

Connecticut Final Exam 86 Questions

Real Estate Principles & Practices

[Class –Closed Book Exam]

1. Iwona owns 50 acres of land with 500 feet of frontage on a desirable recreational lake. She wishes to subdivide the parcel into salable lots, but she wants to retain control over the lake frontage while allowing lot owners to have access to the lake. Which of the following types of access rights would provide the greatest protection for a prospective lot purchaser?
 - a) A license
 - b) An easement by necessity
 - c) An easement in gross
 - d) An appurtenant easement
2. An existing mortgage loan can have its lien priority lowered through the use of a
 - a) reconveyance of mortgage.
 - b) hypothecation agreement.
 - c) satisfaction of mortgage.
 - d) subordination agreement.
3. A void contract is one that
 - a) was never legally enforceable.
 - b) was rescindable by agreement.
 - c) was voidable by only one of the parties.
 - d) was not in writing.
4. If the owner of the dominant tenement becomes the owner of the servient tenement and merges the two properties,
 - a) the properties retain their former status.
 - b) the easement becomes dormant.
 - c) the easement is unaffected.
 - d) the easement is terminated.
5. A township contains
 - a) 36 sections.
 - b) 23,040 square feet.
 - c) 6 square miles.
 - d) 640 acres.
6. The real cost of owning a home includes certain costs/expenses that many people overlook. Which of the following is *NOT* such a cost/expense of home ownership?
 - a) Interest paid on borrowed capital
 - b) Maintenance and repair expenses
 - c) Personal property taxes
 - d) Income lost on cash invested in the home

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7. A buyer has signed an agreement with a broker to compensate the broker even if the buyer purchases the property from a relative. This is called a (n)
 - a) exclusive buyer agency agreement
 - b) invalid agreement
 - c) exclusive-agency buyer agency agreement
 - d) open buyer agency agreement

8. A broker is permitted to represent both the seller and the buyer in the same transaction when
 - a) the broker is a subagent rather than the agent of the seller.
 - b) commissions are collected from both parties.
 - c) both parties have been informed and agree to the dual representation.
 - d) the principals are not aware of such action.

9. A buyer took delivery of the deed to his new house but neither recorded the deed nor took possession of the property. Under these circumstances
 - a) the deed is invalid after 90 days.
 - b) the deed is invalid after 6 months.
 - c) the buyer's interest is not fully protected against third parties.
 - d) the transfer of the property from the seller is ineffective.

10. The uniqueness of land and its inability to be substituted is known as
 - a) Nonheterogeneity
 - b) Permanence of investment
 - c) Nonhomogeneity
 - d) Scarcity

11. The difference between time-share use and a time-share estate is
 - a) no difference except in terminology.
 - b) the amount of time sold to the buyer.
 - c) one limits use to certain months, the other provides a rotation system for use.
 - d) time-share use sells only right of occupancy, not a fee-simple estate.

12. Under a percentage lease, a commercial lessee may agree to pay
 - a) a percent of sales.
 - b) insurance.
 - c) maintenance.
 - d) real estate taxes.

13. A statutory right that a family has in its residence is called
 - a) survivorship.
 - b) curtesy.
 - c) homestead.
 - d) entirety.

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14. The amount of commission that is paid to Real Estate Salesperson Mirek is determined by
- the local real estate board.
 - mutual agreement with her broker.
 - mutual agreement with the client.
 - state law.
15. A property manager's primary obligation is to
- owners.
 - bankers.
 - government authorities
 - tenants.
16. A landowner constructed a building 7 stories high. Several years later the municipality changed the zoning ordinance, prohibiting buildings that exceed 6 stories in height. Which of the following is true regarding the existing 7-story building?
- The building must be demolished.
 - It is a conditional use.
 - The owner must obtain a variance.
 - It is a nonconforming use.
17. A portion of Walter's building was inadvertently built on George's land. This caused an
- encroachment.
 - accretion.
 - easement.
 - avulsion.
18. A broker who represents a seller under an exclusive-agency listing receives two offers for the property at the same time, one from one of his salespeople and one from the salesperson of a cooperating broker. What should the broker do?
- Submit the higher offer first
 - Submit the offer from his salesperson first
 - Submit both offers at the same time
 - Submit the offer from the other salesperson first
19. If, upon the receipt of an offer to purchase his property subject to certain conditions, the seller makes a counteroffer, the prospective buyer is
- bound by whichever offer is lower.
 - relieved of his original offer.
 - bound to accept the counteroffer.
 - bound by his original offer.

