

CSEO SAMPLE
MULTIPLE CHOICE EXAM

Choose the single best answer. If more than one answer is required, it will be so indicated.

1. Quiet Title is:
 - a) A method of conveying title
 - b) A document filed in the County Recorder's Office
 - c) An action to evict a tenant
 - d) A law suit to determine interest in real property

2. When the court appoints a person to take care of the estate of a deceased person who died intestate, such a person is called:
 - a) A Trustee
 - b) A Referee
 - c) An Executor
 - d) An Administrator

3. A Notary Public is commissioned by the State of California and may operate:
 - a) Only in the County for which he is appointed
 - b) Any where in the State of California
 - c) Within a 50-mile radius from his business address
 - d) Only at the address of his place of business

4. The taking of private property for public use is authorized under the law of:
 - a) Escheat
 - b) Policy Power
 - c) Eminent Domain
 - d) Zoning

5. Whenever there are two contracts relating to the same subject matter such as a “Deposit Receipt” and “Escrow Instructions”:
- The escrow instructions always supersede the deposit receipt
 - The escrow instructions never supersede the deposit receipt
 - The two are read together to ascertain the whole contract between the parties
 - The deposit receipt prevails in the event of conflict
6. Conditions precedent:
- Must be spelled out in the contract
 - Are mutually dependent and must be performed at the same time
 - Can always be unilaterally waived
 - None of the above
7. A suit to compel a party to complete the terms of a contract is called:
- An injunction
 - Interpleader
 - Quiet Title Action
 - Action for Specific Performance
8. You have been served with a garnishment against the Seller at 9:10 a.m. on the morning of the recording but prior to your issuing the Seller’s check. Your proper response would be the effect that:
- You are holding money belonging to the Seller
 - You are not holding money for the Seller since your funds are deemed to have passed
 - You have funds belonging to the Buyer since the checks have not been drawn yet
 - Funds cannot be attached while in possession of the Escrow Holder

9. An interest in property acquired by Prescription would be through:
- A Grant Deed
 - A Mortgage
 - Duress
 - Adverse use
10. The maximum rate of interest that may be charged by a non-exempt lender where no loan broker is involved is _____% percentage over the Federal Reserve Discount Rate in San Francisco on the 25th day of the previous month:
- 5%
 - 6%
 - 10%
 - 3%
11. A security interest search is requested by forwarding to the Secretary of State a form known as:
- A Financing Statement Request
 - Chattel Mortgage Search
 - Request for Information or copies
 - Request for Security Agreement
12. The terms “ingress” and “egress” are usually used in connection with:
- Title
 - Liens
 - Easements
 - Urban renewal
13. If a man sold his property and reserved a right in the deed to cross over the property to get to some other land he owns, but did not use this right for a period of five years:
- He would have lost his right because of non-use
 - His right would continue to be valid as he reserved it in the deed
 - He would lose his right as it is evident he no longer needs it
 - He would lose the right if his purchase resold the property

14. Abe owns Lots 1, 2 and 3 of Salton View Estates. He sells Lot 3 to Baker and grants Baker an easement across Lot 2 for purposes of ingress and egress:
- a) Abe holds a dominant tenement and receives benefit of the easement
 - b) Baker holds a servient tenement and his land is subject to Abe's easement
 - c) Baker may not hold dominant tenement for his land does not adjoin Abe's land.
 - d) Baker holds dominant tenement and Abe's title is subject to his easement
15. A Township contains:
- a) 20 square miles
 - b) 30 square miles
 - c) 40 square miles
 - d) 36 square miles
16. To be effective, a Mechanic's Lien must be:
- a) Acknowledged and recorded
 - b) Verified and recorded
 - c) Limited to the amount representing labor performed
 - d) Foreclosed immediately after filing
17. A Lis Pendens action is effective:
- a) Until judgment has been rendered
 - b) Only until commencement of court proceedings
 - c) Through the period of court proceedings
 - d) Five years from date of filing action
18. After the recording of a valid Notice of Completion, all subcontractors and material men have the following number of days in which to file a lien:
- a) 30 days
 - b) 60 days
 - c) 90 days
 - d) 120 days

