

## CET Sample Test – True/False Answers:

1. If most of the instructions to escrow holder are satisfied, it is o.k. for you to close escrow. **False** - *the key word here is "most". As you know ALL of the instructions must be satisfied.*
2. FNMA are the initials for the Federal National Mortgage Association. **True**
3. Notes made in an escrow file (by you or the escrow officer) can say anything you want them to say because they can never be submitted into court should a legal matter arise on the file. **False.** *All notes, messages, documentation can be demanded by either party to a legal action. It is very important that notes contain the date, time and information.*
4. When you receive a Statement of Information from a principal, it is wise to check the preliminary title report to see if one has been requested by the title company. **False.** *The Statement of Information is very critical in determining any liens that may be against the principals.*
5. The County Tax Assessor collects Real Property Taxes. **False.** *Real Property Taxes are collected by the County Tax Collector. The Tax Assessor assesses the tax amounts.*
6. A good escrow technician will always give anyone that calls any information that they may need with regards to an escrow file. **False.** *Key words in the question are WILL ALWAYS and ANYONE. It is important when someone requests information about a file that you find out who the person calling is and what their relationship is to the transaction.*
7. When signing loan documents, it is o.k. for you to tell the Borrower that the interest rate they are paying seems to be a bit higher than the last set of loan documents you just signed up. **False.** *You are never to give any type of advice and/or comments with regards to the terms of anyone's loan. You do not know what was involved in the Borrowers credit history to obtain the loan. You are not a lender and absolutely cannot give any advice regarding terms. Even the most innocent comment made may end up "blowing" the deal and leaving escrow open to many legal issues.*
8. The grant deed is executed by the Seller. **True**

9. For purposes of title insurance, an unmarried woman is the same as a single woman. **False.** *An unmarried woman is one who was previously married but is now legally divorced. A single woman is one who has never been married.*
10. "Community Property" is title held by any two people. **False.** *Title may only be held as community property between a husband and a wife who are married to each other*
11. You cannot credit commission from a broker to a buyer that is short funds to close without telling anyone. **True.** *This is referred to as a "forced closing". If there is a lender involved, they may require the buyer to deposit a specified amount of their own funds for the down payment and/or closing costs. Or, the buyer may not intentionally deposit all closing funds to stall the closing.*
12. The term CC&R's refers to covenants, conditions and restrictions. **True**
13. The First Installment of taxes are due on February 1st. **False.** *The first installment of taxes is due on November 1 and delinquent after December 10. The second installment of taxes is due on February 1 and delinquent after April 10.*
14. A CLTA standard owner's policy of title insurance will insure the buyer. **True**
15. A tenant who executed a lease is called the lessee. **True**
16. An escrow holder cannot prepare documents or escrow provisions that go beyond the customary duties of an escrow officer, as this would constitute the unlawful practice of law. **True**
17. Each of the principals to an escrow has the right to see all the instructions of every person in the escrow. **False.** *The principals are allowed to see the instructions that have an effect on them only. Such as the buyer has no right to see the seller's payoff demand – it has no effect on the buyer.*
18. An attorney in fact may convey the principal's property to himself. **False.** *An attorney in fact may not use those powers to benefit themselves.*
19. An escrow must be kept confidential. **True.** *We have a fiduciary responsibility to all parties to keep the information regarding an escrow confidential to outside parties.*
20. An escrow officer should be partial to the buyer. **False.** *An escrow officer is a neutral "third party" to the transaction.*

21. A "condition" is not essential to an escrow transaction. **False.** *Documents and funds are placed into escrow to be held until a specific "condition" is performed/completed. Such as: The seller deposits an executed Deed to the property with the "condition" that it is not to be recorded until the funds are available to the seller.*
22. It is one of the duties of an escrow agent to police escrows for compliance with the Truth in Lending Act. **False.** *The Truth in Lending Act governs lenders and mortgage brokers.*
23. When a judgment debtor pays a judgment, he is entitled to a Satisfaction of Judgment. **True.** *Upon payment in full, the creditor executes the satisfaction and files it with the court and records it with the County Recorder to indicate it has been satisfied.*
24. Escrow holders must be very familiar with the different forms of leases as they may have the occasion to draw them in escrow. **False.** *Drawing leases would be considered practicing law and outside the scope of our expertise.*
25. The persons executing a Deed of Trust are called the Trustees. **False.** *Trustors or borrower's execute the Deed of Trust.*