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20. There are no exceptions to fair housing law for
- a) racial considerations.
 - b) religious organizations.
 - c) retirement communities.
 - d) private clubs.
21. How many acres are in a lot that is $\frac{1}{4}$ of a mile wide by $\frac{1}{4}$ of a mile long?
- a) 40
 - b) 10
 - c) 80
 - d) 120
22. A father conveyed the family home to his daughter by will as a pur autre vie estate for the life of her mother. If the daughter should die before the mother, who gains possession of the property?
- a) The father's other children
 - b) The daughter's heirs
 - c) The remainderman
 - d) The mother
23. Three years ago Dr. and Mrs. Henderson moved from the house they had owned for 20 years, but did not sell it. They decided to travel and bought a mobile home to live in. They now sell the house. How much of their capital gain on the house will be taxable?
- a) All of it, if it is over \$500,000
 - b) 15 percent, depending on their tax bracket
 - c) None of it, if it is less than \$500,000
 - d) 28 percent, depending on their tax bracket
24. A bill of sale is used to transfer the ownership of
- a) personal property.
 - b) appurtenances.
 - c) fixtures.
 - d) real property.
25. Normally, the priority of general liens is determined by
- a) the court.
 - b) the size of the claim.
 - c) the order in which they are filed or recorded.
 - d) the order in which the cause of action arose.
26. A person who acquired ownership that can be inherited, *with the provision that the land must always be used for recreational purposes*, has which of the following?
- a) A fee estate subject to condition subsequent
 - b) A restricted estate
 - c) An estate that cannot be sold
 - d) A fee simple estate

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27. In the income approach, the appraiser makes use of
- a) replacement cost.
 - b) depreciation schedules.
 - c) reproduction cost.
 - d) capitalization rate.
28. The system of legal description that defines a parcel of land by tracing its perimeter is the
- a) rectangular survey.
 - b) lot and block system.
 - c) metes and bounds system.
 - d) geodetic survey.
29. The type of real estate ownership that is most all-inclusive is a
- a) reversionary interest.
 - b) fee simple estate.
 - c) life estate.
 - d) conditional fee estate.
30. A promissory note
- a) is a guarantee by a government agency.
 - b) may not be executed in connection with a real estate loan.
 - c) is an agreement to perform or not to perform certain acts.
 - d) makes the borrower personally liable for the debt.
31. The practice of channeling families with children away from other buildings into an apartment building where other families with children reside is
- a) blockbusting.
 - b) redlining.
 - c) illegal discrimination
 - d) most practical.
32. An example of a *kickback* that is prohibited by RESPA is
- a) a fee paid by a surveyor to a broker for referring a property to be surveyed.
 - b) a flower arrangement that a salesperson sends to the buyer as a housewarming gift.
 - c) a share of the commission paid by Broker A to her salesperson.
 - d) a fee paid by Broker A to Broker B for referring a buyer to Broker A.
33. Which of the following parcels of land is the smallest?
- a) 5 percent of a township
 - b) 2 square miles
 - c) 1,280 acres
 - d) 2 sections
34. A parcel of vacant land 80 feet wide and 200 feet deep was sold for \$200 per front foot. How much money would a salesperson receive for her 60 percent share in the 10 percent commission?
- a) \$2,400
 - b) \$1,600
 - c) \$640
 - d) \$960

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35. For a property to be held in tenancy by the entirety which of the following is required?
- a) The property in question must be Torrens property.
 - b) Upon the death of a cotenant, the decedent's interest must pass to his or her heirs.
 - c) In the event of a dispute the property must be partitioned.
 - d) The cotenants must be husband and wife.
36. Homeowner Gurney acquired ownership of land that was deposited by a river running through his property by
- a) avulsion. b) accretion. c) succession. d) reliction.
37. Which of the following is a lien on real estate?
- a) A recorded mortgage
 - b) A restrictive covenant
 - c) An easement
 - d) An encroachment
38. A licensed real estate professional acting as a point of contact between two or more people in negotiating the sale, rental, or purchase of a property is known as a(n)
- a) property manager. b) sales affiliate. c) appraiser. d) broker.
39. Joanne and Samuel are next-door neighbors. Samuel tells Joanne that she can store her camper in his yard for a few weeks until he needs the space. Samuel does not charge Joanne rent for the use of his yard. Samuel has given Joanne a(n)
- a) license.
 - b) estate in land.
 - c) easement appurtenant.
 - d) easement by necessity.
40. The owner of a house wants to fence the yard for her dog. When the fence is erected, the fencing materials are converted to real estate by
- a) immobility. b) indestructibility. c) annexation. d) severance.
41. A tenant's lease does not terminate for five more years. The premises, however, have become too small to accommodate the tenant's growing business. Another business owner is interested in leasing the premises from the tenant for three years. Which of the following would the parties use for the tenant to lease the space to the business owner?
- a) A sublease
 - b) A tenancy at sufferance
 - c) A novation
 - d) An assignment

