

**Facts of Current Relevance
July 2021**

- 1) A buyer purchases a house for \$300,000 and applies for a \$250,000 loan. The buyer is asked to pay one discount point. How much money will the buyer have to pay?**
- A. \$300
 - B. \$250
 - C. \$2,500
 - D. \$3,000

Answer: C. A discount point is one percent of the loan amount.

- 2) When real property secured by a first trust deed sells for a price that is less than the loan amount owed on that note, this is called;**
- A. A deficit disbursement
 - B. A short sale
 - C. A short rate
 - D. Accrued depreciation

Answer: B. This is what it's called.

- 3) An offer or counteroffer could be expressed in all of the following, except;**
- A. Email
 - B. Text
 - C. Telex
 - D. Fax

Answer: C. A telex would not provide for a signature.

- 4) A real estate agent representing an African/American family showed them property in a predominantly Asian neighborhood. In the eyes of the Federal Fair Housing Act what would this be considered?**
- A. Acceptable
 - B. Blockbusting
 - C. Steering
 - D. Encroachment

Answer: C. Steering is the act of directing people of different races, religions, et cetera, away from or toward particular areas.

- 5) In a personal property transaction, how much is the minimum amount for which you must write up a bill of sale?**
- A. \$500
 - B. \$1,000
 - C. \$1,500
 - D. \$2,500

Answer: A. This is a matter of fact.

6) Which of the following best expresses the difference between a buyer's deposit in a sales transaction, and an optionee's deposit in an option contract:

- A. In a sales transaction, the buyer is not entitled to a return of his/her deposit
- B. In an option contract, the optionee is entitled to a return of his/her deposit if they decide not to exercise the option
- C. In an option contract, the optionee's deposit is nonrefundable
- D. In a sales transaction, a buyer is entitled to a refund of their deposit up until five days before closing

Answer: C. This is a statement of fact.

7) Which of the following is NOT a principal;

- A. Lender
- B. Seller
- C. Buyer
- D. Escrow

Answer: D. A principal is a party who appoints an agent to represent them. Escrow does not do this.

8) Regarding employment, what length of time would a lender like to see that a borrower has been on the job in a particular industry in order to qualify for a loan?

- A. 6 months
- B. 1 year
- C. 2 years
- D. 4 years

Answer: C.

9) Which of the following Latin phrases means "Buyer Beware?"

- A. Et ux
- B. Caveat Emptor
- C. Et al
- D. Ad Valorem

Answer B

10) In real estate, what does the term "draw" refer to?

- A. An advance on future commissions
- B. A picture of a house drawn on a computer
- C. A pencil sketch
- D. To come to a conclusion about a property

Answer: A

11) Which of the following is real property?

- A. Trade fixtures
- B. Emblements
- C. Plumbing fixtures
- D. Free-standing appliances

Answer: C. Most fixtures are considered real property. Trade fixtures are personal property for the use of a particular business.

12) With the Exclusive Agency Listing form changed, what is the name of the new form?

- A. Exclusive Listing – General
- B. Exclusive Authorization and Right to Sell Listing
- C. Residential Listing Agreement Seller Reserved
- D. Open Listing – Commission Optional

Answer: C.

13) What is the maximum number of units that could be considered a principal residence?

- A. 1
- B. 2
- C. 3
- D. 4

Answer: D

14) If the owner of a corn field had corn growing on his land, what would this be an example of?

- A. Fixture
- B. Emblement
- C. Easement
- D. Benefit Incurred

Answer: A. Because the owner is growing the corn it is considered a fixture.

15) If a tenant farmer planted corn on leased land what would this be an example of?

- A. Fixture
- B. Emblement
- C. Gross Lease
- D. Net Lease

Answer: B. Crops planted by a tenant farmer are considered emblements.

16) In which case does a seller need to provide to the buyer the lead based paint disclosure form in “target housing?”

- A. SFR built in 1976
- B. SFR built in 1980
- C. SFR designated for the elderly built in 1972
- D. SFR designated for the handicapped built in 1975

Answer: A. Lead based paint concerns were for babies, not the elderly or handicapped.

17) What is NOT an element of value;

- A. Transferability
- B. Scarcity
- C. Utility
- D. Location

Answer: D. The four elements of value are the acronym DUST. Location is not one of them.

18) Who reports the sale to the IRS;

- A. Lender
- B. Escrow
- C. Seller
- D. Broker

Answer: B

19) All of the following loans require a balloon payment EXCEPT;

- A. Partially amortized
- B. ARM
- C. Neg-AM
- D. Fully amortized

Answer: D

20) Who controls zoning?

- A. State Government
- B. Federal Government
- C. Cities & Counties
- D. Developer

Answer: C. The local authority controls zoning.

21) The Federal Fair Housing Law provides for a United States policy of;

- A. Eliminating prejudice wherever it exists in the United States
- B. Providing fair housing for all persons throughout the United States
- C. Building housing units designed primarily for minority groups throughout the United States
- D. Guaranteeing separate but equal housing units for all people in all of the state

Answer: B

22) What type of entry door is required between the garage and entrance to the house?

- A. Fire door
- B. Self-closing
- C. Wood
- D. Both A and B

Answer: D. These types of doors would provide some fire protection.

23) Regarding backfill, which of the following would be of the most concern;

- A. Soil erosion
- B. Topography
- C. Avulsion
- D. Compaction and Stability

Answer: D

24) The proper way to calculate broker commission is;

- A. Commission = sales price / rate
- B. Commission = sales price X rate
- C. Commission = rate / sales price
- D. Commission = rate + sales price

Answer: B. This is the mathematical way to calculate the broker's commission.

Townships, Sections, Acres & Miles

*A township is a square piece of land 6 miles by 6 miles. It is a 6 mile square and contains 36 square miles.

*A section is a square piece of land 1 mile by 1 mile. It is 1 mile square and 1 square mile, and contains 640 acres.

*An acre contains 43,560 square feet.

*A mile contains 5,280 (linear) feet.

Fragmented Information

- **Husband & Wife ownership is not required in Joint Tenancy.**
- **A loan where none of the principle is paid until the final payment is a Straight Note.**
- **Appraisers in California must take Uniform Standards of Professional Appraisal Practice (USPAP) each time they renew their license.**
- **An old store front would be an example of Incurable Functional Obsolescence.**
- **If a seller's counteroffer is rejected by the buyer, the seller can accept other offers.**
- **A salesperson who's been licensed for 2 years can be an office manager.**
- **One type of Accession is Accretion.**
- **Trigger Terms would include = No Down Payment & How Many Months.**
- **It is ILLEGAL for a lender to charge a borrower 1/8% higher interest because English is their second language.**