

Sample CEO True/False Exam

1. T F All escrows cover the delivery of instruments which affect some kind of property. The property is either real or personal.
2. T F Holding title to real property as tenants in common may be in unequal interests.
3. T F An escrow is briefly defined as a deposit of a deed with a third party for delivery upon the performance of a condition or conditions.
4. T F State licensed escrow companies are subject to the jurisdiction of the insurance commissioner.
5. T F A single man or woman was once married, but is not presently married.
6. T F A Preliminary Change of Ownership Report is used to determine supplemental tax bills.
7. T F If a PCOR is not included with a conveyance document, an additional fee is required at the time of recording.
8. T F A PCOR is require with the recording of an Affidavit-Death of Joint Tenant.
9. T F An Attorney in Fact may not convey property without consideration.
10. T F The persons who execute a trust deed are called the trustees.
11. T F Interest may be charged on unpaid judgments at the rate of 12 per cent, which is the legal rate of interest in California.
12. T F You may close an escrow by accepting personal checks and verifying that the check has cleared.
13. T F In California, real property tax bills cover the period from July 1 through June 30th.
14. T F The first installment of real property taxes in California are due on April 10th.
15. T F The second installment of real property taxes in California become delinquent after December 10th.
16. T F Property owners usually receive their property tax bills about November 10th.
17. T F A “Due on Sale” clause is only required on the Deed of Trust.

18. T F Documentary transfer tax for the amount of the net equity transferred must be affixed to each deed, and is computed as follows: \$1.10 for each \$500 or portion thereof.
19. T F Escrows are processed in exactly the same manner throughout the State of California.
20. T F A judgment lien is for a period of five years from the date of its entry.
21. T F In order to prove payment of a judgment and clear title a satisfaction of judgment must be obtained and filed with the court.
22. T F An IRS tax lien is valid for ten years from the date of entry.
23. T F Escrow instructions clearly state that as a condition of his or her offer to purchase, the buyer must secure a new loan for a specific amount and for specific terms. This is called a contingency.
24. T F A CLTA owner's policy of title insurance will insure the buyer.
25. T F A CLTA joint protection policy of title insurance will insure the buyer and the buyer's institutional lender.
26. T F An ALTA policy of title insurance will only insure the lender.
27. T F Water stock is optional. Buyer may elect not to transfer stock.
28. T F The usury law, with certain exceptions, limits the rate of interest which may be charged to 10% per annum, or 5% over the rate charged by the Federal Reserve Bank.
29. T F Most institutional lenders will require the borrowers pay the cost of a tax service contract. Such a contract ensures that the lender will be informed if the borrower's property taxes, bonds and assessments are not paid when due.
30. T F "FNMA" are the initials standing for the Federal National Mortgage Association.
31. T F "FHLMC" are the initials standing for the Federal Home Loan Mortgage Corporation.
32. T F "MGNMA" are the initials standing for the General National Mortgage Association.
33. T F The protection afforded a lender under an FHA loan is that its repayment is insured by the United States Federal Government.

34. T F The protection afforded a lender under a VA loan is that its repayment is guaranteed by the United States Veterans Administration.
35. T F Endorsement No. 116 covers violation of CC&R's.
36. T F The document which is recorded to change the trustee named in a deed of trust is called a Substitution of Trustee.
37. T F One basic difference between loan escrows and sale escrows is the fact that the document most commonly recorded through a loan escrow is a deed of trust rather than a grant deed.
38. T F To verify the unpaid balance and terms of a note being purchased, the buyer may require that he or she be furnished with a beneficiary's statement.
39. T F All the buyer's funds have been deposited in escrow, all other conditions have been met and recording has been ordered. If the seller comes into the escrow office and instructs you not to pay the broker's commission, you can't pay the commission.
40. T F A tenant who has executed a lease is called the lessee.
41. T F A Power of Attorney need not be recorded if used for signatures on documents which will be recorded, provided the title company determines the document is in good order, properly signed and contains all the proper language.
42. T F A bulk sale involves the sale of bulk goods.
43. T F The bulk transfer law was designed to protect the buyer of a business and the business' creditors from common forms of commercial fraud.
44. T F In a bulk sale, in order to establish the priority of the secured party's interest in a security agreement, it is necessary to perfect the security interest by properly filing a completed financing statement (UCC-3).
45. T F When properly filed, the secured party's security interest is perfected for a period of five years.
46. T F A form UCC-2 is used for making changes in a previously filed Financing Statement, or used for complete release.
47. T F For a promissory note to be negotiable, it is necessary that the words "or order" appear after the payee's name.
48. T F Risk of loss upon damage or destruction of the property which is the subject matter of the escrow would appear to be on the person who has the right of possession.