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42. Which of the following is not a form of co-ownership?
- a) Ownership in severalty
 - b) Community property
 - c) Tenancy in common
 - d) Tenancy by the entirety
43. A wooded area with biking and hiking trails is situated between old cotton mills and a housing development. This area is considered a
- a) variance to the existing zoning
 - b) buffer zone
 - c) designated park required under federal guidelines
 - d) utility easement
44. The federal Interstate Land Sales Full Disclosure Act provides that
- a) developers file with HUD before selling certain properties interstate.
 - b) potential purchasers be issued a written report with detailed information about the subdivision before closing
 - c) sales of lots in subdivisions consisting of more than 25 lots are exempt from regulation
 - d) sales of lots in subdivisions of 10 acres or more are exempt from regulation
45. The purpose of an appraisal is to
- a) set the market price of a property.
 - b) set the amount of consideration the seller should accept from a purchaser.
 - c) estimate the value of a property.
 - d) determine the projected income of a property.
46. A decedent left a will giving his neighbor the right to use a well on the decedent's land as long as the neighbor lived. The neighbor's interest in the property is properly called a(n)
- a) life estate.
 - b) license.
 - c) easement in gross.
 - d) easement appurtenant.
47. All of the following should be a consideration in selecting a tenant for the property except
- a) Tenant's ability to make the rental payments
 - b) Ethnic background of the tenant and his or her employees
 - c) Size of the available space relative to the tenant's requirements
 - d) Compatibility of the tenant's business with those of other tenants

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48. A metes-and-bounds legal description
- a) is not acceptable in court in most jurisdictions.
 - b) is used to complete areas omitted from recorded subdivision plats.
 - c) can be made only in areas excluded from the rectangular survey system.
 - d) must commence and finish at the same identifiable point.
49. An owner who is interested in selling his house is usually concerned about how much money he can get when it sells. A competitive market analysis may help the seller determine a realistic listing price. Which of the following is true?
- a) A competitive market analysis contains a compilation of facts about similar properties that have recently sold.
 - b) A competitive market analysis is the same as an appraisal.
 - c) A broker, but not a salesperson, is permitted to prepare a competitive market analysis.
 - d) A competitive market analysis is what is prepared by a certified real estate appraiser.
50. Kahlid has been making periodic payments of principal and interest on a loan, but the final payment will be larger than the others. This is a (n)
- a) straight loan.
 - b) FHA loan
 - c) balloon payment loan
 - d) fully amortized loan
51. Real estate broker Todd was responsible for a chain of events that resulted in the sale of one of his client's properties. This is referred to as
- a) proffered offer.
 - b) private offering.
 - c) pro forma.
 - d) procuring cause.
52. Deed restrictions may *NOT* legally control or limit
- a) the race of future owners and occupants of a property.
 - b) exterior finish and decoration of the structures.
 - c) potential future uses of the properties.
 - d) sizes and types of structures to be built.
53. Broker Janna was accused of violating antitrust laws. Of the following, she was most likely accused of
- a) dealing in unlicensed exchange services.
 - b) price fixing.
 - c) not having an equal housing opportunity sign in her office window.
 - d) undisclosed dual agencies.

