

**California Real Estate Principles, 11<sup>th</sup> ed., by Walt Huber**  
**Midterm B – Chapter 8-15**  
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1. If Miss Dooling borrowed \$8,000 from the Los Angeles Downtown Bank on a straight note that totaled \$1,800 in interest at a rate of 15%, what was the term of the loan?
  - a. 12 months
  - b. 15 months
  - c. 18 months
  - d. 80 months
  
2. In a trust deed, the trustor is the:
  - a. third party.
  - b. lender.
  - c. borrower.
  - d. escrow company.
  
3. Mortgages, although rarely used in California, require a mortgagor and a mortgagee. The mortgagee is a:
  - a. third party.
  - b. lender.
  - c. borrower.
  - d. none of the above.
  
4. Which of the following is TRUE concerning a trust deed?
  - a. It needs a note for security.
  - b. It is a negotiable instrument.
  - c. It prevails in a conflict with a note.
  - d. None of the above.
  
5. The nominal interest rate is:
  - a. the effective interest rate.
  - b. compounded daily.
  - c. a guarantee of negative amortization.
  - d. stated on the note.
  
6. If a buyer defaults on a conditional sales purchase contract (land contract), who could file a quiet title action to remove the cloud on the title?
  - a. Broker
  - b. Vendee
  - c. Buyer
  - d. Seller

7. Which of the following are considered non-institutional lenders?
  - a. Private lenders
  - b. Mortgage companies
  - c. Credit unions
  - d. All of the above
  
8. If you want an FHA loan, you should go to:
  - a. VA.
  - b. FHA.
  - c. Cal-Vet.
  - d. an approved lender.
  
9. Life insurance companies:
  - a. prefer large loans.
  - b. are least likely to make small loans.
  - c. seldom make construction loans.
  - d. all the above.
  
10. The California Department of Veteran's Affairs loan program is commonly known as the:
  - a. VA.
  - b. FHA.
  - c. California VFW Program.
  - d. Cal-Vet Program.
  
11. A "good faith" estimate of settlement charges (RESPA) for the purchase of a home includes:
  - a. rate of interest.
  - b. points on the loan.
  - c. additional loan fees.
  - d. all of the above.
  
12. Second trust deed (junior) loans are usually obtained from:
  - a. mutual savings banks.
  - b. banks.
  - c. insurance companies.
  - d. private parties.
  
13. When prices rise due to shortages of available properties, it is known as a:
  - a. buyer's market.
  - b. seller's market.
  - c. lender's market.
  - d. deflationary market.

14. Which of the following is NOT one of the forces that affect the value of a neighborhood?
- a. Past sales considerations
  - b. Economic considerations
  - c. Physical considerations
  - d. Social considerations
15. The bottom portion lining a doorway or window is the:
- a. joist.
  - b. sill.
  - c. ridge board.
  - d. flashing.
16. Which of the following statements constitutes an example of progression?
- a. A home of greater value is worth more when located among homes of lesser value.
  - b. A home of greater value is worth less when located among homes of lesser value.
  - c. A home of lesser value is worth more when located among homes of greater value.
  - d. A home of lesser value is worth less when located among homes of greater value.
17. Which of the following is NOT a type of property lot?
- a. Curb lot
  - b. Interior lot
  - c. Key lot
  - d. Corner lot
18. An information booth is called a(n):
- a. kiosk.
  - b. turnkey.
  - c. unearned increment.
  - d. conduit.
19. The term EER is used to measure:
- a. water purity.
  - b. credit rating.
  - c. water pressure.
  - d. energy efficiency (the higher the better).
20. If the prospective investor of real property is most concerned with making money off the usefulness of the improvements, he or she would be most concerned with:
- a. economic life remaining in the improvements.
  - b. physical life remaining in the improvements.
  - c. chronological age of the improvements.
  - d. none of the above.

21. An appraiser using the market approach collects many recent comparable sales. If a comparable property has a feature that is NOT present in the subject property, the estimated value of the feature is:

- a. added to the sales price of the comparable.
- b. just noted on the appraisal but nothing is done.
- c. subtracted from the sales price of the comparable.
- d. none of the above.

22. The flight pattern of a metropolitan airport was altered so that planes began passing over a single-family residential neighborhood. Any loss in the value of these properties should be attributed to:

- a. economic obsolescence.
- b. functional depreciation.
- c. physical deterioration.
- d. all of the above.

23. The most comprehensive and complete appraisal report is the:

- a. short form.
- b. narrative report.
- c. commissioner's report.
- d. none of the above.

24. The market data method is the most common approach for:

- a. houses.
- b. condos.
- c. vacant land.
- d. all of the above.

25. Depreciation can be:

- a. curable.
- b. incurable.
- c. loss in value from any cause.
- d. all of the above.

26. Which of the following is TRUE concerning the Cap Rate?

- a. The greater the risk, the greater the Cap Rate.
- b. Appraised value increases when the Cap decreases.
- c. Finding the Cap Rate is the most difficult step in the income approach.
- d. All of the above.