19. A minor, in order to convey real property he owns to another, must act through:
- a) An administrator
 - b) A guardian
 - c) A trustee
 - d) A conservator
20. An endorsement "100" does not insure against:
- a) Mechanic's liens
 - b) Violations of conditions and restrictions
 - c) Loss of damage where improvements encroach on easement areas
 - d) Forced removal of encroachments upon adjoining land
21. In an escrow you are handling, Mr. and Mrs. Green, the buyers are purchasing a home for \$16,000.00. The down payment will be equal to 6.25% of the purchase price. The seller will carry back a note and deed of Trust for the balance, which provides for an impound account to pay for taxes and insurance. The first trust deed calls for monthly payments of \$50.00 plus 7.20% interest on the unpaid balance. Mr. and Mrs. Green obtained a three-year insurance policy at a total cost of \$72.00. Taxes for the year are \$381.00. Mr. and Mrs. Green's first monthly payment on the loan, plus impounds for taxes and insurance would be:
- a) \$142.00
 - b) \$173.75
 - c) \$171.75
 - d) \$190.00
22. Which of the following belongs in the debit column on a seller's closing statement?
- a) Prepaid Taxes
 - b) Prepaid rent by the Seller's tenant
 - c) Sale of personal property
 - d) None of the above
23. A purchaser obtained a \$19,500.00 FHA insured loan on a home which sold for \$25,000.00. The seller paid a 2.5% mortgage discount, plus a real estate commission of 6.0% plus a 1.0% prepayment penalty on a total payoff of \$10,000.00 of the existing

- loan, plus \$231.50, which included all other costs. The net amount paid to the Seller at closing was:
- a) \$12,319.00
 - b) \$12,568.50
 - c) \$12,681.00
 - d) \$22,681.00
24. If a borrower pays \$1,650.00 interest per quarter on a straight note of \$60,000.00, the interest rate would be:
- a) 8.50%
 - b) 9.00%
 - c) 10.5%
 - d) 11.00%
25. Marketable title means a title:
- a) free from reasonable doubt in fact
 - b) Free from reasonable doubt in law
 - c) Deducible from public records
 - d) All of the above
26. The interest rate on a straight note in the amount of \$27,000.00 that calls for interest payments of \$573.75 each quarter would most nearly be:
- a) 6.60%
 - b) 7.20%
 - c) 8.60%
 - d) 9.20%
27. Documentary transfer for a property sold for \$150,000.00 with an assumed loan having an unpaid principal balance of \$25,000.00 would be:
- a) \$28.00
 - b) \$137.50
 - c) \$165.00
 - d) \$113.00

28. Your escrow provides for a total purchase price of \$500,000.00. The buyer will execute an all-inclusive note secured by an all-inclusive deed of trust in favor of the seller in the amount of \$300,000.00. There are two underlying obligations, the first having an unpaid balance of \$128,934.00 and the second having an unpaid balance of \$59,830.98. Documentary transfer tax to be placed on the deed would be in the amount of:
- a) \$550.00
 - b) \$220.00
 - c) \$342.65
 - d) call the county recorder's office and have them advise you before affixing the tax amount
29. Assume all the facts as set forth in #134 above; however, the terms of the escrow provide that the buyer will assume the existing all-inclusive deed of trust of record with an unpaid balance of \$296,983.32. The unpaid balance of the underlying obligations is as set forth above. Documentary transfer tax to be placed on the deed would be in the amount of:
- a) \$550.00
 - b) \$223.85
 - c) \$342.65
 - d) None of the above
30. If a customer inquires what to do when a note secured by a deed of trust is lost, he or she should be referred to one of the following for more information:
- a) Beneficiary
 - b) Trustor
 - c) Trustee
 - d) County Recorder
31. A contract signed under duress, menace or undue influence is:
- a) Valid
 - b) Unenforceable
 - c) Voidable
 - d) Both "a" and "c"

