

CEO PRACTICE ORAL QUESTIONS

1. **What entity documents are needed for a Corporation, California Limited Partnership, Foreign Limited Partnership, General Partnership, Limited Liability Company?**

Answer:

Corporation

- a. A certificate of good standing of recent date issued by the Secretary of State of the corporation's state of domicile.
- b. A certified copy of a resolution of the Board of Directors authorizing the contemplated transaction and designating which corporate officers shall have the power to execute on behalf of the corporation.
- c. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

California Limited Partnership

- a. A certified copy of the certificate of limited partnership (form LP-1) and any amendments there to (form OP-2) to be recorded in the public records.
- b. A full copy of the partnership agreement and any amendments.
- c. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction.
- d. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

Foreign Limited Partnership

- a. A certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) to be recorded in the public records
- b. A full copy of the partnership agreement and any amendment
- c. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction
- d. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

General Partnership

- a. A certified copy of a statement of partnership authority pursuant to Section 16303 of the California Corporations Code (form GP-1) executed by at least two partners, and a certified copy of any amendments to such statement (form GP-7), to be recorded in the public records.
- b. A full copy of the partnership agreement and any amendments.
- c. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

Limited Liability Company

- a. A copy of its operating agreement and any amendments thereto.
- b. If it is a California limited liability company, a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) to be recorded in the public records.
- c. If it is a foreign limited liability company, a certified copy of its application for registration (LLC-5) to be recorded in the public records.
- d. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

2. What is the difference between “intestate” and “testate”?

Answer:

“Intestate” – Without leaving a will, or leaving an invalid will so that the property of the estate of a deceased party passes by the laws of succession rather than by direction of the deceased.

“Testate” – The deceased party having written a last will and testament.

3. What is the difference between an “Acknowledgment” and a “Jurat”?

Answer:

“Acknowledgment” – A written declaration by a person executing an instrument, given before an officer authorized to give an oath (usually a notary public), stating that the execution is of his own volition.

“Jurat” – (a) The certificate of an officer before whom a writing was sworn to, such as a notary public. (2) That part of an affidavit stating where, when, and before whom, the affidavit was sworn.

4. What does “Ad Valorem” mean?

Answer:

According to Value. A method of taxation using the value of the thing taxed to determine the amount of tax.

5. What is the difference between “subject to” and “assumption” escrow?

Answer:

“Subject To” – An escrow in which the Grantee takes title “subject to” an existing Deed of Trust (mortgage). The original trustor is alone responsible for any deficiency, should there be foreclosure of the loan.

“Assumption” – An escrow in which the Grantee assumes the liability under an existing note secured by a mortgage or deed of trust. The lender usually must approve the new debtor in order to release the existing seller from liability.

6. When do you use Civil Code Section 2966 – Balloon Payment Provision in a note?

Answer:

Civil Code Section 2966 is applicable to one to four owner-occupied family units where the note maturity date is one year or greater than the origination date.

CSEO PRACTICE ORAL QUESTIONS

1. **What is the difference between a Guardian and Conservator**

Answer:

Guardian – One who is court appointed to manage the affairs of a minor or incompetent.

Conservator – A person appointed by the probate court to take care of the person or property of an adult person needing such care.

2. **Define Chattel**

Answer:

Personal Property

3. **Describe a Double Escrow**

Answer:

Two concurrent escrows on the same property, having the same party as buyer and seller of the property. Example: Escrow 1-A buys from B. Escrow 2-A sells the same property to C. A is using C's money to buy B's property. The process is illegal in many states unless full disclosure is made. This is also known as flipping. A true double escrow is concurrent but when "flipping" the property can be re-sold much later.

4. **What is an "Owner's Offset Statement" and who gives it**

Answer:

A statement given to a buyer on rental property by a tenant, setting forth the amount of rent and terms of the rental agreement, also

A statement by an owner or lienholder to a buyer, setting forth the balance due on existing liens against the property being purchased.

5. **Described the late charges provision for a Note on a single family 1-4 unit property, Seller carried loan**

Answer:

Civil Code Section 2954.4 provides (in part) that a charge which may be imposed for late payment of an installment due on a loan secured by a Mortgage or Deed of Trust on real property containing a one to four single-family residence, owner-occupies dwelling, shall not exceed either (a) the equivalent of six (6%) percent of the installment due that is applicable to payment of principal and interest on the loan, or (b) five dollars (\$5.00), whichever is greater. No charge may be imposed more than once for the late payment of the same installment. However, the imposition of a late charge on any late payment does not eliminate or supersede late charges imposed on prior late payments. A payment is not a "late payment" for the purpose of this section until at least ten (10) days following the due date of the installment.

6. Describe a deficiency judgment

Answer:

Commonly, the amount for which the borrower is personally liable on a note and mortgage or deed of trust if the foreclosure sale does not bring enough to cover the debt. Actually the judgment is for the total amount and not for the deficiency, the recovery from the foreclosure sale being deducted from this amount.