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## FOUNDATIONS OF NEW JERSEY REAL ESTATE

### Transfer of Title Protecting Your Investment Liens

Answer key: [www.njretest.com](http://www.njretest.com)

1. A lien is a form of:
  - A. covenant
  - B. mortgage
  - C. estate
  - D. encumbrance
2. All of the following encumbrances are liens **EXCEPT**:
  - A. unpaid real estate taxes
  - B. mortgage
  - C. judgement
  - D. restriction
3. Which of the following deeds is without warranties?
  - A. Bargain and Sale CVG
  - B. Full Covenant and Warranty
  - C. Quit Claim
  - D. Executor's Deed
4. Upon the death of an owner of real estate, title to his or her property is **LEAST** likely to be conveyed by which of the following?
  - A. Executor's Deed
  - B. Administrator's Deed
  - C. Full Warranty Deed
  - D. Escheat
5. The party to whom title to real property is transferred by a will is known as:
  - A. devisee
  - B. testator
  - C. executor
  - D. assignee
6. Which of the following would exist as a result of a title search?
  - A. Clear title
  - B. Affidavit of title
  - C. Abstract of title
  - D. Torrens title
7. Which of the following would be the best method of achieving constructive notice?
  - A. A statement verifying the authenticity of the facts signed by an attorney
  - B. Recording of the proper instrument with the County Clerk
  - C. An oath taken in a court of law.
  - D. Sending notice of the facts to concerned parties by registered mail
8. In regard to the transfer of title which of the following is **FALSE**?
  - A. The signature of the grantee is required
  - B. The deed must contain words of conveyance
  - C. A title search should be done on behalf of the grantee
  - D. Appurtenances would pass along with title to the property
9. Which of the following is **NOT** a specific (special) lien?
  - A. Taxes and assessments
  - B. Mortgages
  - C. Attachments
  - D. Judgements

