

Education Services, Inc.
Real Estate Academy
Session Four Quiz – Chapters 11, 10

CHAPTER ELEVEN

1. The amount of earnest deposit is determined by:
 - a. The real estate licensing statutes
 - b. An agreement between parties
 - c. The broker's office policy on such matters
 - d. The acceptable minimum of 5 percent of the purchase price

2. The term "rescind" means:
 - a. Change
 - b. Cancel
 - c. Substitute
 - d. Subordinate

3. A broker has found a buyer for a seller's home. The buyer has indicated in writing his willingness to buy the property for \$1,000 less than the asking price and has deposited \$5,000 in earnest money with the broker. The seller is out of town for the weekend, and the broker has been unable to inform him of the signed document. At this point, the buyer has signed a (n):
 - a. Voidable contract
 - b. Offer
 - c. Executory agreement
 - d. Implied contract

4. Which one of the following is NOT essential to the formation of a contract?
 - a. Offer
 - b. Acceptance
 - c. Consideration
 - d. Performance

5. Harry agrees to purchase Victoria's real estate for \$230,000, and deposits \$6,900 earnest money with Broker Larry. However, Victoria is unable to clear the title to the property, and Harry demands the return of his earnest money as provided in the purchase contract. Broker Larry should:
 - a. Deduct his commission and return the balance to Harry
 - b. Deduct his commission and give the balance to Victoria
 - c. Return the entire amount to Harry, once a release has been signed by both parties.
 - d. Give the entire amount to Victoria to dispose of as she decides

6. Which of the following best describes earnest money?
 - a. The consideration for the sale of the property
 - b. The money put up by the buyer at the time the offer is made
 - c. The commission to be paid to the broker
 - d. The money to be used for paying for some of the closing costs

7. Every real estate contract must have a(n):
 - a. Grantor and grantee
 - b. Offer and acceptance
 - c. Acknowledgment by a notary
 - d. Legal description

8. A broker took a listing and later discovered that the client was legally incompetent and had been living in a mental institution for many years, believing himself to be President Taft. The listing is now:
- Binding because the broker was acting as the owner's agent in good faith
 - Of no value to the broker because it is now void
 - The basis for the recovery of a commission if the broker produces a buyer
 - Renegotiable
9. After the buyer and seller have signed a sales contract, the seller changes his mind and defaults. The buyer sues the seller to force him to go through with the contract. This is known as a suit for:
- Specific performance
 - Damages
 - Rescission
 - Forfeiture
10. An offeree has the right to _____ an offer.
- Reject
 - Revoke
 - Rescind
 - Release
11. Under the statute of frauds, all contracts for the sale of real estate must be:
- Originated by a real estate broker
 - On preprinted forms
 - In writing to be enforceable
 - Accompanied by earnest money deposits
12. On Tuesday, broker Loren received a \$750 earnest money deposit from Gus. The seller accepted the offer on Thursday. Where and when must Loren deposit Gus's money?
- In Loren's personal checking account by Wednesday
 - In a special trust account no later than midnight on Thursday
 - In a special non-interest-bearing trust account by Friday
 - In a special non-interest-bearing trust account by Wednesday

CHAPTER TEN

13. A mechanic's lien would be properly classified as a(n):
- Equitable lien
 - Involuntary lien
 - General lien
 - Unstatutory lien
14. Judgment liens are:
- Specific liens
 - Voluntary liens
 - Priority liens
 - Involuntary liens
15. After real estate taxes have been sold by the state or county to satisfy a delinquent tax lien, the defaulted owner usually has a right to:
- Have the sale canceled by paying the back taxes and penalties
 - Pay his or her creditors directly and have their liens removed
 - Redeem the property within the time specified by law
 - Record a notice of non-responsibility for the unpaid taxes

16. Normally, the priority of general liens is determined by:
 - a. The order in which they are filed or recorded
 - b. The order in which the cause of action arose
 - c. The size of the claim
 - d. The court

17. The current value of a property is \$40,000. The property is assessed at 40% of its current value, with an equalization factor of 1.5 applied to the assessed value. If the tax rate is \$4 per \$100 of assessed value, what is the amount of tax due on the property?
 - a. \$640
 - b. \$960
 - c. \$1,600
 - d. \$2,400

18. If the market value of property is \$84,500 and the assessed ratio is 35%, what are the monthly taxes if the tax rate is 30 mills?
 - a. \$887.25
 - b. \$942.50
 - c. \$73.94
 - d. \$87.72

19. Taxes levied on a property owner to pay install sidewalks or sewers are called:
 - a. Ad valorem taxes
 - b. General property taxes
 - c. Special excise taxes
 - d. Special assessments

20. Which of the following is true of the Illinois real estate tax exemption?
 - a. It exempts all of a homeowner's property from real estate taxes
 - b. It reduces the assessed value of certain residential properties
 - c. It does not apply to homeowners over the age of 65
 - d. It shelters up to \$7,500 of a homeowner's land buildings from creditors