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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

1) A principal definition of real estate is as a bundle of rights associated with the possession, use, and disposition of property. Each of the following is a fundamental characteristic of property rights EXCEPT:
   A) they are enforceable by the government.
   B) they apply only to tangible assets.
   C) they are nonrevocable.
   D) they are enduring.

2) Property rights can be divided into two classes, real and personal. Which of the following is an example of real property?
   A) vehicles
   B) stocks and bonds
   C) patents
   D) an office building

3) A fixture is an object that formerly was personal property but has become real property. Of the following four rules for determining whether an object has become a fixture, which is the most dominant (i.e., if there is a conflict, which rule prevails)?
   A) manner of the attachment
   B) character of the article and manner of adaptation
   C) intention of the parties
   D) relation of the parties

4) Based on your understanding of the rules for determining when an object becomes a fixture, which of the following items would most likely be considered a fixture at the time of sale?
   A) custom (built-in) bookshelves
   B) refrigerator in a single-family residence being sold
   C) fence installed by the tenant of a rental property
   D) curtains

5) Property rights can be dismantled into lesser bundles, referred to as interests, which can then be held by different individuals. Interests in real property that include exclusive possession are referred to as:
   A) fixtures.
   B) townships.
   C) licenses.
   D) estates.

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6) Which of the following types of ownership estates is the most complete bundle of rights, and therefore carries the greatest value?
   A) fee simple absolute
   B) fee simple conditional
   C) ordinary life estate
   D) legal life estate

7) Suppose a homeowner lives adjacent to an expanding university that is interested in acquiring her residence for future university use. To allow the homeowner to continue to retain all rights of exclusive possession, use, and enjoyment during her lifetime, yet provide the university with the right of disposition, the university may want to purchase a(n):
   A) legal life estate with remainder interest.
   B) conditional fee absolute with reverted interest.
   C) remainder interest from an ordinary life estate.
   D) tenancy for years.

8) While leasehold interests are considered estates, they differ from freehold estates in all of the following respects EXCEPT:
   A) leasehold estates are limited in time.
   B) the right of disposition is diminished with a leasehold estate.
   C) leasehold estates are not titled interests.
   D) leasehold estates are possessory interests.

9) Nonpossessory interests (i.e., bundles of real property rights that do not include possession) include all of the following EXCEPT:
   A) leasehold interests.
   B) easements.
   C) restrictive covenants.
   D) liens.

10) An easement is the right to use land for a specific and limited purpose. Which of the following easements involves a relationship between two parcels of land, is a permanent feature of both parcels involved, and gives the dominant parcel some intrusive use of the servient parcel?
   A) affirmative easement appurtenant
   B) negative easement appurtenant
   C) easement in gross
   D) license

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11) Which of the following is an example of a negative easement appurtenant?
   A) a driveway easement across one parcel to another
   B) rights-of-way for roads
   C) a common drive easement where owners of adjoining lots must permit each other to use a driveway lying on their shaped property line
   D) a scenic easement used to restrict construction on adjacent parcels so as to preserve a valued view

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12) An important distinction is the difference between an easement and a license. All of the following characteristics pertain to a license EXCEPT:
    A) a license is revocable by the grantor.
    B) a license can be granted orally.
    C) a license is enduring.
    D) a license grants *permission* to use another's land for a specific and limited purpose.

13) A lien is an interest in real property that serves as security for an obligation. Which of the following is an example of a general lien?
    A) property tax and assessment lien
    B) mortgage lien
    C) lien arising from a court judgment unrelated to ownership of the property
    D) mechanics' lien

14) Which of the following types of liens is automatically superior to any other lien?
    A) government property tax and assessment lien
    B) mortgage lien
    C) lien arising from a court judgment unrelated to ownership of the property
    D) mechanics' lien

15) Once senior liens such as property tax, assessment, and CDD liens have been addressed in the case of default, the priority sequence for processing the remaining liens on the property is determined by the:
    A) relative size of the liens in dollar terms.
    B) relative timing of the establishment of the lien.
    C) relative reputation of the entity that established the lien.
    D) relative complexity of the structure of the lien.

