

TRUE / FALSE CSEO SAMPLE TEST

1. Funds deposited in escrow by a third party other than the Broker, for the account of the Buyer, should always be returned to the Buyer in the event of cancellation.
True False
2. In an exchange transaction, it is okay to refer to the parties as Seller #1 and Buyer #2.
True False
3. Both parties should sign the waiver of a contingency, unless otherwise stated in the escrow instructions.
True False
4. When a valid escrow has been established and all conditions are timely performed by the Grantee, the death of a Grantor does not operate to revoke the deposited instrument.
True False
5. CC&R's on a new subdivision are not enforceable on present and future buyers unless imposed by the Seller in the first deed out of each and every lot.
True False
6. You may refuse to accept cancellation instructions from one of the parties if the time limit of the escrow has expired.
True False
7. Out of a Probate Sale, a certified copy of the Order Confirming Sale must be recorded prior to or concurrently with the deed.
True False
8. The escrow law requires that escrow files be retained for a minimum of 7 years.
True False

9. Property vested in a minor child may be conveyed or encumbered solely by his parents, provided they both execute all documents.
True False
10. Where title to real property is vested in a partnership composed of married men, the partners' spouse must join in the execution of the deed to pass title.
True False
11. Assigning a Note "with recourse" means the assignor guarantees the payment of the Note.
True False
12. An "Interim loan" and a "take out" loan are always one and the same thing.
True False
13. A Security Agreement is an agreement between the Debtor and the Secured Party, which creates a security interest in favor of the Secured Party.
True False
14. A collateral assignment means that the assignor is putting up his Note and Deed of Trust temporarily as security for the payment of an obligation.
True False
15. It is contrary to law to state in a Deed of Trust that upon default the Trustor will quitclaim the property to the beneficiary in lieu of foreclosure.
True False
16. An optional advance under an open-end Deed of Trust is not superior in lien to junior liens, unless the junior lien holder(s) execute and record a subordination agreement(s).
True False

17. A Request for Notice is the first document filed by the Trustee to begin foreclosure proceedings.
True False
18. An instruction to pay a commission to a Broker prior to close of escrow may be accepted by the Escrow Holder, providing both Buyer and Seller have signed escrow instructions and the demand releasing funds to the Broker.
True False
19. In an exchange, the difference in equities is usually made up of payment of additional cash by one of the parties. This additional cash is referred to as "Boot".
True False
20. Under a contract of sale agreement, the retention by the vendor of the fee title to the property is his security that the Buyer will make the payments as called for under the contract.
True False
21. 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 foreclosure sale date.
True False
22. 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.
True False
23. All lien claimants, other than those under direct contract with the owner, must give a preliminary twenty-day notice.
True False

24. 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.
True False
25. Deeds to governmental agencies are exempt from documentary transfer tax.
True False
26. An estate for the lifetime of a person or persons is called a life estate.
True False
27. A life estate terminates upon death of the person or persons whose life.
True False
28. An acknowledgement is a formal declaration of the party executing a document stating that it was his act and deed.
True False
29. 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.
True False
30. An "easement in gross" is not created to benefit or does not benefit the owner of a parcel of land.
True False
31. An "easement appurtenant" is created to benefit or does benefit the owner of a parcel of land.
True False
32. 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.
True False

33. Trust deeds recorded after the date the work of improvements began will be superior in priority to subsequently recorded mechanic's lien.
True False
34. An agent or officer can act for and in the name of a corporation if given the authority to perform a specific act in a resolution of the corporation's Board of Directors.
True False
35. 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.
True False
36. An "easement appurtenant" passes upon transfer of the land even though not included in the legal description.
True False
37. A "deed in lieu of foreclosure" must be supported by consideration.
True False
38. Escrows can be used in real property transactions only.
True False
39. It is common business practice for the escrow officer to be partial to the person directing the business to them.
True False
40. Escrow instructions must not be disclosed to third parties.
True False
41. The escrow officer basically should do only as directed.
True False
42. Escrow agents are not authorized to practice law.
True False

43. Real estate brokers are licensed by the Department of Corporations.
True False
44. Licensing requirements do not apply to attorneys at law.
True False
45. There are no tangible net worth requirements for escrow agents licensed under the Department of Corporations.
True False
46. Copies of escrow amendments need not be furnished to the principals to an escrow by an escrow licensee.
True False
47. Escrow agents are required by law to maintain records.
True False
48. A condition is not essential to an escrow transaction.
True False
49. The seller ordinarily continues to bear the expense of ownership until the close of escrow.
True False
50. Payment of charges and expenses of an escrow is based on agreement of the principals.
True False
51. 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.
True False