49. T F No subdivision can be offered for sale in California until the Real Estate Commission has issued a subdivision guarantee.
50. T F The source of repayment for construction loans is usually the take out loans obtained by the new buyers.
51. T F A contingency can be described as a requirement placed in an escrow by one of the principals stating that the completion of the escrow is dependent upon the future happening of one or more events.
52. T F In order to save the expense and delay of foreclosure proceedings, a beneficiary under a deed of trust will sometimes accept a "Deed in Lieu of Foreclosure" from the trustor.
53. T F When there is a controversy between the principals in an escrow, the escrow holder may bring an "action of death" against the conflicting parties to compel them to litigate their claims among themselves.
54. T F In a legal description, "metes" means measurements and "bounds" means boundaries.
55. T F A clear and concise contingency clause should include the following matters: what, who, how and when.
56. T F If the seller has a copy of a note held by a private party which clearly shows that the due date has passed, and if the beneficiary of the note cannot be located to provide a demand and request for full reconveyance, the seller may sign a substitution of trustee and request for full reconveyance.
57. T F Individuals may be licensed as escrow agents by the Department of Corporations in California.
58. T F A partial reconveyance may be obtained in order to release a portion of the real estate described in the deed of trust being paid.
59. T F The beneficiary and the trustee named in a trust deed may be the same person or entity.
60. T F Escrow Holders must be very familiar with the different forms of leases as they may have the occasion to prepare them in escrow.
61. T F A straight note requires payments to be made in equal installments.
62. T F A "short form" deed of trust contains no general provisions.
63. T F One of the advantages of an escrow is that it is a method of achieving a binding contract.

64. T F Basically, there are two kinds of courts in the judicial system. Criminal courts and civil courts.
65. T F Personal property can be referred to as "Chattel".
66. T F As a description in the escrow instructions, the street address of the property is sufficient.
67. T F The difference between a grant deed and a quitclaim deed is that a grant deed conveys after acquired title" whereas a quitclaim deed does not.
68. T F Easements are insurable interests in land.
69. T F An offset statement can be a statement by the tenant in possession of the property.
70. T F A 102.5 endorsement covers CC&R's.
71. T F In northern California, unilateral instructions are used. In southern California, the use of bilateral instructions prevail.
72. T F The term "institutional lender" refers to a group of financial institutions which, in California, are comprised primarily of life insurance companies, savings and loan associations, commercial banks and mortgage companies.
73. T F The usury law does not apply to purchase money loans.
74. T F An ALTA lender's policy of title insurance provides the lender with certain extended coverage or coverages not provided by a CLTA standard policy.
75. T F It is one of the duties of an escrow agent to police escrows for compliance compliance with the Truth in Lending Act.
76. T F After making the necessary appraisal and inspection, the VA issues a Conditional Commitment.
77. T F After making the necessary appraisal and when the requirements have been met, FHA will issue a Certificate of Reasonable Value.
78. T F An ALTA report includes an inspection of the physical property by the title company issuing the report.
79. T F In receiving loan documents from a new lender, it is the escrow agent's responsibility to check these documents for possible errors in spelling, description, etc.

