

LET'S GIVE YOU EVEN MORE QUESTIONS!!!

AFTER SPRUCE FINAL TEST QUESTIONS AND MATH

1. In which of the following types of loans is the loan amount divided into two parts, to be paid off separately by periodic interest payments followed by payment of the principal in full at the end of the term?
- A. Amortized
 - B. Straight
 - C. ARM
 - D. GEM
2. Prior to 1978, asbestos was a component of more than 3,000 types of building materials, and is currently present in what percentage of commercial and public buildings in the United States?
- A. 10 percent
 - B. 12 percent
 - C. 20 percent
 - D. 33 percent
3. Mr. Jones accepts an offer from Ms. Kieffer on his vintage Victorian home, built in 1892. Based on these facts, all of the following statements are true, EXCEPT:
- A. Mr. Jones must attach a lead-based paint disclosure statement to the sales contract.
 - B. If Mr. Jones is aware of any lead-based paint on the premises, he must disclose that fact to Ms. Kieffer.
 - C. If Ms. Kieffer requests a lead-based paint inspection, Mr. Jones has 10 days in which to obtain one at his expense.
 - D. Ms. Kieffer is entitled to receive a pamphlet that describes the hazards posed by lead-based paints.
4. The Real Estate Commission has the authority to do any of the following to a licensee EXCEPT:
- A. Downgrade of license.
 - B. Require additional education
 - C. Put the licensee in jail
 - D. Order the return of compensation collected from an injured consumer.
5. After a judicial foreclosure sale, the court would most likely arrange for the purchaser to receive which one of the following?
- A. Sheriff's deed
 - B. Bargain and Sale Deed
 - C. Quitclaim deed
 - D. Guardian's deed
6. A principal difference between a mortgage and a deed of trust concerns which of the following?
- A. Amortization
 - B. Acceleration
 - C. Redemption
 - D. Capitalization
7. When a developer obtains a ground lease and intends to obtain a construction loan to build a condominium project, what type of provision regarding financing should be included in the lease?
- A. Acceleration clause
 - B. Escalation clause
 - C. Subordination clause
 - D. Subrogation clause
8. In the event a lessee, without good reason, abandons leased premises, leaving it in good condition, to what degree is the lessee normally liable to the lessor?
- A. For rent payable to the date lessee leaves the premises, plus security deposit
 - B. For rent payable to the date lessee leaves, plus security deposit and a percentage of rent payable for balance of term
 - C. For rent due and payable for the remaining period of the lease
 - D. For rent due and payable for the remaining period of the lease, plus the expense of locating a new tenant
9. Under the provisions of the Uniform Residential Landlord and Tenant Act, which of the following is true?
- A. The maximum amount of money the tenant is required to pay at the start of the lease is equal to three months' rent.
 - B. The lessor can put in the lease a requirement for lessor's consent prior to the lessee's subletting the premises.
 - C. The lessee has a right of first refusal.
 - D. The lessor must place security deposits in an interest-bearing account for the lessor's account.
10. The clause in a lease that gives a tenant the right to purchase leased property at a specific price is a:
- A. Reversionary right
 - B. Holdover tenancy
 - C. Lease option
 - D. Right of first refusal

11. During the term of the lease, whose property is the security deposit?

- A. Lessor
- B. Mortgagee
- C. Lessee
- D. Property manager

12. Which of the following must be contained in a commercial lease agreement for it to be valid?

- A. Amount of taxes on the leased premises
- B. Name of institution in which the security deposit is held
- C. Assessed valuation of the property
- D. Amount of rent to be paid and the method of payment (monthly, quarterly and so on)

13. All EXCEPT which of the following are true about selling interests in a Real Estate Investment Trust (REIT)?

- A. The antifraud provisions of the Securities Act apply
- B. Salespeople need to be licensed under the securities law
- C. Violation of the law is a criminal offense
- D. Brokers need to be licensed under the real estate licensing law.