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54. Which of the following is acceptable evidence of marketable title?
- a) An affidavit
 - b) A title insurance policy
 - c) A trust deed
 - d) A warranty deed
55. The purchaser of a property in a planned unit development will usually *NOT* receive
- a) a share in the control of the commonly-owned elements.
 - b) an interest in the unit owners' association.
 - c) a direct ownership interest in the common areas.
 - d) title to the land on which the unit is built.
56. The process by which government can acquire ownership of private land for public use is
- a) eminent domain
 - b) escheat.
 - c) doctrine of public acquisition.
 - d) condemnation.
57. Carbon monoxide is not
- a) a natural result of combustion.
 - b) quickly absorbed in the body.
 - c) easy to detect.
 - d) a result of incomplete combustion.
58. Each of two brokerage companies claimed full commission for the sale of a property that was listed by both of the firms under open listing agreements. The broker who is entitled to the commission is the one who
- a) advertised the property.
 - b) was the procuring cause of the sale.
 - c) listed the property.
 - d) obtained the first offer.
59. General real estate taxes are also known as
- a) ad valorem taxes
 - b) general, voluntary liens
 - c) special assessments
 - d) appropriation funds
60. A life estate conveys to the life tenant
- a) a legal life estate.
 - b) ownership for life.
 - c) a reversionary interest.
 - d) a leasehold for life.

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61. The relationship of a broker to his or her client is that of a(n)
- attorney in fact.
 - trustee.
 - subagent.
 - fiduciary.
62. The Americans with Disabilities Act requires
- that existing premises be remodeled for people with disabilities regardless of the cost involved.
 - that reasonable accommodations be provided for people with disabilities.
 - all real estate to be free of barriers to people with disabilities.
 - all employers to adopt nondiscriminatory employment practices.
63. A suit to quiet title refers to
- the deposit of a title with an escrow agent.
 - the removal of a cloud on the title by court action.
 - a mortgagor relinquishing title after foreclosure.
 - a title insurance company's search of the title.
64. In the appraisal of an office building, which of the following would be classified as external depreciation?
- An inadequate number of elevators and antiquated restroom facilities
 - A law requiring the building to be retrofitted with fire sprinklers
 - A poor architectural design resulting in a cluttered floor plan
 - Termite damage to the structural components of the building
65. The Sikorski's apartment lease has expired, but their landlord has indicated to them that they may remain on the premises until a sale of the building is closed. They will be charged their normal monthly rental during this period. The right held by the Sikorski is called a(n)
- tenancy at will.
 - estate at sufferance.
 - year to year holdover.
 - estate for term.
66. The numbering of sections in a township begins in the section in the
- northwest corner and then runs westerly.
 - northeast corner and then runs westerly.
 - northeast corner and then runs easterly.
 - northwest corner and then runs easterly.

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67. The market price of a parcel of real estate is
- the price that was being asked for it.
 - based on its assessed value.
 - the price it should have sold for.
 - the price it sold for.
68. In what way does a deed of trust differ from a mortgage?
- In the obligation of the borrower to repay the funds
 - In the redemption rights allowed after foreclosure
 - In the time period permitted to cure a default
 - In the number of parties involved in the loan
69. Megan owns a triplex and rents out two of the units. She wishes no children or pets. She runs an ad which reads: "Two bedroom available but no children or animals allowed." Which of the following is true?
- Megan is not required to comply with the familial status requirement, but must allow service animals
 - Megan may not run discriminatory ads
 - Megan is exempt from the Fair Housing Act and this includes advertisements
 - Megan may not exclude animals or children from her rentals
70. Detailed information about the age, education, behavior, and other characteristics of members of a population group is called
- family lifestyles.
 - households.
 - demographics.
 - population.
71. Which of the following has an indeterminable duration?
- License
 - Freehold estate
 - Less-than-freehold estate
 - Estate for years
72. If a homeowner's insurance policy provides coverage for less than 80 percent of the full replacement cost of the dwelling, then the loss of the residence will be settled for
- the lowest repair bid.
 - the total replacement cost.
 - the market value of the property less the land value.
 - either the actual cash value or the prorated repair cost.

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73. A seller has listed her home with a broker for \$190,000. The listing broker tells a prospective buyer to submit a low offer because the seller is desperate to sell. The buyer offers \$185,000 and the seller accepts it. In this situation,
- the broker was unethical, but the seller did get to sell her property.
 - any broker is authorized to encourage such bids for the property.
 - the broker has violated his agency relationship with the seller.
 - the broker acted properly to obtain a quick offer on the property.
74. 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
- 27 percent.
 - 35 percent.
 - 22 percent.
 - 29 percent.
75. Margie listed her real estate for sale at \$100,000. If her cost was 80 percent of the listing price, what will her percentage of profit be when her real estate is sold for the listing price?
- 20 percent
 - 10 percent
 - 25 percent
 - 15 percent
76. A property owner signed a 90-day listing agreement with a broker. The owner was killed in an accident before the listing expired. Now the listing is
- still in effect as the owner's intention was clearly defined.
 - binding only if the broker can produce offers to purchase the property.
 - terminated automatically because of the death of the principal.
 - binding on the owner's spouse for the remainder of the 90 days.
77. The amount of a loan expressed as a percentage of the value of the real estate offered as collateral is the
- debt-to-equity ratio.
 - capital-use ratio.
 - loan-to-value ratio.
 - amortization ratio.
78. If buyer Edyta builds an outbuilding that violates the subdivision covenants mentioned in his deed, he
- is safe from legal actions taken by other residents in the area about this matter.
 - may forfeit the title to the property.
 - may be sued and required to alter the structure or remove it
 - may be sued and required to pay damages to the other residents in the neighborhood.

