

1. A land contract is also referred to as a (an)
 - a. Right of first refusal
 - b. Installment contract
 - c. Option contract
 - d. Listing contract

2. In a land contract or contract for deed, the seller who retains the fee simple title is referred to as the:
 - a. Optionor
 - b. Optionee
 - c. Vendee
 - d. Vendor

3. A lender charging an interest rate that is higher than allowed by laws would be violating:
 - a. Fair housing laws
 - b. Equal credit opportunity laws
 - c. Usury laws
 - d. Securities laws

4. A buyer obtained a \$50,000 loan with a 9% interest rate. The loan was amortized over 30 years with a monthly payment of \$403. Which of the following statements is true?
 - a. The total amount of interest paid over the term was \$145,080
 - b. The total amount of interest paid over the term was \$135,650
 - c. The amount of principal in the first months payment was \$129
 - d. The amount of principal in the first months payment was \$28

5. A person obtained a \$15,000 term loan at an 11% annual interest rate. If the loan was repaid a single payment after 18 months, what would be the total amount of the payment?
 - a. \$2475
 - b. \$15,000
 - c. \$16,650
 - d. \$17,475

6. A lender had to foreclose on a property. When the lender resold the property, the lender used a quitclaim deed. The purpose of this was to:
 - a. Prohibit any future title claims against the lender
 - b. Protect the grantee who purchased the property from the lender
 - c. Prove the lender did not further encumber the title
 - d. Guarantee that the grantor wouldn't come back to the lender

7. Which of the following liens would take priority over all others?
 - a. The lien that was recorded first
 - b. Judgment lien
 - c. Mechanic's lien
 - d. Real estate tax lien

ANSWERS

1. **B** – A land contract is also called an installment contract as well as a contract for deed. (a) A right of first refusal gives a person the first opportunity to buy a property is put up for sale. (c) An option contract gives a person the right to buy at a set price for a definite time. In the future. (d) A listing contract is between a seller and broker allowing the broker to try and sell the property.
2. **D** – A seller is always call the vendor. (a) The optionor is a giver of an option contract (seller). (b) The optionee is the receiver of an option contract (possible buyer). (c) The vendee is always a buyer.
3. **C** – Usury laws set the maximum interest rate they can be charged by law. (a) Fair housing laws prohibit discrimination on things such as race and religion. (b) Equal credit opportunity laws bar lenders from discrimination. (d) Securities laws deal with stock transactions, etc.
4. **D** - $\$403$ (P & I per month) X 12 months (per year) X 30 years = $\$145,080$ (total P&I paid over the 30 years) - $\$50,000$ (principal) = $\$95,080$ interest paid over the term of the loan (so A & B are both wrong). $\$50,000$ X 9% equals $\$4500$ (interest per year)/12 months = $\$375$ (interest the first month); $\$403$ (P&I) - $\$375$ (int.) = $\$28$ principal paid the first month
5. **D** - $\$15,000$ (loan) X 11% = $\$1650$ (interest/year). $\$1650/12$ months = $\$137.50$ (interest/mo). $\$137.50$ X 18 (months) = $\$2475$ (interest. $\$2475$ (interest) + $\$15,000$ (principal) = $\$17,475$ (total paid back).
6. **A** – A quitclaim deed is where the seller makes no promises whatsoever – this would protect the lender from future title claims. (b) A quitclaim deed protects the grantor or seller, not the grantee or buyer. (c) A quitclaim deed does not make any promises about encumbrances on the title. (d) The grantor is the seller or lender, so this answer makes no sense.
7. **D** - A real estate tax lien takes priority over all other liens. Liens at a recorded first (a) usually take priority over subsequent liens. A “judgment lien” (b) takes priority as of the date of recording. A “mechanic's lien” (c) takes priority as of the date the work was begun.