14. Assume there is a five year lease at \$5,000 per year. The lessor in year three usually cannot:

- A. Mortgage
- B. Sell
- C. Raise rent
- D. Devise

15. In a triple net lease, the tenant usually pays for all the following EXCEPT:

- A. insurance
- B. utilities
- C. management fees
- D. mortgage payments

16. When a group of investors and one or more sponsors acquire real estate, this is best called a:

- A. Rental pool
- B. Time share
- C. Syndication
- D. Group investment

17. The property management agreement typically authorizes the property manager to do which one of the following?

- A. Prepare operating budgets and review the credit rating of potential tenants
- B. List and sell the property
- C. Collect security deposits and place them in the manager's general account
- D. Deny rentals to former drug addicts

18. Property managers need to recognize economic conditions that give rise to an increase in demand for more expensive rental units. What economic condition will cause such an increase in demand?

- A. Decrease in mortgage interest rates
- B. Increase in disposable income
- C. Decrease in consumer price index
- D. Increase in supply of rental units

19. A person owns a four apartment complex. The apartments rent for \$500 each per month. If there is a 5% vacancy rate and expenses are \$700 per month and debt service is \$1,500 per month, the cash flow would be:

- A. \$200
- B. \$ (Negative) 200
- C. \$ 300
- D. \$ (Negative) 300

20. Certain elements must be present in a real estate sales contract involving a single-family residence if the contract is to be valid. Although the following elements are recommended, which one is NOT an absolute necessity?

- A. Description of land
- B. Type of deed
- C. Names of the parties
- D. Sales price

21. A builder agrees to build a house and sell it to a buyer in 180 days. The buyer agrees to pay the negotiated price within 45 days after completion. The contract, before completion of the house, may be referred to as a(n):

- A. executory contract
- B. implied contract
- C. voidable contract
- D. executed

22. How many linear feet of fence are needed along one side of 1.5 miles of roadway?
- 7,920
 - 8,250
 - 13,430
 - 16,450
23. An easement in a deed is decided by
- the attorney
 - the surveyor
 - the broker
 - the assessor
24. How is the Real Estate Commission formed?
- Seven people elected by the people.
 - Five people appointed by the Governor.
 - Three people selected by the Secretary of State.
 - Five people selected by the National Association of Realtors.
25. Of the following types of liens, which has the highest priority?
- Property taxes and special assessments.
 - Properly recorded mortgages.
 - Mechanic's liens.
 - Creditor judgments.
26. Which term BEST describes a court order to carry out the terms of a signed real estate sales contract?
- Specific performance
 - Lis pendens
 - Attachment
 - Subpoena
27. Motivation of seller is used in which type of appraisal?
- Cost approach
 - Income approach
 - Sales comparison approach
 - Gross rent multiplier
28. All of the following statements about deed restrictions are true EXCEPT:
- they are frequently encountered *in* residential subdivisions.
 - they are called *restrictive covenants*.
 - they terminate upon the death of the grantor.
 - once established, they run with the land and are limitations on the use of future grantees.
29. Which of the following life estates is created by someone other than the owner?
- Conventional life estate.
 - Ordinary life estate.
 - Legal life estate.
 - Community property life estate.
30. One who has the right to sign the name of the principal to a contract of sale is:
- a special agent.
 - an optionee.
 - an attorney-in-fact.
 - an attorney-at-law.
31. Ownership of an undivided interest in land with right of survivorship is:
- tenancy in common.
 - joint tenancy.
 - both a and b
 - neither a nor b.
32. Functional obsolescence is classified as:
- curable.
 - incurable
 - both a and b
 - neither a nor b
33. Land is usually listed as all of the following EXCEPT:
- Square foot
 - Square yard
 - Acres
 - Front foot
34. A written acknowledgement that a mortgage has been satisfied is BEST called a(n):
- Subordination
 - Promissory note
 - Release of lien
 - estoppel certificate
35. A sale contract stipulates that a buyer is to pay the seller's title insurance expenses. This practice is not customary in the area. In this case,
- the buyer and seller must amend the contract before closing.