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79. CERCLA regulations for administration of the *Superfund*, which helps pay for cleanup of uncontrolled hazardous waste sites,
- a) make no provision for recovering Superfund expenses incurred in cleanup operations.
 - b) exempt from responsibility sites that contaminate neighboring properties.
 - c) impose strict, joint and several, and retroactive liability on potentially responsible parties.
 - d) release from liability owners of contaminated property who did not actually cause the contamination.
80. The section of land reserved for school purposes in the rectangular survey system is section
- a) 20.
 - b) 36.
 - c) 16.
 - d) 12.
81. "Fee- for-services" means
- a) providing consumers all the same services for a discounted price
 - b) offering real estate services in a piecemeal fashion
 - c) allowing non-licensees to conduct real estate transactions
 - d) working only with for-sale-by-owners
82. All of the following are types of Buyer Agency Agreements EXCEPT
- a) a net buyer agency agreement.
 - b) an open buyer agency agreement.
 - c) an exclusive buyer agency agreement.
 - d) an exclusive agency buyer agency agreement.
83. The primary purpose of a deed is to
- a) prevent adverse possession.
 - b) prove ownership.
 - c) transfer title rights.
 - d) give constructive notice.
84. Electromagnetic fields
- a) are a major national public health concern.
 - b) have been proven to cause serious health problems in humans and animals.
 - c) are produced only by large electrical appliances.
 - d) from high power transmission lines are suspected of causing cancer and other health problems.

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85. A building sold for \$157,000. The broker charged a 6 percent commission and divided it as follows: 10 percent to the salesperson who took the listing, one-half of the balance to the salesperson who made the sale, and the remainder to the broker. What was the listing salesperson's commission?
a) \$1,570 b) \$4,239 c) \$942 d) \$239
86. Jacek is in the business of buying large tracts of land and then reselling them to consumers in small tracts. He is in business as a
a) engineer. b) developer. c) subdivider. d) real estate broker.

Answer Key

1. d
An appurtenant easement
An appurtenant easement is annexed to the ownership of one parcel and allows the owner use of the neighbor's land. The easement transfers with the title and so provides the greatest protection for a prospective purchaser.
2. d
subordination agreement.
A subordination agreement can change the priority of an existing mortgage by the first lender agreeing to release its position as a first lien to that of a second lender.
3. a
was never legally enforceable.
A void contract lacks some or all of the essential elements of a contract and so was never a contract in the eyes of the law
4. d
the easement is terminated.
One way of terminating an easement is when the owner of either tenement becomes the owner of both and the properties are merged under one legal description.
5. a
36 sections.
Each section is 1 square mile. Each township is 6 miles square and contains 36 square miles and so a township contains 36 sections.
6. c
Personal property taxes
Real estate taxes, not personal property taxes, are an expense of home ownership.
7. a
exclusive buyer agency agreement
An exclusive buyer agency agreement binds the buyer to compensate the agent whenever the buyer purchases a property of the type described in the contract, even if the buyer finds the property independently.
8. c

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both parties have been informed and agree to the dual representation. Real estate licensing laws may permit dual agency only if the buyer and seller are *informed* and *consent* to the broker's representation of both in the same transaction.

