

Real Estate Finance & Investments, 16e (Brueggeman)

Chapter 1 Real Estate Investment: Basic Legal Concepts

1) Real estate refers to the physical land and improvements constructed on the land.

Answer: TRUE

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

2) Real property refers to the ownership rights associated with real estate.

Answer: TRUE

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

3) A quitclaim deed says that the grantor "quits" whatever claim he has in the property in favor of the grantee.

Answer: TRUE

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

4) It is illegal to give a quitclaim deed if the grantor has no claim in the property.

Answer: FALSE

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

5) The term real estate refers to the ownership rights associated with the physical land and improvements.

Answer: FALSE

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

6) A fee simple estate is a type of freehold estate.

Answer: TRUE

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

7) As compared to other types of deeds, a general warranty deed provides the most comprehensive warranties about the quality of the title to the property.

Answer: TRUE

Difficulty: 2 Medium

Topic: Title assurance

Accessibility: Keyboard Navigation

Gradable: automatic

8) After a house is purchased, contractors cannot ask the new owner of the house to pay any bills that were outstanding before the house was sold.

Answer: FALSE

Difficulty: 1 Easy

Topic: Title assurance

Accessibility: Keyboard Navigation

Gradable: automatic

9) A reciprocal easement agreement allows two or more parties to access each other's property.

Answer: TRUE

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

10) A lien waiver provides certification that contractor's on newly constructed properties have been compensated.

Answer: TRUE

Difficulty: 1 Easy

Topic: Title assurance

Accessibility: Keyboard Navigation

Gradable: automatic

11) A lessee is a person who holds the title to a piece of property.

Answer: FALSE

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

12) The grantee typically conveys title to the grantor by means of a deed.

Answer: FALSE

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

13) If a lender is to repossess or bring about the sale of a property if the borrower defaults on the mortgage loan, the lender is said to have a _____ in the real estate.

A) Freehold interest

B) Lease interest

C) Secured interest

D) Quitclaim

Answer: C

Difficulty: 2 Medium

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

14) A(n) _____ estate represents the most complete form of ownership of real estate; the owner is free to divide it up into lesser estates and sell, lease, or borrow against them as he or she wishes.

A) Fee simple

B) Freehold

C) Leasehold

D) Life

Answer: A

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

15) Mr. Smith has allowed Mrs. Jones to run a sewer line through Mr. Smith's backyard so that Mrs. Jones has access to the city sewer system. This is an example of a(n):

- A) Easement
- B) Encumbrance
- C) Estate for years
- D) Title assurance

Answer: A

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

16) Which type of deed offers the grantee the MOST protection?

- A) Quitclaim deed
- B) Special warranty deed
- C) General warranty deed
- D) Officer's deed

Answer: C

Difficulty: 2 Medium

Topic: Title assurance

Accessibility: Keyboard Navigation

Gradable: automatic

17) What term BEST describes a person that owns a property and is conveying title to the property to another person?

- A) Mortgagor
- B) Grantor
- C) Mortgagee
- D) Grantee

Answer: B

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

18) What type of estate lasts for an indefinite period of time?

- A) Freehold estate
- B) Estate from year-to-year
- C) Leasehold estate
- D) Estate for years

Answer: A

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

19) Which of the following is NOT a good method of title assurance?

- A) Seller provides a warranty in the deed
- B) An attorney searches recorded documents
- C) Title insurance is purchased
- D) Seller provides a quitclaim deed

Answer: D

Difficulty: 2 Medium

Topic: Title assurance

Accessibility: Keyboard Navigation

Gradable: automatic

20) What legal document conveys title from one person to another?

- A) Mortgage
- B) Note
- C) Deed
- D) Title

Answer: C

Difficulty: 1 Easy

Topic: Title assurance

Accessibility: Keyboard Navigation

Gradable: automatic

21) A historical summary of the publicly-recorded documents that affect the ownership of a property is known as a(n):

- A) Estate
- B) Deed
- C) Abstract of title
- D) Lien

Answer: C

Difficulty: 1 Easy

Topic: Title assurance

Accessibility: Keyboard Navigation

Gradable: automatic

22) Which of the following is FALSE regarding a tax sale?

- A) An accurate and complete description of the property is required to be posted for possible purchasers before the sale
- B) The property owner may not have had a court appearance through due process, thus creating a cloud on the title
- C) The line of authority for the sale may not be clear
- D) The purchaser is usually expected to pay all delinquent taxes at the time of sale

Answer: A

Difficulty: 3 Hard

Topic: Title assurance

Accessibility: Keyboard Navigation

Gradable: automatic

23) A reversion and a remainder are similar in that:

- A) Both can be sold or mortgaged
- B) Both cause the property to go back to the grantor after the sale
- C) Neither is an actual interest in the property
- D) Neither is considered a future estate

Answer: A

Difficulty: 2 Medium

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

24) Which of the following is FALSE concerning Mechanic's Liens?

- A) Gives the right to attach a lien on real estate
- B) Can get money through forcing judicial sale
- C) Lasts even after the bill for labor and materials has been paid
- D) Might not be disclosed by the public records

Answer: C

Difficulty: 2 Medium

Topic: Title assurance

Accessibility: Keyboard Navigation

Gradable: automatic

25) All other items not considered realty, including intangibles and movable things, are considered as:

- A) Realty
- B) Contractual
- C) Personality
- D) An estate

Answer: C

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic

26) A term used to link an individual or entity who owns property to the property itself is:

- A) Easement
- B) Title
- C) Deed
- D) Lease

Answer: B

Difficulty: 1 Easy

Topic: Property rights

Accessibility: Keyboard Navigation

Gradable: automatic