

Multiple Choice

Identify the letter of the choice that best completes the statement or answers the question.

- ___ 1. For what price must a house sell if the seller is to net \$30,000 after paying \$1,500 in settlement and the broker's commission of 6% (rounded to the nearest dollar)?
 - a. \$30,000
 - b. \$32,011
 - c. \$32,300
 - d. \$33,511

- ___ 2. A seller received a net amount of \$29,817 after paying off a \$53,000 loan balance, \$1,213 in miscellaneous costs, and a 7% brokerage fee. What was the sale price of the house? (round to nearest dollar)
 - a. \$77,020
 - b. \$84,030
 - c. \$90,355
 - d. \$90,360

- ___ 3. Pat bought a home for \$75,000. He put up \$5,000 earnest money and secured an 80% loan. The bank charged four points and a 2.5% loan fee. Pat received a \$900 credit from the prorating of taxes. How much cash will he need to bring to close this transaction?
 - a. \$13,000
 - b. \$13,900
 - c. \$13,975
 - d. \$18,000

- ___ 4. How many days are normally needed to close a residential sale that requires no financing?
 - a. 1 to 29
 - b. 30 to 60
 - c. 61 to 90
 - d. over 90

- ___ 5. Of the following, the final action to be taken to complete a closing is
 - a. acknowledgement of all instruments.
 - b. recordation of appropriate instruments.
 - c. signing of the deed.
 - d. title search.

- ___ 6. Escrow accounts are opened for the protection of the interests of the
 - a. general public.
 - b. seller.
 - c. buyer and seller.
 - d. buyer.

- ___ 7. According to the Real Estate Settlement and Procedures Act, which of the following is illegal?
 - a. Examination of the HUD settlement statement the day before closing
 - b. Payment of kickbacks
 - c. Delivery of the closing statement on the day of closing
 - d. Disbursement of commission fees

- ___ 8. Under the Real Estate Settlement and Procedures Act, all of the following are required of the lender EXCEPT
 - a. submission to the borrower of the booklet "Settlement Costs and You".
 - b. submission of a "good faith estimate" of loan closing costs.
 - c. disclosure of the "Annual Percentage Rate".
 - d. use of the Uniform Settlement Statement for closing.

- ___ 9. A settlement meeting may take place in the offices of
 - a. the real estate agent.
 - b. an attorney.
 - c. a title company.
 - d. any of the above.
- ___ 10. Upon termination of a rental contract,
 - a. ownership reverts to the lessor.
 - b. possession is returned to the lessor.
 - c. possession is returned to the lessee.
 - d. ownership reverts to the lessee.
- ___ 11. If a lease were signed by a lessee who is a minor, the lease is
 - a. void.
 - b. voidable by the landlord.
 - c. voidable by the tenant.
 - d. unenforceable.
- ___ 12. A couple's one year lease has expired, but they continued living on the premises. If they now pay rent on a monthly basis, this type of tenancy is
 - a. by the entireties.
 - b. at will.
 - c. periodic.
 - d. at sufferance.
- ___ 13. Lonnie and Connie had a one-year lease that ended November 30. They were still living in the apartment as of December 12 without a new lease and without the landlord's permission. They have become
 - a. tenants at sufferance.
 - b. tenants in common.
 - c. tenants at will.
 - d. tenants for years.
- ___ 14. A rental contract gives the tenant
 - a. the right of possession.
 - b. temporary ownership.
 - c. a freehold estate.
 - d. the right to encumber.
- ___ 15. A lease which requires a fixed constant amount of rent for each payment period of the term is called a
 - a. gross lease.
 - b. net lease.
 - c. percentage lease.
 - d. raw lease.
- ___ 16. A lease under which the amount of rent is based upon the tenant's sales volume is known as
 - a. a percentage lease.
 - b. a gratuity lease.
 - c. an escalation lease.
 - d. usury.
- ___ 17. The total transfer of a tenant's rights to another person is called
 - a. an option.
 - b. a sublet.
 - c. a waiver.
 - d. an assignment.

- ___ 18. When a valid, enforceable lease is terminated before expiration by means of a mutual agreement, but no penalties are required between the lessor and the lessee, the situation would be referred to as a
- surrender and release.
 - rescission and restore.
 - satisfaction and repair.
 - rendering termination.
- ___ 19. A lessee is in possession of a valid lease when a buyer agrees to assume a veteran's loan and close a sale subject to the lease. The earnest money contract is signed before the lease is due to expire. The lease can
- be terminated immediately.
 - be changed by the new buyer.
 - not be terminated by the buyer.
 - be terminated at close of escrow.
- ___ 20. A tenant who operates a coffee shop rented a property under a lease which stated there would be no alcohol served. The tenant subsequently began serving liquor. The landlord would most likely seek
- artistic license.
 - eviction.
 - condemnation.
 - injunctive relief.

True/False

Indicate whether the sentence or statement is true or false.

- ___ 21. The purpose of a settlement statement is to provide an accounting of all funds involved in a transaction.
- ___ 22. During a "dry closing" the money is disbursed to the seller.
- ___ 23. RESPA prohibits the seller from requiring that the buyer purchase title insurance from a particular title company.
- ___ 24. In a typical closing, insurance prorations will usually be a credit to the seller and an expense to the buyer.
- ___ 25. If commercial space is rented out for \$.07 per square foot per month the annual rent on a space 80' x 150' would be \$9,400.
- ___ 26. Under a net lease, the tenant pays a rate based on the net mortgage payment.
- ___ 27. The rent of a small store includes a flat amount per month plus a portion of the gross sales each month. The lease is a percentage lease.
- ___ 28. A quitclaim deed cannot be assigned.
- ___ 29. The owner has rented a home to a tenant for many years. Lately, however, the owner has failed to keep the premises in decent repair. The tenant has left in dismay and sued for damages. The tenant would most probably claim that the owner's failure constituted constructive eviction.
- ___ 30. A lease for a definite period of time, which terminates when that time has expired, is a periodic estate.