- b. the contract is voidable, since the seller must pay the expense.
c. the buyer may pay or not pay the expense, at his or her option.
d. the buyer must pay the expense.
36. Which of the following are examples of closing items not prorated between buyer and seller?
- Taxes and rents
 - Title insurance and inspection fees
 - Utilities and hazard insurance.
 - Condominium assessments and special assessment payments.
37. Which of the following items are paid in arrears?
- Taxes and insurance
 - Rents and interest
 - Taxes and interest
 - Rents and insurance.
38. Which of the following items are paid in advance?
- Taxes and insurance
 - Rents and interest
 - Insurance and interest
 - Rents and insurance.
39. What is NOT covered in a title insurance policy?
- Forged deeds
 - Improperly delivered deeds
 - Items listed in the schedule of exceptions.
 - Incorrect marital status.
40. A new sales person has their license issued on June 29th. When does the license expire?
- In one year.
 - On December 31st of the year it was issued.
 - The next day.
 - On June 30th of the following year.
41. A Director of Human Resources from a large corporation contacts a broker about a transfer of a large number of people into the broker's market area. The Director says he will give the broker all of the business if the broker will agree to pay a fee of 1% of the purchased property's value to the Director. Can the broker do this?
- Yes, if the Director is a licensed real estate broker.
 - Yes, if the Director does not discriminate in who he refers
 - No, not under any circumstances.
 - No, because it would be unfair to the company's personnel to limit them to one broker's services.
42. A broker cannot do any of the following EXCEPT act as :
- an attorney
 - an appraiser
 - a commissioned office manager
 - a surveyor.
43. PMI is the acronym for Private Mortgage Insurance often used by borrowers whose LTV (loan to value) ratio is less than 20 percent. Lenders must cease charging PMI when the LTV reaches:
- 22 percent
 - 27 percent
 - 29 percent
 - 35 percent
44. Court house records are maintained in which of the following ways?
- by date property was actually transferred
 - by date deed was issued
 - by date deed was recorded
 - by date owner took possession of the property
45. If a sales person gets their original license in March, how much continuing education must they have to renew their license in July of that year?
- three and a half hours
 - seven hours
 - none
 - nine hours
46. West Virginia's Real Estate Laws are contained in WV Code
- Chapter 15, Article 20
 - Chapter 30, Article 40
 - Chapter 174, Article 12
 - Chapter 12, Article 174
47. The West Virginia License Law was passed to
- raise revenue
 - protect the public
 - restrict competition
 - keep brokers from cheating each other

48. Appointments to the Real Estate Commission are made by the
- Superintendent of Public Instruction
 - Insurance Commissioner
 - Secretary of State
 - Governor with the approval of the Senate
49. Any person who collects a real estate commission and is not licensed is guilty of
- duress
 - a felony
 - a misdemeanor
 - fraud
50. Persons found guilty of operation in the real estate business without a license may be fined by
- A court of law
 - The Governor
 - The District of Attorney
 - The Attorney General
51. When a broker discharges a salesperson for any reason, among other things, the brokers shall
- close the salesperson's trust account
 - send the salesperson's license to the Real Estate Commission
 - publish a termination in the newspaper
 - charge the person a termination fee
52. Every person licensed as a real estate broker shall
- have and maintain a Post Office Box
 - have and maintain a definite place of business
 - obtain an insurance license
 - be on active status
53. The West Virginia License Law was changed to its current code citation in
- 1998
 - 1905
 - 2002
 - 2000
54. The monetary fine for a first violation of the West Virginia Real Estate License Law could be
- \$1,000.00
 - \$2,000.00
 - \$3,000.00
 - \$5,000.00
55. Under the provisions of the West Virginia Real Estate License Law, a person violating the provisions of this Article could be fined
- Any amount determined by the Commission
 - The amount of compensation they received from a real estate transaction.
 - \$5,000.00
 - \$2,000.00
56. Under the provisions of the West Virginia Real Estate License Law the Real Estate Commission is authorized to charge a fee of
- Up to \$2,000.00 per day per violation
 - Up to \$1,000.00 per day per violation
 - Any amount that is deemed reasonable under the circumstances
 - An amount sufficient to prevent further violations
57. Any person accused under the provisions of the West Virginia Real Estate License Law shall file an answer to the charges within
- Ten days of date of service
 - Fifteen days of date of service
 - Twenty days of date of service
 - Thirty days of date of service
58. How much "equity" money may a broker keep in his "trust fund account"?
- Any amount he deems appropriate
 - Any amount the depository institution requires of any other depositor for an account
 - Not more than \$100.00
 - Not more than \$500.00
59. Rules and regulations adopted by governmental agencies
- serve as general guidelines only
 - are used to administer and enforce legislative acts
 - may not prescribe penalties for violations
 - do not have the force and effect of legislative acts