80. T F A release of liability will be needed if a purchaser wishes to "assume" a VA loan.
81. T F An Order Confirming Sale need not be certified by the Clerk of the Court.
82. T F Rents should be prorated on the basis that all rents are paid in advance and there are no uncollected rents.
83. T F A buyer obtaining a new FHA insured loan may pay discount points on the loan at close of escrow.
84. T F Title can be vested in a minor.
85. T F The term "acceleration clause" and "alienation clause" both mean the same and may be used where you have specific language as to which one to use.
86. T F One of the requirements for an ALTA owners extended coverage policy is a property survey.
87. T F Without exception, all bulk transfers of goods located in California are subject subject to the Bulk Transfer law.
88. T F All bulk transfers must be handled through an escrow.
89. T F A buyer in a bulk transfer transaction may determine what financing statements statements are on file by writing to the Secretary of State in Sacramento on a form called "Request for Information."
90. T F Before filing a transfer application for a liquor license with the Department of Alcoholic Beverage Control, the licensee and the intended transferee shall open an escrow.
91. T F In the absence of a reservation of oil, gas or other minerals in a deed to exclude exclude surface rights, a right to use the surface for exploration will ordinarily be implied.
92. T F The protection afforded in an owner's policy of title insurance continues until the interest of the insured is transferred or conveyed, therefore, when an insured owner dies, his heir or devisees are not protected under the terms of the policy of title insurance.
93. T F The fact that the escrow instructions permit the seller to retain an amount deposited by the buyer justifies an escrow holder in paying such amount to the seller upon an apparent breach of the escrow contract by the purchaser.
94. T F Strict compliance with the terms and conditions of the escrow, rather than substantial performance, is ordinarily essential.

95. T F When a developer records a Declaration of Restrictions upon the land he or she owns, it is effective against all future owners without further acts by the developer when deeding to subsequent purchasers.
96. T F It is not important in an escrow to obtain instructions from any person who is not a party to your escrow when said person is depositing money for the credit of a principal in your escrow.
97. T F A policy of title insurance does not insure against loss or damage by reason of any law, ordinance, or governmental regulation, including building and zoning ordinances prohibiting, among other things, a reduction in the dimensions or area of a separation in the ownership of any lot or parcel of land.
98. T F A condominium is defined in the California Department of Real Estate's Reference Book as a "system of individual fee ownership of units in a multi-family structure, combined with joint ownership of common areas of the structure of the land."
99. T F "Co-op" and "own-your-own" apartments are subdivided into separate ownerships, just as is a condominium.
100. T F If the parties to an escrow instruct the escrow officer to redraw a set of original escrow instructions, eliminating the broker's commission instructions, you must comply.
101. T F An open end mortgage or deed of trust is one which contains a provision allowing the beneficiary to lend to the record owner of the property additional sums of money to be secured by the same deed of trust.
102. T F It is important that the beneficiary know the condition of the title of the property when accepting a deed in lieu of foreclosure.
103. T F The principals to an escrow may authorize the payment of a broker's commission prior to the actual closing and completion of the escrow.
104. T F When accepting a deed in lieu of foreclosure, the beneficiary must cause a full reconveyance to be recorded to eliminate the trust deed of record.
105. T F Each of the principals to an escrow has the right to see all of the instructions of every person in the escrow.
106. T F An escrow officer might be responsible for making certain that all documents are recorded in the proper order in a transaction covering the purchase of raw land wherein a purchase money trust deed is to be recorded concurrently with the trust deed for the construction of the improvements.