9. c
the buyer's interest is not fully protected against third parties. Constructive notice to the public of interest in a parcel of real estate is served when the deed is recorded and physical possession of the property is taken. Without this, an owner's interests could be jeopardized.
10. c
Nonhomogeneity
Nonhomogeneity is another term for uniqueness, as two parcels of land are never exactly alike.
11. d
time-share use sells only right of occupancy, not a fee-simple estate. A time share estate is a fee simple interest in condominium ownership. A time-share use is a contract under which the developer owns the real estate and has sold only a right of occupancy and use to the purchaser, not a fee simple interest.
12. a
a percent of sales.
With a percentage lease the rent is based on a minimum fixed rental fee plus a percentage of the gross income received by the tenant doing business on the leased property. This type of lease is usually used for retail businesses.
13. c
homestead.
A homestead is a legal life estate that ensure the home (or part of it) is protected from creditors during the occupants' lifetime.
14. b
mutual agreement with her broker.
All commissions must be paid through the broker, and the amount the salesperson receives is set by mutual agreement between these two parties.
15. a
owners.
The management agreement creates the agency relationship between the property manager and the owner in which the fiduciary relationship that is established requires the duty of loyalty of the property manager to the owner.
16. d
It is a nonconforming use.
A building that existed prior to the current zoning ordinance may be allowed to continue legally with some restrictions.
17. a
encroachment.
When all or part of a structure illegally extends beyond the land of its owner, this is called an encroachment.
18. c
Submit both offers at the same time

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An agent for the seller has a duty to disclose all offers, unless directed by the seller to not present an offer after one has been accepted.

19. b
relieved of his original offer.
When the original offer is rejected by the seller, it ceases to exist. The buyer may accept or reject the seller's counteroffer.
20. a
racial considerations.
The case of Jones v Mayer Co in 1968 upheld the Civil Rights Act of 1866 and prohibits racial discrimination without exception.
21. a
40
 $1,320 \text{ feet } (1/4 \text{ mi}) \times 1,320 \text{ feet} = 1,742,400 \text{ square feet divided by } 43,560 \text{ (feet in an acre)} = 40 \text{ acres}$
22. b
The daughter's heirs
A life estate based on the lifetime of a person other than the life tenant is known as "pur autre vie". The daughter is the life tenant, but the measuring life is the mother's. The daughter's heirs will inherit the daughter's life estate, but it will end when the mother dies.
23. c
None of it, if it is less than \$500,000
The Hendersons must have lived in the house 2 out of the last 5 years, which they have done, to receive the \$500,000 exemption from capital gains tax.
24. a
personal property.
Personal property is conveyed by a bill of sale, while real property is conveyed by deed.
25. c
the order in which they are filed or recorded.
The general rule for priority of liens is "first come, first served", with the exception of taxes and assessments, which usually take priority over other liens.
26. a
A fee estate subject to condition subsequent
A fee simple defeasible is a qualified estate and one type is subject to a condition subsequent. This means that the new owner must NOT perform some action or activity.
27. d
capitalization rate.
The income approach to value disregards depreciation, reproduction and replacements costs. However, depreciation schedules, reproduction and replacements costs are used prominently in the cost approach.
28. c
metes and bounds system.
A metes-and-bounds description starts at a POB (point of beginning) and always ends back at the POB so that the described tract is completely enclosed.
29. b

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fee simple estate.

An estate in fee simple is the highest interest in real estate recognized by law. Fee simple ownership is absolute ownership: The holder is entitled to all rights to the property.

30. d
makes the borrower personally liable for the debt.
A promissory note is the borrower's personal; promise to repay a debt according to agreed-upon terms.
31. c
illegal discrimination
All the buildings in the community must be made available to families with children under the familial status protection of the Fair Housing Act and families cannot be directed to any one building, as this is illegal discrimination.
32. a
a fee paid by a surveyor to a broker for referring a property to be surveyed. RESPA prohibits any referral fees –kickbacks- when no services are actually rendered.
33. a
5 percent of a township
This parcel of land has only three sides. $5,280 \text{ feet} \times 2,640 \text{ feet} = 13,939,200 \text{ sq feet}$; Divide by $43,560 \text{ sq feet}$ (one acre) = 320 (acres); Divide by $\frac{1}{2} = 160$ (acres)
34. d
\$960
 $800' \times 200' = 16,000 \text{ square feet}$; $16,000 \times 10\% (.10) = \$1,600$ (total commission) $\$1,600 \times 60\% (.60) = \960 . (salesperson's commission)
35. d
The cotenants must be husband and wife.
The term entirety refers to the fact that the owners are considered on indivisible unit and early common law viewed a married couple as one legal person.
36. b
accretion.
Increases in the land resulting from the deposit of soil by the water's action is known as accretion, and the owner is entitled to that land.
37. a
A recorded mortgage
A recorded mortgage is a lien on real estate. Easements, encroachments, and restrictive covenants are all encumbrances, not liens.
38. d
broker.
A broker is a person licensed to conduct real estate activities for others and able to charge a fee for those activities
39. a
license.
A license is a personal privilege to enter the land of another for a specific purpose and the right is given orally or informally.
40. c

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annexation.