60. A salesperson's license generally must be
- kept in a safe place by the salesperson
 - carried by the salesperson with him or her
 - retained in the office of the employing broker
 - retained by the salesperson at his or her residence
61. Before a real estate license can be suspended or revoked, the licensee is usually entitled to
- have the state's attorney represent him or her in court
 - a hearing before the jurisdiction's licensing authority
 - a probationary period
 - make restitution for any financial misdealing's
62. The states have enacted real estate licensing laws for all of the following purposes EXCEPT to
- protect the public from dishonest individuals
 - maintain minimum income levels for licensees
 - prescribe qualifications and standards for licensees
 - maintain minimum educational levels for licensees
63. When the license of a real estate broker is suspended or revoked, his or her salespeople
- must find a new employing broker
 - must obtain their broker's license
 - must stop listing and selling property
 - may continue operating as before
64. Which law allows you to check your credit history in the event you are denied credit?
- Equal Credit Opportunity Act
 - Truth in Lending Act
 - Fair Credit Reporting Act
 - Regulation Z
65. How many Real Estate Commissioners were There in July of 2002?
- Three
 - Seven
 - nine
 - five
66. A Mortgage Reduction Certificate is
- an out of pocket expense
 - used for a tax benefit
 - a tax deduction
 - larger at the beginning of the mortgage
67. What is the principal purpose underlying legal descriptions of real property?
- To create a consistent, unchanging standard for locating the property.
 - To eliminate all possible boundary disputes.
 - To comply with federal laws.
 - To eliminate cumbersome metes and bounds descriptions.
68. Zoning, building codes, and environmental restrictions are forms of local land use control known as
- force majeure
 - pre-emption
 - police power
 - concurrency
69. A promissory note creates which of the following?
- Secured mortgage
 - Personal obligation
 - Specific lien
 - General lien
70. When a trust deed is used, the lender is the
- trustee
 - beneficiary
 - trustor
 - maker
71. Why are Savings & Loans making less loans?
- Deregulation
 - Proliferation of other sources
 - Increase in high risk loans
 - Improving government help

