deed restrictions in the subdivision.
 - B. Restrictive covenants deal with types of architecture and square footage requirements. They do not address fencing.
 - C. The buyer owns the property and has a right to fence the yard regardless of the deed restrictions.
 - D. The deed restrictions would take precedence over the city because they are more restrictive.
81. A lease may be cancelled by which of the following?
- A. special assessment
 - B. escheat
 - C. mutual agreement
 - D. redemption

82. Four men bought investment property together, each having an equal ownership interest. They took title in such a manner that if one died he could leave his one-fourth interest to his heirs. How did the men take title to the real estate?
- joint tenants with the right of survivorship
 - tenancy by the entirety
 - tenants in common
 - year-to-year tenancy
83. If a mortgage company is charging 3 points on a \$50,000 loan, how much is the charge?
- \$150
 - \$450
 - \$1,500
 - \$4,500
84. A seller wants to sell a property but discovers it has a cloud on the title. To clear the title, he should file
- A lis pendens.
 - A quitclaim deed.
 - An action to quiet title.
 - A law suit against the creator of the cloud.
85. There are four steps in the income approach to value which an appraiser uses in his report:
1. Apply the appropriate capitalization rate to the annual net income.
 2. Estimate the potential annual gross income if all units were rented at their market value.
 3. Determine the annual net operating income by deducting annual expenses.
 4. Determine the effective gross income by deducting vacancy and collection loss.
- In what order would these steps be used?
- 1, 3, 2, 4
 - 2, 3, 1, 4
 - 3, 1, 4, 2
 - 2, 4, 3, 1
86. Broker A had a listing from a seller with a commission rate of 8%. Broker A listed it in a listing service and offered a 4% commission to the selling company. Broker B, with a different company, cooperated through Broker A and sold the listing for \$150,000. At closing how much will the seller owe Broker A?
- \$0
 - \$6,000
 - \$10,500
 - \$12,000
87. Which of the following is the result of an unreleased lien?
- covenant of seisin
 - condemnation
 - cloud on title
 - escheat
88. When the interest rates go down on residential loans, which of the following is most likely to occur?
- There would be fewer homes for sale.
 - Fewer buyers would be looking for homes.
 - The prices on residential property would go down
 - There would be an increase in prices on residential property.
89. The Real Estate Settlement Procedure Act (RESPA) would apply to which of the following loans?
- a 30-acre farm
 - a contract for deed
 - an installment contract
 - a first mortgage home loan
90. A broker was showing a buyer an older home built in 1976. The buyer was concerned about the possibility of lead-based paint having been used on the house. The broker should tell the buyer
- that there is no law regulating this, but the buyer could require an inspection.
 - that the Residential Lead-Based Paint Reduction Act requires disclosure by the seller on houses built before 1978 and the buyer could require an inspection.
 - a lead-based paint disclosure is required on all houses built after 1978, but the buyer is entitled to an inspection if he chooses to have one.
 - that lead-based paint is no problem as long as it has been painted over

91. Which of the following refers to a final mortgage payment that is larger than any of the other payments?
- A. escalation
 - B. acceleration
 - C. balloon
 - D. edemption
92. An owner of a toy store asks a licensee to arrange for the sale of stock in the store through an investment contract. The licensee should.
- A. Hire an attorney to assist with the transaction.
 - B. Refer the owner to a securities dealer.
 - C. Consult with his broker about the best type of listing agreement to use.
 - D. disclose in writing that he will represent only the owner for this transaction.
93. Which of the following is a typical duty of a property manager?
- A. refinancing a mortgage
 - B. supervising maintenance
 - C. investing security deposits
 - D. appealing tax assessments
94. A buyer obtained a home loan from a commercial lender. She paid for a mortgagee's title policy as one of her closing costs. The mortgagee's title policy would protect the
- A. buyer only.
 - B. buyer and the lender.
 - C. seller only.
 - D. lender only.
95. The closing date is approaching on the sale of a property to a buyer who is represented by a licensee. Although the sellers have both signed the sales contract, the licensee learns that a relative of the sellers may have a title claim to this property. In this situation, the licensee should
- A. ignore the existence of the relative because if a title claim is not asserted before the closing, the buyer can experience no future title problems.
 - B. ask the listing agent to advise the seller to contact an attorney to seek a quitclaim deed from the relative.
 - C. advise the buyer to contact an attorney in preparation to sue for specific performance.
 - D. inform both the sellers and the buyers that the closing cannot occur.
96. A man wanted to lease a small building to use as a dry cleaners. He and the landlord agreed upon a lease where the tenant would pay all of the utilities and taxes, in addition to rent. The landlord would pay the insurance. This type of lease is best known as
- A. A gross lease
 - B. A net lease
 - C. A gross rent multiplier
 - D. A flat lease
97. Prospective buyers should be shown only properties that
- A. offer the highest commissions
 - B. they are financially able to purchase.
 - C. are listed with the salesperson's company.
 - D. are compatible with their ethnic background
98. A buyer bought a home from an owner. The owners agreed to owner-finance the property. The parties agreed to amortize the loan over a 15-year period. The buyer became the owner of record of the property, *and* the seller had a lien against the property. What type of Instrument was used to purchase the property?
- A. a contract for deed
 - B. a and contract
 - C. a purchase money mortgage
 - D. a reverse annuity mortgage
99. A buyer is contemplating the purchase of a lot in a new subdivision. The original development plans for the subdivision stipulate that all lots must be a minimum of one-half acre in size. Because of the development plans, the buyer's deed would be subject to which of the following?
- A. an easement
 - B. a lien
 - C. a restriction
 - D. a license

100. A property is listed for \$200,000. The sellers owe \$100,000 to the bank and agree to pay a 6% commission. Closing costs on the sale have been estimated at \$2,000. If the property sells for full price, what will be the net proceeds for the sellers?

- A. \$86,000
- B. \$92,000
- C. \$96,800
- D. \$100,000

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