Annexation is the opposite of severance. Personal property (fencing) is converted to real estate once it is permanently attached or annexed to the land.

41. a

A sublease

Subleasing the property is a tenant transferring less than all the leasehold interests by leasing them to a new tenant. The original tenant remains responsible for rent being paid by the new tenant and for any damage during the lease term. The new tenant is responsible only to the original tenant to pay the rent due.

42. a

Ownership in severalty

When there is one sole individual who owns the property, this is known as ownership in severalty.

43. b

buffer zone

Buffer zones, such as parks, are used by municipalities to screen residential areas from non-residential zones.

44. a

developers file with HUD before selling certain properties interstate.

Developers must file statements of record with HUD before they can offer unimproved lots in interstate commerce by phone or mail. Purchasers must receive a report before signing a purchase contract.

45. c

estimate the value of a property.

In an appraisal, the appraiser estimates the value of the property, which could be market value, book value, insurance value, tax value, etc.

46. c

easement in gross.

A personal easement in gross is an individual's right to use someone's land and generally terminates on the death of the easement owner.

47. b

Ethnic background of the tenant and his or her employees

The criteria for tenant selection should include the spatial requirements of the tenant, the tenant's ability to pay the rent, and compatibility of the tenant's business with the other tenants. Ethnic background of the tenant or employees should not be considered in order to avoid violation of any local, state, or federal fair housing laws.

48. d

must commence and finish at the same identifiable point.

A metes-and-bounds description starts at a POB (point of beginning) and always end back at the POB so that described tract is completely enclosed

49. a

A competitive market analysis contains a compilation of facts about similar properties that have recently sold.

A competitive Market Analysis is a comparison of the prices of properties recently sold, properties currently on the market, and properties that did not

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- sell. It is an analysis of the market activity among comparable properties.
50. c
balloon payment loan
When the periodic payments are not enough to fully amortize the loan by the time the final payment is due, the final payment is larger than the others and this is called a balloon payment loan.
51. d
procuring cause.
A broker, who starts a chain of events that results in a sale, and does so without abandoning the transaction, may be considered the procuring cause of sale.
52. a
the race of future owners and occupants of a property.
Deed restrictions cannot be for illegal purposes, such as for the exclusion of certain races, nationalities, or religions.
53. b
price fixing.
Antitrust laws prohibit competing brokers from setting a standard commission rate, known as price fixing.
54. b
A title insurance policy
Proof of ownership is evidence title is marketable and title insurance is used to prove ownership
55. c
a direct ownership interest in the common areas.
Planned Unit Development (PUD) owners do not have direct ownership interest in the common areas and have a community association to maintain those areas with fees collected from the owners.
56. d
condemnation.
Condemnation is the process; eminent domain is the right of the government to acquire ownership of private land for public use
57. c
easy to detect.
Carbon monoxide is difficult to detect because it is odorless and colorless.
Carbon monoxide can be quickly absorbed by the body causing lack of oxygen resulting in dizziness, nausea, and even death.
58. b
was the procuring cause of the sale.
The broker who can prove that the sale resulted from that broker's efforts, will be considered the procuring cause of the sale and be entitled to the commission.
59. a
ad valorem taxes
General real estate taxes are based on the value of the property being taxed and are known as ad valorem taxes. They are specific, involuntary liens.
60. b
ownership for life.
A conventional life estate is a freehold estate limited in duration to the life of the

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life tenant.

61. d

fiduciary.

The client is the principal to whom the agent gives advice and counsel. The agency agreement usually authorizes the broker to act for the principal. The agent's fiduciary relationship of trust and confidence with the principal means that the broker owes the principal certain specific duties.

62. b

that reasonable accommodations be provided for people with disabilities. Reasonable accommodations must be provided for the disabled both in employment and in places of public accommodation.

63. b

the removal of a cloud on the title by court action.

If there is a gap in the ownership chain, then this cloud on the title makes it necessary to establish ownership by court action, and this is called a suit to quiet title.

64. b

A law requiring the building to be retrofitted with fire sprinklers

External depreciation occurs when an outside influence, such as a law requiring retrofitting for fire sprinkles, causes a resultant loss in value. The cost of retrofitting would be the value of the external depreciation.