32. A power of attorney could be terminated by:
- The death of the Principal
 - An express revocation
 - Incapability of the principal to contract
 - Any of the above
33. In searching, the records at the County Recorder's office, you can distinguish a second trust deed from a first trust deed by the:
- Heading of the recorded documents
 - Time and date of recordation
 - Recorder's declaration
 - Information contained in the note
34. Anything that is fastened or attached to real property permanently is considered generally to be:
- Personal property
 - Private property
 - Real property
 - Separate property
35. All of the following relate to land except:
- Metes and bounds
 - Lot and tract
 - Restrictions
 - Credit report
36. Johnson leased an apartment for a year and recorded the lease. In three months he decided to move. The lease:
- Must be eliminated of record after one year
 - Encumbers the property until removed from the land
 - Must be quitclaimed by the lessee
 - Is no longer effective as an encumbrance after one year
37. A homestead may be terminated by:
- Conveyance
 - Declaration of abandonment
 - Issuance of a Trustee's Deed upon foreclosure of a valid deed of Trust
 - All of the above

38. The seizure of property by judicial process during the pendency of an action is called:
- a) An action of eminent domain
 - b) An attachment
 - c) Condemnation
 - d) An Abstract of Judgment
39. The written instrument transferring the title to personal property is a:
- a) Security Agreement
 - b) Bill of landing
 - c) Warehouse receipt
 - d) Bill of sale
40. The person appointed by the court who is entrusted with the custody and control of the person and estate of an incompetent person is called:
- a) An administrator
 - b) An executor
 - c) A conservator
 - d) An attorney-in-fact
41. A partnership composed of two or more persons wherein some of the partners have a limited contribution and liability is called a:
- a) General Partnership
 - b) Joint Venture
 - c) Limited Partnership
 - d) Syndication
42. An agreement where a junior lien is made superior to an otherwise prior lien is called:
- a) Hypothecation
 - b) An offset statement
 - c) Substitution of liability
 - d) A subordination

43. Ownership property by two or more persons, either in equal or unequal shares, in undivided interest and without right of survivorship is:
- a) Periodic tenancy
 - b) Joint tenancy
 - c) Tenancy by entirety
 - d) Tenancy in common
44. Your escrow provides for a sales price of \$387,450.00. The buyer will take title subject to the deed of trust of record with an unpaid balance of \$154,390.83 and will execute a second deed of trust in favor of the seller in an amount of \$74,980.00. Documentary transfer tax to be placed on the deed will be in the amount of:
- a) \$426.25
 - b) \$425.70
 - c) \$174.35
 - d) \$256.85
45. The right or interest that an owner of real property has is often referred to as a "bundle of rights." Which of the following best describes those rights?
- a) The right to possess and enjoy the property
 - b) The right to transfer and dispose of the property
 - c) The right to exclude others from the property
 - d) All of the above
46. Normally, a deed deposited into escrow may be delivered to the grantee:
- a) Immediately
 - b) Upon payment of equity to the seller
 - c) Only upon the performance of all conditions of the escrow
 - d) Upon the request of the Broker
47. Which of the following items would most likely appear as a credit on the seller's final closing statement?
- a) Prepaid taxes
 - b) An assumed loan
 - c) Title insurance premium
 - d) Delinquent assessment lien

48. The trustor has a reinstatement period of _____ before the scheduled sale date during which he or she can reinstate the loan by paying the defaulted amount plus trustee's fees?
- a) 90 days
 - b) 5 days
 - c) 3 months
 - d) 120 days
49. If a note in the amount of \$22,500.00 specifies monthly payments over a period of 30 years at 6.6% per annum, what is the first month's interest payment?
- a) \$111.25
 - b) \$122.38
 - c) \$130.71
 - d) \$140.50
50. An escrow is opened on September 1, and all instructions are subsequently placed in escrow with closing scheduled for December 1. Just prior to the closing the Seller asks to have the deed returned to her to hold until January 1 for tax purposes. The buyer, however, would not consent to this. The escrow officer should:
- a) Give the deed to the seller
 - b) Refuse to give the deed to the seller
 - c) Try to reconcile the position of the buyer and seller
 - d) Act as a holder in due course to avoid a suit in court