72. Can a salesperson or a broker award or give door prizes to people who come to an open house?
- Only under certain circumstances with the Real Estate Commissions express consent.
 - No, not under any circumstances.
 - No, if the gift or door prize is over \$25 in value.
 - Yes, if the rules published by the Real Estate Commission are followed.
73. Adjustments for advantageous financing would be made in the
- Market comparison approach
 - Cost approach
 - Income approach
 - Capitalization approach
74. When properly recorded in the county where the real estate of the defendant is located, a judgment becomes a(n)
- Voluntary lien
 - Involuntary lien
 - Specific lien
 - Statutory
75. What are the things you would NOT consider when buying a home
- Cultural events
 - Employment opportunities
 - Social services
 - Retirement prospects
76. An appraiser is applying the cost approach in valuing an elegant building that was built in 1894. Which of the following is most likely to be true?
- The building's replacement cost is the same as its reproduction cost
 - The building's replacement cost is a better indicator of its market value than its reproduction cost
 - The building's reproduction cost is a better indicator of its market value than its replacement cost
 - The building's replacement cost is much greater than its reproduction cost
77. After the construction of a building in the air above a railroad right-of-way, the trains can
- operate as usual.
 - no longer use the tracks under the building
 - use the tracks under the building only if they cause no problem for the building's occupant.
 - use the tracks under the building as long as they first obtain the building owner's permission
78. In which of the following types of loans is the loan amount divided into two parts, to be paid off separately by periodic interest payments followed by payment of the principal in full at the end of the term?
- Amortized
 - Straight
 - ARM
 - GEM
79. The last date of a loan is
- Pricing date
 - Contract date
 - Maturity date
 - Settlement date
80. The Real Estate Commission has the authority to do any of the following to a licensee EXCEPT:
- Downgrade of license
 - Require additional education
 - Put the licensee in jail
 - Order the return of compensation collected from an injured consumer
81. A loan that is paid off at a rate of \$200 per month with an 11% interest rate and at the end of the loan there is a balloon payment is called
- Straight loan
 - Partially amortized loan
 - Fully amortized loan
 - Guardian's loan
82. Principal difference between a mortgage and a deed of trust concerns which of the following?
- Amortization
 - Acceleration
 - Redemption
 - Capitalization

83. When a developer obtains a ground lease and intends to obtain a construction loan to build a condominium project, what type of provision regarding financing should be included in the lease?
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86. The Clause in a lease that gives a tenant the right to purchase leased property at a specific price is a:
- Reversionary right
 - Holdover tenancy
 - Lease option
 - Right of first refusal
87. During the term of the lease, whose property is the security deposit?
- Lessor
 - Mortgagee
 - Lessee
 - Property manager
88. In West Virginia, what type of deed does the County Sheriff, after the redemption period has expired, issue in his actions for unpaid real estate taxes?
- Sheriff's Deed
 - Quitclaim Deed
 - Tax Deed
 - Property Deed
89. How many days does a broker have to notify the Real Estate Commission of any change in depository institutions used to hold trust fund monies?
- Five
 - Seven
 - Ten
 - Fourteen
90. Everything is correct about joint tenants EXCEPT:
- All parties have the same interest.
 - All parties have equal possession.
 - Everyone got their title on the same document.
 - Ownership can be created for a new joint tenant at a different time.
91. Under WV Real Estate License Law everything is correct EXCEPT:
- Things a Broker can deposit into a trust fund account include, but not limited to, earnest money deposits, security deposits, rental receipts, auction proceeds and money held in escrow at closing
 - Each trust fund account must be established at a financial institution which is insured against loss by an agency of the federal government and the amount deposited therein cannot exceed the amount that is insured against loss.
 - Each trust fund account must provide for the withdrawal of funds without notice of the WV Real Estate Commission.
 - No trust fund account may earn interest or any other form of income, unless specifically authorized by Commission rule.
92. The definition of rescind is
- To start over
 - To cancel
 - To relinquish
 - To say "good bye"

93. Everything is correct about a WV real estate license EXCEPT:

- a. Can be taken to another broker
- b. Must be in the possession of employing broker
- c. Can be revoked by the WV Real Estate commission
- d. Must be renewed each year

94. Persons found guilty in the real estate business of doing business without a license may be fined by

- a. the West Virginia Real Estate Commission.
- b. the attorney general.
- c. a court of law.
- d. the state department.

95. A "Tennant at Sufferance" is:

- a. A license
- b. A legal tenant
- c. A trespasser
- d. A guest

ANSWER KEY

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

Your Math Problems

1. A custom home containing 4,320 square feet was recently constructed on a \$145,000 lot. Construction costs were \$80.25 per square foot, and other fees and costs totaled \$12,785. What was the total cost of the property?