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10. Carol is buying Bill's property for \$200,000. Which deed would not ordinarily be used to transfer title?
- A. Warranty deed
  - B. Bargain and Sale deed
  - C. Quit Claim deed
  - D. Bargain and Sale CVG
11. John Carson sells his property to Randy Brooks for \$193,000. He conveys title using a Bargain & Sale CVG deed. Later it is determined that the legal description used in the deed is not accurate. What type of deed would be used to revise the former deed?
- A. Correction deed
  - B. Full covenant & warranty deed
  - C. Sheriffs deed
  - D. Bargain & sale deed
12. A court decree which declares that one individual is indebted to another, and fixes the amount of such indebtedness is termed a:
- A. judgement
  - B. lien
  - C. injunction
  - D. devise
13. Which of the following is **NOT** a general lien?
- A. Property taxes and assessments
  - B. Judgements
  - C. Inheritance tax lien
  - D. Corporate franchise tax liens
14. Which of the following would effectively alter the boundaries of a lot?
- A. Reliction
  - B. Erosion
  - C. Accretion
  - D. All of the above.
15. Max Seller transfers title to his property to Beth Buyer by signing a deed in which he gave his assurance that he has done no act to encumber the title while he held it. Max signed a:
- A. Bargain & Sale deed
  - B. Quit Claim deed
  - C. Warranty deed
  - D. Bargain & Sale CVG deed
16. A restrictive covenant in a deed may be legally valid even though it does which of the following?
- I. Restricts architectural or building characteristics
  - II. Limits occupancy of real estate on the basis of race
- A. I only
  - B. II only
  - C. Either I or II
  - D. Neither I nor II
17. A "Lis Pendens":
- A. gives constructive notice of pending litigation
  - B. is a lien on the property
  - C. confirms a lien
  - D. all of the above
18. In regard to title insurance, which of the following is/are **TRUE**?
- I. Under a mortgagee's policy, the mortgagor's equity is covered.
  - II. Policies may be transferred to a new owner when the property is sold
- A. I only
  - B. II only
  - C. Both I and II
  - D. Neither I nor II
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19. Which of the following title holders would be in the best position in the event a stranger appeared claiming to have a superior title?
- A. One who holds an recorded Warranty Deed
  - B. One who holds a recorded Bargain and Sale CVG Deed
  - C. One who holds a recorded Bargain and Sale Deed and title insurance
  - D. One who holds a recorded Quit Claim Deed
20. When a body of water permanently recedes, which of the following statements is **TRUE**?
- A. This natural process is known as avulsion.
  - B. The newly exposed land becomes the property of the state
  - C. The opposite of this process is known as accretion
  - D. The newly exposed property becomes the property of the land owners which border the water.
21. A realty transfer fee would not be charged in:
- A. a tax sale foreclosure
  - B. a sale in which a senior citizen is involved
  - C. a new construction sale
  - D. a transfer in which the consideration is less than \$500
22. The document the grantor signs in which he/she states that the condition of the title has not been impaired since the title search was done is called the:
- A. Affidavit of title
  - B. Certificate of title
  - C. Abstract of title
  - D. Torrens title
23. Which is the false statement concerning a mechanics lien?
- A. It is a specific lien
  - B. The lien claim must be filed within 90 days following the date the last work, service, material or equipment is provided
  - C. A Notice of Unpaid Balance and Right to File Lien must be filed for residential property
  - D. Arbitration is required for non-residential construction
24. Which one of the following is a lien rather than a type of encumbrance that affects the physical condition of the property?
- A. Encroachment
  - B. Deed restriction
  - C. Attachment
  - D. Easement
25. Select the correct statement.
- A. Title is transferred to the grantee when the deed is recorded
  - B. When an instrument is recorded with the county clerk, actual notice is given to the world
  - C. The amount of the recording fee is based on the amount of consideration indicated in the deed
  - D. It is not necessary for the grantee to sign the deed
26. For a deed to be eligible for recording, it must include:
- A. an acknowledgment
  - B. a covenant of further assurances
  - C. title insurance
  - D. a notice of settlement
27. In a Warranty Deed, the grantor makes certain warranties of title. Which covenant in a Warranty Deed assures the grantee that the grantor is the legal owner of the property?
- A. Covenant as to right to convey
  - B. Covenant of further assurances
  - C. Covenant of general warranty
  - D. Covenant of seizin
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28. Louis and Clark live next door to each other in separately owned townhouses. They share a common wall that divides the two units and provides support for each structure. This wall is called a:
- A. party wall
  - B. restrictive wall
  - C. encroachment wall
  - D. group wall
29. Taylor is purchasing a new home. The Big Bank of New Jersey is her lender. The title company has filed a Notice of Settlement in the public records. The purpose of the Notice is to:
- A. give constructive notice of the sale to protect the listing and selling broker's commission
  - B. protect the sale proceeds for the seller
  - C. give actual notice of the transaction
  - D. give constructive notice of the pending sale and mortgage transaction to protect the buyer and the lender
30. What is the importance of a title search and title insurance?
- A. To discover physical defects in the property and insure the title
  - B. To obtain a credit report on the buyer and insure a low down payment loan
  - C. To establish marketable title free of defects and to insure title against undiscovered defects
  - D. To establish marketable title and to provide hazard insurance on the property
31. Morgan sold her aging mother's home to an investor who planned to renovate the home and resell it within 8 months. After the sale was completed it was discovered that the buyer committed a possible act of fraud during sale the negotiations. Morgan's attorney was successful in getting a court order to prevent the investor from selling the property until the entire matter can be heard by the court. The attorney obtained a:
- A. Money judgment
  - B. Writ of execution
  - C. Notice of unpaid balance
  - D. Writ of attachment
32. Rachel, acting as a grantor, executed a deed naming Miguel as the grantee. The consideration paid is \$1. Which one of the following statements is **TRUE**?
- A. Legal title is not conveyed until the deed is recorded in the public records
  - B. Legal title is not conveyed until the deed is delivered and accepted
  - C. Legal title is conveyed at the moment Rachel signs the deed
  - D. Title cannot pass to Miguel unless he pays fair market value for the property
33. Ben and Jerry own a property together and are not married. Ben wanted to sell and Jerry did not. Ben took legal steps to force a physical division of the property into two individually owned parcels. Ben's lawsuit involved a:
- A. partition action
  - B. suit to quiet title
  - C. affidavit of title
  - D. notice of settlement
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