16) Following the completion of a contract for construction or other improvements to a property, a contractor has the right to establish a lien on a property as protection against the case that a property owner defaults on the construction contract and/or fails to pay for the completed work. This lien is more commonly referred to as a(n):
    A) property tax lien.
    B) mortgage lien.
    C) assessment lien.
    D) mechanics' lien.

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17) Specific liens derive directly from events related to a property. One such lien is established when the issuance of bonds is used to finance improvements within a private community This type of lien is more commonly referred to as a(n):
A) property tax lien.
B) mortgage lien.
C) community development district (CDD) lien.
D) mechanics' lien.

18) Co-ownership can occur in a variety of ways, with significant variation in how the bundle of rights is jointly held. All of the following entities are forms of direct co-ownership EXCEPT:
A) tenancy in common.
B) tenancy by the entirety.
C) condominium.
D) partnership.

19) Direct co-ownership implies that each co-owner holds a titled interest in the property, but without exclusive possession with respect to the other co-owners. Which of the following types of direct co-ownership is considered the closest to the fee simple absolute estate?
A) tenancy in common
B) tenancy by the entirety
C) condominium
D) tenancy at Will

20) Which of the following types of direct co-ownership is a form of joint tenancy for spouses created by marriage that protects each spouse from liens arising from either spouse alone?
A) tenancy in common
B) tenancy by the entirety
C) condominium
D) tenancy at Will

21) Which of the following types of direct co-ownership combines single person ownership with tenancy in common?
A) cooperative
B) tenancy by the entirety
C) condominium
D) partnership

22) Which of the following forms of co-ownership, historically used for apartment buildings, is not considered a form of true direct co-ownership, but rather qualifies as a proprietary corporation?
A) cooperative
B) tenancy by the entirety
C) condominium
D) partnership

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23) Property rights created from legally enforceable marriage have a clear implication for real estate transactions. Which of the following marital property rights gives a spouse a one-half claim on all property acquired "from the fruits of the marriage?"
   A) dower
   B) curtesy
   C) elective share
   D) community property

24) Which of the following nonpossessory interests in real estate explicitly imposes limits on the use of land?
   A) easement
   B) license
   C) restrictive covenant
   D) fixture

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25) Restrictive covenants impose constraints on the use of the land, yet are limited in terms of their enforcement. All of the following are true regarding the enforcement of restrictive covenants EXCEPT:
   A) courts have been reluctant to maintain restrictive covenants for an unreasonably long time and in some cases states have enacted a time limit on their applicability.
   B) courts may refuse to enforce restrictive covenants due to changing neighborhood character.
   C) courts may refuse to enforce restrictive covenants due to abandonment of the property.
   D) restrictive covenants are public in nature and therefore can be enforced by those who do not hold a legal interest in the property.

26) When multiple individuals have use of a property, but their interests are not simultaneous, this type of co-ownership is referred to as a:
   A) cooperative.
   B) tenancy by the entirety.
   C) condominium.
   D) timeshare.

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27) In some states, mining companies are deemed to own not only the minerals but also the space the minerals occupied before they were removed, thereby earning the distinction of ownership states. However, when the owner of a properly drilled well could claim all that is pumped from it, regardless of whether the oil or gas migrated from adjacent property, this is referred to as:
A) manner of attachment.
B) rule of capture.
C) intention of the parties.
D) relation of the parties.

28) Bill and Mike go in together to purchase 342 acres of land to use for hunting and family vacations. Ten years later, Bill dies and Bill's wife wants to sell his half of the land. Mike informs her that, unfortunately, she has no claim to the land and that upon Bill's death, his ownership interest transferred to Mike. What type of co-ownership did Bill and Mike have?
A) tenancy by the entireties
B) tenancy in common
C) joint tenancy
D) relation of the parties

29) The City of Baltimore installed a new water main along a main roadway. The city then decided to charge the property owners along this main roadway a proportional cost of the new water main. If a property owner refuses to pay their proportional share of the cost, the city may file a(n):
A) property tax lien.
B) assessment lien.
C) general lien.
D) mechanics' lien.

30) Jayden owns 150 acres between a highway and a public beach. The state would like to construct a road directly from the highway to the beach across a number of beach front properties including Jayden's. The space for this road would be considered a(n):
A) implied easement.
B) easement in gross.
C) negative easement appurtenant.
D) positive easement appurtenant.