- a. \$145,000
- b. \$346,680
- c. \$395,465
- d. \$504,465

2. A 40-acre tract was sold for \$2,200 per acre. The seller realized a 14.5 percent profit from the sale. What was the original cost of the tract?

- a. \$75,240.00
- b. \$76,855.90
- c. \$100,760.00
- d. \$102,923.98

3. A home valued at \$168,500 has just had a 70% mortgage loan placed on it. The interest rate is 11.25%. The monthly payment is \$1,292.22 including principal and interest. What will the principal balance of the mortgage loan be after the monthly payment is made?

- a. \$117,560.28
- b. \$117,763.56
- c. \$117,913.56
- d. \$117,950.00

4. A property owner wishes to net \$56,500 from the sale of her small building. After paying an advertising allowance of \$160 and a 7% commission, what must the selling price be, rounded to the nearest dollar?

- a. \$60,455
- b. \$60,626
- c. \$60,753
- d. \$60,925

5. The effective gross income from an office building is \$73,500 and the annual operating expenses total \$52,300. If the owner expects to receive an 11 percent return on his investment, what is the value of the building?

- a. \$125,800
- b. \$192,727
- c. \$475,454
- d. \$668,181

6. If a residence is valued at \$87,500 and its assessment ratio is 50% of market value, what are the annual taxes if the tax rate is \$7.80 per \$100 of assessed valuation?

- a. \$3,187.75
- b. \$3,412.50
- c. \$5,608.96
- d. \$6,825.00

7. A real estate licensee leased a building for 10 years at an annual rent of \$48,000. She will receive a commission of 7.5% for the first 5 years, 5% for the next three years, and 3.5% for the final years. What will her income be from this commission over the life of the lease?

- a. \$18,000
- b. \$25,200
- c. \$28,560
- d. \$30,000

8. A vacant lot that measures 100 feet wide by 125 feet deep is listed at a price of \$250 per front foot. The broker will collect an 8% commission on the sale. If the lot sells for the full asking price, how much is the broker's fee?

- a. \$2,500
- b. \$2,000
- c. \$1,500
- d. \$1,250

KEY: 1. d, 2. b, 3. b, 4. d, 5. b, 6. b, 7. c, 8. b.

Special Note

On September 21, 2005, the West Virginia Real Estate Commission, in response to a U.S. Department of Justice inquiry, unanimously determined that it would no longer enforce the "anti-inducement rule as previously promulgated by C. S. R. § 174-1-11. On November 16, 2005, the Real Estate Commission determined that amending the current language of CSR § 174-1-11, was appropriate in the circumstances. New language has been written and approved by the Legislative Rule Making Review Committee and has been incorporated in the law and the Legislative Rules. It is now legal to induce people in a real estate transaction as long as specific rules are followed.

Vocabulary that will help you answer questions.

Allodial System- Allowance by the government for private individuals to own land with relatively unrestricted rights. This is the system we use in the United States.

Paid in Arrears - Paid After. The context of the question may relate to what items are paid in arrears. The two items that are usually paid in arrears in Real Estate are Interest and Taxes.

Deed of Trust - A document used to secure loans with real estate. The parties to the deed of trust are the TRUSTOR (borrower) TRUSTEE (a person appointed by lender to hold the deed) BENEFICIARY (the lender)

Prospectus - a printed advertisement for a new enterprise, such as a new subdivision, rural land or any other venture. Prospectuses are common in the investment business. They are usually used to describe a venture or an investment so as to attract investors or purchasers.

Power of Attorney - A document executed by an individual giving another person the authority to act on his or her behalf. The person appointed becomes an Attorney-In-Fact.

Blended Rate - A blended rate occurs when two loans are combined and the new interest rate is calculated based on combining the calculated annual interest on both loans and dividing that amount by the new total loan amount.