27. The original housing law in California that deals with discrimination in business is called the:
- a. Unruh Civil Rights Act.
  - b. Rumford Act.
  - c. Federal Civil Rights Act.
  - d. none of the above.
28. What federal case in 1968 upheld the 1868 Civil Rights Act?
- a. Easton v. Strassburger
  - b. Huber v. the State of California
  - c. Jones v. Mayer
  - d. None of the above
29. The seller must provide the buyer of a condominium with:
- a. the CC&Rs.
  - b. the bylaws.
  - c. a copy of the most recent financial statement.
  - d. all of the above.
30. A zoning act that requires disclosure of a property's vicinity to hazardous earthquake faults is known as the:
- a. Alquist-Priolo Special Studies Zones Act.
  - b. California Coastal Act.
  - c. San Andreas State Earthquake Act.
  - d. none of the above.
31. Changing the zoning from R3 to R1 (with less use density) is an example of:
- a. condemnation.
  - b. police power.
  - c. involuntary conversion.
  - d. down zoning.
32. The California Fair Employment and Housing Act (FEHA) investigates and takes action against the which following who engage in discriminatory practices?
- a. Property owners
  - b. Financial institutions
  - c. Real estate licensees
  - d. All of the above
33. The federal Fair Housing poster became mandatory under the:
- a. Unruh Civil Rights Act.
  - b. Federal Civil Rights Act of 1968.
  - c. Fair Employment and Housing Act.
  - d. Garn Act.

34. What must a potential listing agent do if a seller requires the agent to discriminate?
- a. Discriminate
  - b. Charge a higher commission
  - c. Refuse the listing
  - d. Make a citizen's arrest
35. Depreciation for tax purposes is a yearly tax deduction on the taxpayer's income tax form. Which of the following is NOT acceptable for depreciation?
- a. Your office building
  - b. Your apartment building
  - c. Your shopping center
  - d. Your owner-occupied residence
36. Installment sales and exchanges have as their primary purpose:
- a. tax deduction.
  - b. tax evasion.
  - c. tax postponement.
  - d. none of the above.
37. The county assessor determines a property's:
- a. tax rate.
  - b. documentary transfer tax.
  - c. estate taxes.
  - d. assessed valuation.
38. For how much assessed value is the Homeowner's Property Tax Exemption?
- a. \$1,000
  - b. \$7,000
  - c. \$2,000
  - d. \$200
39. As of 2006, a Federal Estate tax return must be filed for any U.S. resident whose gross estate exceeds:
- a. \$2,000,000.
  - b. \$200,000.
  - c. \$20,000.
  - d. all of the above.
40. Income property owners can deduct which of the following from their federal income taxes?
- a. Property taxes.
  - b. Prepayment penalties.
  - c. Depreciation.
  - d. All of the above.

41. The salesperson exam requires what percent of correct answers to pass?
- a. 60%
  - b. 80%
  - c. 70%
  - d. 90%
42. Which of the following is NOT a required document in a personal property security transaction?
- a. Federal Tax Return
  - b. Promissory note
  - c. Security Agreement
  - d. Compliance with UCC-1 Financing Statement
43. A broker who mixes personal funds with his or her principal's funds is guilty of:
- a. false promise.
  - b. commingling.
  - c. divided agency.
  - d. conversion.
44. Which of the following is NOT a required 3-hour class as part of the 45 hours of real estate continuing education?
- a. Ethics
  - b. Fair housing
  - c. Finance
  - d. Agency
45. An advertisement by a broker that gives the impression that he or she is the owner of the property is a violation of Real Estate Law called a:
- a. blind advertisement.
  - b. shadow listing.
  - c. secret profit.
  - d. none of the above.
46. The Regulations of the Real Estate Commissioner:
- a. have the force and effect of the law itself.
  - b. are unenforceable.
  - c. are enforced by the IRS.
  - d. none of the above.
47. A "Realtist" is the name for a member of:
- a. AAA.
  - b. CAR.
  - c. NAR.
  - d. NAREB.

48. The formula for finding the area of a triangle is:

- a.  $T = (B \times H) \div 2$ .
- b.  $T = B \div H$ .
- c.  $A = (B \times H) \div 2$ .
- d.  $A = (B \div H) \times 2$ .

49. How many square feet are there in a triangle that has a 200-foot base and a 120-foot height?

- a. 24,000
- b. 16,666
- c. 12,000
- d. 33,333

50. To convert a decimal number to a percent, you add on a percent sign and move the decimal point:

- a. two spaces to the left.
- b. two spaces to the right.
- c. one space to the left.
- d. one space to the right.



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|---------------|---------------|
| 1. c (p.253)  | 26. d (p.388) |
| 2. c (p.265)  | 27. a (p.434) |
| 3. b (p.259)  | 28. c (p.436) |
| 4. a (p.265)  | 29. d (p.413) |
| 5. d (p.253)  | 30. a (p.420) |
| 6. d (p.266)  | 31. d (p.422) |
| 7. d (p.310)  | 32. d (p.434) |
| 8. d (p.314)  | 33. b (p.437) |
| 9. d (p.310)  | 34. c (p.435) |
| 10. d (p.321) | 35. d (p.468) |
| 11. d (p.302) | 36. c (p.470) |
| 12. d (p.311) | 37. d (p.447) |
| 13. b (p.298) | 38. b (p.457) |
| 14. a (p.346) | 39. a (p.462) |
| 15. b (p.358) | 40. d (p.467) |
| 16. c (p.364) | 41. c (p.490) |
| 17. a (p.350) | 42. a (p.499) |
| 18. a (p.361) | 43. b (p.504) |
| 19. d (p.360) | 44. c (p.497) |
| 20. a (p.382) | 45. a (p.503) |
| 21. c (p.373) | 46. a (p.501) |
| 22. a (p.384) | 47. d (p.519) |
| 23. b (p.392) | 48. c (p.532) |
| 24. d (p.373) | 49. c (p.532) |
| 25. d (p.383) | 50. b (p.539) |