65. a

tenancy at will.

A tenancy (estate) at will gives the tenant the right to possess property with the landlord's consent for an unspecified or indefinite term.

66. b

northeast corner and then runs westerly.

Township sections are numbered 1-36 and Section 1 is always in the northeast upper right-hand corner. The numbering proceeds from right to left, to the upper left-hand corner (westerly).

67. d

the price it sold for.

Market price of a parcel of real estate is the price that it actually sells for, the sales price.

68. d

In the number of parties involved in the loan

A deed of trust is a three party instrument that conveys naked title to a third party, the trustee, who holds the title on behalf of the lender, also known as the beneficiary. The borrower is the trustor. A mortgage is a two part instrument between the mortgagor and the mortgagee.

69. b

Megan may not run discriminatory ads

Megan is exempt from the Fair Housing Act as she has an owner-occupied building with no more than 4 units. However, she may not use discriminatory advertising.

70. c

demographics.

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Information about members of a population group is called demographics. These factors are important as they contribute to the amount and type of housing needed.

71. b
Freehold estate
Freehold estates, which last an indeterminable length of time, include fee simple, defeasible fee, and life estates.
72. d
either the actual cash value or the prorated repair cost.
If the homeowner has not maintained insurance on the dwelling to at least 80% of its replacement cost, then the loss will be settled for replacement cost less depreciation (actual cash value) or it will be prorated by dividing the percentage of replacement cost actually covered by the policy by the minimum coverage required.
73. c
the broker has violated his agency relationship with the seller.
When the principal is the seller, the agent may not reveal such things as the principal's willingness to accept less than the list price or his or her anxiousness to sell unless the principal has authorized the disclosure.
74. c
22 percent.
Effective on new loans originating after July , 1999, a federal law requires that PMI automatically terminates if a borrower has accumulated at least 22% equity in the home, and is current on mortgage payments.
75. c
25 percent
 $\$100,000$ (listing price) \times 80% (cost) = $\$80,000$; $\$100,000 - \$80,000 = \$20,000$ (profit); $\$20,000$ divided by $\$80,000 = 25\%$ profit
76. c
terminated automatically because of the death of the principal.
A listing agreement may be terminated if either party dies or becomes incapacitated
77. c
loan-to-value ratio.
The loan-to-value ratio (LTV) is the ratio of debt to the value of the property, value being the sale price or appraisal value, whichever is less.
78. c
may be sued and required to alter the structure or remove it
Private restrictions can be enforced in court to prevent a neighboring lot owner from violating the recorded restrictions and may be required to stop the violation by altering or removing the structure.
79. c
impose strict, joint and several, and retroactive liability on potentially responsible parties.
Liability under the Superfund is considered to be strict, joint and several, and retroactive. Strict liability means that the owner is responsible to the injured party without excuse. Joint and several liability means that each of the

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individual owners is personally responsible for the total damages. If only one of the owners is financially able to handle the total damages, that owner must pay the total and collect the proportionate shares from the other owners whenever possible. Retroactive liability means that the liability is not limited to the current owner but includes people who have owned the site in the past.

80. c

16.

By law, each section number 16 is set aside for school purposes.

81. b

offering real estate services in a piecemeal fashion

“Fee- for- services” is a piecemeal arrangement where the consumer, not just a FSBO, decides which services he or she needs and works with and pays the licensee solely for those services. This is unlike discounted real estate services, where the consumer receives all of the real estate services for a discounted price.

82. a

a net buyer agency agreement.

There is no such agreement

83. c

transfer title rights.

Title is a way of referring to ownership. The document by which the owner transfers his/her title is known as the deed.

84. d

from high power transmission lines are suspected of causing cancer and other health problems.

The electromagnetic fields produced by high voltage lines, as well as by secondary distribution lines and transformers, are suspected of causing cancer, hormonal changes, and behavioral abnormalities. There is considerable controversy and conflicting evidence about whether EMF's pose a health hazard.

85. c

\$942

$\$157,000$ (sales price) $\times 6\%$ (.06) = $\$9,420$; (listing commission); $\$9,420 \times 10\%$ (.10) commission percentage) = $\$942$ (listing salesperson's commission)

86. c

subdivider.

A subdivider is a person who buys undeveloped acreage and divides it into smaller lots for sale to consumers.