107. T F A document should not be altered or any insertions made after it has been signed without written authorization to complete the executed document at a later date.
108. T F In most condominium projects, a fire insurance policy is written to cover each individual unit, and the premium is paid by the owner.
109. T F A broker can authorize the escrow officer to credit the account of the purchaser with a portion of his commission without the approval of the purchaser.
110. T F An ALTA loan policy liability is progressively reduced as the loan balance is reduced, except when the loan provides for negative amortization.
111. T F A buyer obtaining a new VA loan may be charged an escrow fee, provided it does not exceed the VA guidelines.
112. T F Most title companies do not require a corporate resolution if the execution is by the president or vice-president and the by the secretary or assistant secretary of the corporation and states that the corporation executed the instrument pursuant to its bylaws or a resolution of its Board of Directors.
113. T F Parcel maps may be used, among other things to demonstrate that a proposed division of land does not constitute a "subdivision" under the Subdivision Map Act, to conform to certain other requirements of that Act, and to demonstrate compliance with local lot-split ordinances.
114. T F Adverse possession is a claim of ownership based upon open and hostile possession and occupancy.
115. T F Prescription is a method of acquiring an easement by adverse use of another's property.
116. T F When trustee's sale proceedings are initiated, the trustee will record a notice of sale in every county in which the secured real property or any portion thereof is situated.
117. T F A notice of sale will be published in a legal newspaper in the judicial district where the property is located, once a week for at least 20 days before the sale date.
118. T F Under the Subdivision Map Act, the Real Estate Commissioner has the power to prohibit the sale or lease of property if it would constitute misrepresentation to, or deceit or fraud of the purchaser of lots or parcels in the subdivision.
119. T F All lien claimants, other than those under direct contract with the owner, must give a preliminary 20 day notice.

120. T F Mechanics liens secure the payment of contributions by persons who have furnished material, labor or skill in the improvement of real property belonging to another.
121. T F Deeds to governmental agencies are exempt from documentary transfer tax.
122. T F An estate for the lifetime of a person or persons is called a life estate.
123. T F A life estate terminates upon death of the person or persons whose life measures the duration of the estate.
124. T F An acknowledgement is a formal declaration of the party executing a document stating that it was his act and deed.
125. T F Upon the execution of a contract for the sale of real property the vendor acquires the equitable title.
126. T F It is advantageous to the vendor to sell using a contract of sale if the buyer has a very low down payment.
127. T F Title to all property owned by an adjudged bankrupt which is not exempt from the proceedings vests by operation of law in the trustee in bankruptcy.
128. T F An "easement in gross" is not created to benefit or does not benefit the owner of a parcel of land.
129. T F An "easement appurtenant" is created to benefit or does benefit the owner of a parcel of land.
130. T F In a trust agreement, the legal title is held by the trustee who is responsible for management and control, while the equitable title is held by the beneficiary who is entitled to the benefits.
131. T F Trust deeds recorded after the date the work of improvements began will be superior in priority to subsequently recorded mechanic's lien.
132. T F On an all-inclusive trust deed with a first trust deed of record, the first trust deed is the superior lien.
133. T F An agent or officer can act for and in the name of a corporation if give the authority to perform a specific act in a resolution of the corporation's Board of Directors.
134. T F If the buyers are acquiring title as trustees of their family trust, and are obtaining new conventional financing from an institutional lender, they will be required to provide the title company with portions of their trust agreement or a trust certification.

135. T F An "easement appurtenant" passes upon transfer of the land even though not included in the legal description.
136. T F A "deed in lieu of foreclosure" must be supported by consideration.
137. T F Escrows can be used in real property transactions only.
138. T F Teller's checks have next day availability.
139. T F It is common business practice for the escrow officer to be partial to the person directing the business to them.
140. T F Escrow instructions must not be disclosed to third parties.
141. T F The escrow officer basically should do only as directed.
142. T F Escrow agents are not authorized to practice law.
143. T F Real estate brokers are licensed by the Department of Corporations.
144. T F Licensing requirements do not apply to attorneys at law.
145. T F There are no tangible net worth requirements for escrow agents licensed under the Department of Corporations.
146. T F Copies of escrow amendments need not be furnished to the principals to an escrow by an escrow licensee.
147. T F Escrow agents are required by law to maintain records.
148. T F A condition is not essential to an escrow transaction.
149. T F The seller ordinarily continues to bear the expense of ownership until the close of escrow.
150. T F Payment of charges and expenses of an escrow is based on agreement of the principals.