Fair Credit Reporting Act - The federal "Fair Credit Reporting Act" requires, among other things, lenders and credit reporting agencies to inform an individual as to why a credit was denied.

Intrinsic Value - An appraisal term referring to the value created by a person's personal preferences for a particular type of property. It is important to consider "Intrinsic Value" when making a **Real Estate Investment**.

Severalty - Ownership by one person only. A person can own property in Fee Severalty, which means the person has all of the rights to the property by him or herself.

ARM (Adjustable Rate Mortgage) - The interest rate will vary depending upon the Index Rate at the time of the adjustment. The lender is required to give you a true cost of borrowing based on Regulation Z (Truth in Lending Law).

Tenants By The Entirety - This is a form of ownership by a married couple of their homestead in some states. If the couple gets a divorce, the divorce automatically makes them "Tenants In Common" in the ownership of the homestead.

Bilateral and Unilateral Contracts - A unilateral contract is when only ONE party is bound to act, such as in an option. Bilateral contracts are when all parties are required to act. Most contracts are BILATERAL.

Lis Pendens - A recorded document that gives notice that an action (law suit) has been filed that may affect the title to a parcel of real estate.

Doctrine of Prior Appropriation - In states where water is scarce, the state controls the use of all water, except for limited domestic use. A person who wishes to use water must apply for and obtain a use permit from the state's water resource board.

Special Warranty Deed - A special warranty deed is used when the seller is not willing to warrant any defects prior to his or her ownership. The phrase "**Remise, release, alienate and convey**" is reserved for use in this type of deed.

Voidable Contracts - Contracts that are entered into by minors, people under duress and who have been defrauded may at their option declare the contract void or valid. Therefore, the only person who can void a contract is the minor, the person under duress or the person who has been defrauded. The other party to the contract does not have the right to void the contract.

How the math is done

1. $4320 \times \$80.25 = 346,680$ (b)

$$\begin{array}{r} +12,785 \\ 359,465 \text{ (c)} \\ +148,000 \text{ (a)} \\ \hline 504,465 \text{ (d)} \end{array}$$

Correct

2. $\$2,200 \times 40 = \$88,000$

Cost + Profit = Sales Price

$100\text{cost} + 14.4\%\text{cost} = \$88,000$

$\frac{114.5\%}{114.5\%} \text{ cost} = \frac{\$88,000}{114.5\%}$

$\text{I Cost} = \$76,855.90$ (b)

3. $\$168,500 \times 70\% = \$117,950$

Interest = Principal X Rate X Time

$1,105.78 = 117,950 \times 11.25\% \times 1/12$

Total Payment = Interest + Principal or

Total Payment - Interest = Principal

$\$1,292.22 - 1,105.78 = \186.44

Loan Amount - Payment = Still Owe $\$117,950 - 186.44 = \$117,763.56$ (b)

4. Owner Wants $\$56,500$

Owner Owes 160

Owner Needs $\$56,660$

Total Sales Price = 100%

Brokers Percent = 7%

Owners Percent = 93%

Owner's need (divided by) Owners percent =
Total Sales Price

$\$56,660 / 93\% = \$60,925$ (d)

5. Gross $\$73,500$

-Expenses $52,300$

Net Income $21,200$

Net Income (divided by) Rate of Return = Value

$\$21,200 / 11\% = \$192,727$ (b)

6. $\$87,500$ Market Value

$\times 50\%$ Assessment Percent

$\$43,750$ Assessed Value (divided by) 100 =

Units to be taxed = $437.5 \times \$7.80 = \text{Tax Amount} = \$3,412.50$ (b)

7. $\$48,000 \times 7.5\% \times 5 = \$18,000$

$48,000 \times 5\% \times 3 = 7,200$

$48,000 \times 3.5\% \times 2 = 3,360$

Total Income = $\$28,560$ (c)

8. First measurement given is ALWAYS the **FRONTAGE.**

$100 \times \$250 = \$25,000 \times 8\% = \$2,000$ (b)