31) Brian just began graduate school at the local university and is looking to rent an apartment. A family friend has decided to lease him a two bedroom, one bathroom cottage through an oral agreement with no definite lease period outlined. Which of the following leasehold estates best describes Brian's situation?
A) tenancy for years
B) tenancy at sufferance
C) periodic tenancy
D) tenancy by the entirety

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32) A leasehold interest for a specific period of time is more commonly referred to as:
A) tenancy for years.
B) tenancy at sufferance.
C) periodic tenancy.
D) tenancy at will.

33) Tom recently purchased a home in a residential subdivision. While mowing his lawn and planting new shrubs for the first time since moving in, Tom's neighbor came outside to inform him that he was violating one of the subdivision's rules which required the use of a specific professional lawn service for all property landscaping needs. Assuming this requirement can be enforced by the subdivision authority, this would be an example of a(n):
A) easement.
B) restrictive covenant.
C) lien.
D) estate.

34) When identifying an easement appurtenant, the parcel of land that benefits from the right to use the land in question is referred to as the:
A) dominant parcel.
B) servient parcel.
C) licensed parcel.
D) gross parcel.

35) When identifying an easement appurtenant, the parcel of land that is constrained or diminished by the easement is referred to as the:
A) dominant parcel.
B) servient parcel.
C) licensed parcel.
D) gross parcel.

36) Leasehold estates are often defined as the *temporary* conveyance of all of the following parts of the traditional bundle of rights typically associated with real estate ownership EXCEPT:
A) possession.
B) use.
C) disposition.
D) enjoyment.

37) Real estate can be viewed as a bundle of rights. How these bundles of rights are grouped together determines the type of ownership interest an individual (or group of individuals) can stake claim to. In an ordinary life estate with remainder interests, which of the following rights is detached from the traditional bundle of rights that typically defines a fee simple absolute interest?
A) possession
B) use
C) disposition
D) enjoyment

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38) Which of the following types of estates involves the least enforceable bundle of rights?
A) fee simple absolute
B) legal life estate
C) ordinary life estate
D) tenancy at will

39) The distinctive feature of a joint tenancy is the:
A) right of survivorship.
B) right of community property.
C) right of separate property.
D) right of cooperation.

40) Since an easement is a non-possessory interest, it is important to understand the right of disposition that is associated with it. In which of the following types of easements is the right of disposition claimed as part of the easement?
A) implied easement
B) easement in gross
C) negative easement appurtenant
D) positive easement appurtenant

41) Requirements to create a joint tenancy are quite restrictive. They require the presence of the "four unities," which include all of the following EXCEPT:
A) condition.
B) title.
C) interest.
D) possession.

42) The *right* to use land for a specific and limited purpose is more commonly referred to as a(n):
A) easement.
B) restrictive covenant.
C) license.
D) lien.

43) The *permission* to use land for a specific and limited purpose is more commonly referred to as a(n):
A) easement.
B) restrictive covenant.
C) license.
D) lien.

44) Which of the following is an example of an affirmative easement appurtenant?
A) a driveway easement across one parcel to another
B) a sunlight easement
C) right of way for a railroad
D) conservation easement

45) Which of the following leasehold estates best describes the situation in which a tenant who previously occupied a property under a legitimate leasehold interest refuses to vacate?
A) tenancy for years
B) tenancy at will
C) periodic tenancy
D) tenancy at sufferance

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46) All of the following are considered indirect forms of co-ownership of real estate assets EXCEPT:
A) limited liability company.
B) real estate investment trust.
C) S-corporation.
D) condominium.

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Answer Key

Test name: Chapter 02

1) B
2) D
3) C
4) A
5) D
6) A
7) C
8) D
9) A
10) A
11) D
12) C
13) C
14) A
15) B
16) D
17) C
18) D
19) A
20) B
21) C
22) A
23) D
24) C
25) D
26) D
27) B
28) C
29) B
30) B
31) C
32) A
33) B
34) A
35) B
36) C
37) C
38) D
39) A
40) B
41) A
42) A
43) C
44) A
45) D
46) D

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