

Arizona State University (ASU) REA380 Real Estate Fundamentals Exam 1 Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Questions

SAMPLE

1. Which type of easement exists without a dominant estate, only a servient estate?
 - A. Easement Appurtenant
 - B. Easement in Gross
 - C. Licenses
 - D. Encroachments
2. In real estate, what does the term 'prescription' refer to?
 - A. A legal process to transfer property ownership
 - B. The recording of an easement
 - C. The ability to claim ownership through prolonged use
 - D. The creation of temporary licenses
3. What is a characteristic of timeshares in real estate?
 - A. They require full ownership of the property
 - B. They are typically sound investment choices
 - C. They divide ownership into 52 week intervals
 - D. They offer ownership for unlimited time period
4. What does the term "property tax" refer to?
 - A. A tax based on property value paid to local governments
 - B. A fee for real estate transaction processing
 - C. A tax levied on rental income generated from property
 - D. A charge for home insurance coverage
5. What is "property disclosure" in real estate?
 - A. A summary of property taxes owed
 - B. A legal requirement for sellers to inform buyers about known defects or issues with a property
 - C. A contract outlining property rental terms
 - D. An estimate of market value for selling properties

6. What occurs if personal property being attached becomes a fixture, and damage happens from taking it off?
- A. Test of adaptability
 - B. Test of intent of the parties
 - C. Test of attachment
 - D. Test of value
7. What characteristic distinguishes personal property from real property?
- A. It cannot be moved
 - B. It is legally attached to land
 - C. It is generally movable
 - D. It has no legal rights
8. What is the primary role of a property inspector?
- A. To conduct property auctions
 - B. To evaluate a property's condition
 - C. To draft lease agreements
 - D. To facilitate property transfers
9. What is one benefit of having "title insurance" when purchasing a property?
- A. It ensures that the buyer has clear ownership rights to the property
 - B. It guarantees the property will appreciate in value
 - C. It secures a fixed interest rate for mortgages
 - D. It allows for tax deductions on property payments
10. What type of estate is automatically renewed unless notice is given?
- A. Tenancy for Months
 - B. Fee Simple Absolute
 - C. Tenancy from Period to Period
 - D. Life Estate

Answers

SAMPLE

1. B
2. C
3. C
4. A
5. B
6. C
7. C
8. B
9. A
10. C

SAMPLE

Explanations

SAMPLE

1. Which type of easement exists without a dominant estate, only a servient estate?

A. Easement Appurtenant

B. Easement in Gross

C. Licenses

D. Encroachments

The type of easement that exists without a dominant estate, only a servient estate, is an easement in gross. This type of easement is a right to use someone else's land for a specific purpose, such as fishing rights, utility access, or right-of-way, and it benefits an individual or entity rather than another piece of land. Unlike easements appurtenant, which involve two properties (a dominant estate benefiting from the easement and a servient estate that bears the burden), an easement in gross does not have this dual property relationship. The absence of a dominant estate means that the easement is attached to a person or organization, allowing them the right to use the servient estate without needing to involve another property. Other choices offer different legal concepts or rights in real estate, such as licenses, which are temporary and can be revoked, and encroachments, which refer to unauthorized use of land that crosses property lines. However, neither licenses nor encroachments constitute easements, making easement in gross the clear correct answer in this context.

2. In real estate, what does the term 'prescription' refer to?

A. A legal process to transfer property ownership

B. The recording of an easement

C. The ability to claim ownership through prolonged use

D. The creation of temporary licenses

In real estate, the term "prescription" refers specifically to the ability to claim ownership of a property or an easement through prolonged usage. This legal concept is known as "adverse possession" when it relates to land ownership, where a person may gain legal title to property by occupying it for a specified period without the permission of the original owner. The key elements typically required for this claim include open and notorious use, continuous possession, and the exclusion of the legal owner's rights during that time. Understanding this concept is crucial in real estate because it emphasizes the importance of active and uninterrupted use of property. If a person uses a property as if they own it, while meeting the statutory requirements over time, they may be able to secure legal rights to that property, potentially leading to disputes between parties over ownership. The other options, while related to property and real estate activities, do not adequately capture the essence of "prescription." For instance, the legal processes for transferring property ownership or creating easements relate to formal transactions and agreements rather than the claim of ownership through use. Similarly, temporary licenses pertain to permissions granted for specific uses of property and do not imply ownership rights acquired through continuous use.

3. What is a characteristic of timeshares in real estate?

- A. They require full ownership of the property
- B. They are typically sound investment choices
- C. They divide ownership into 52 week intervals
- D. They offer ownership for unlimited time period

Timeshares in real estate are designed to allow multiple individuals to share ownership of a property, typically a vacation home or resort. The characteristic of dividing ownership into 52-week intervals is foundational to how timeshares operate. Each owner essentially purchases the right to use the property for a specific week or weeks throughout the year, which equates to one week for each of the 52 weeks available. This structure enables multiple parties to access and enjoy the property without any single individual bearing the entire cost or responsibility of full ownership. While options like requiring full ownership or offering unlimited time periods do not align with the nature of timeshares, the division of usage into weekly intervals is what makes timeshares appealing to purchasers who might not want to invest in a whole property on their own or who may wish to vacation in a variety of locations over time. The perception of timeshares as sound investment choices is also often misleading; while they can be enjoyed as vacation properties, they generally do not appreciate in value like traditional real estate investments.

4. What does the term "property tax" refer to?

- A. A tax based on property value paid to local governments
- B. A fee for real estate transaction processing
- C. A tax levied on rental income generated from property
- D. A charge for home insurance coverage

The term "property tax" specifically refers to a levy imposed by local governments on real estate based on the assessed value of the property. This tax is typically calculated as a percentage of the property's value and is paid by the property owner to fund essential services within the community, such as education, public safety, infrastructure maintenance, and other governmental services. This form of taxation is fundamental to local government financing and is often assessed on an annual basis. In contrast, the other options refer to different financial obligations related to real estate but do not accurately define "property tax." For instance, transaction processing fees are costs associated with buying or selling property, while taxes on rental income are related to the income generated by investments in real estate. Home insurance charges cover the risks associated with property ownership but are unrelated to taxes. Thus, understanding "property tax" in its specific context helps clarify the broader structure of real estate finance and local governmental funding.

5. What is "property disclosure" in real estate?

- A. A summary of property taxes owed
- B. A legal requirement for sellers to inform buyers about known defects or issues with a property
- C. A contract outlining property rental terms
- D. An estimate of market value for selling properties

Property disclosure in real estate is a legal requirement that necessitates sellers to inform potential buyers about any known defects or issues with the property. This practice is aimed at promoting transparency in real estate transactions and ensuring that buyers are aware of any significant concerns that may affect their decision to purchase. By disclosing issues such as structural problems, pest infestations, or past flood damage, sellers help buyers make informed choices and minimize the risk of disputes after the sale is completed. This requirement is important because it protects both parties; it helps buyers avoid properties that may have underlying problems and protects sellers by reducing the potential for future litigation regarding undisclosed issues. In many jurisdictions, failing to provide a complete property disclosure can lead to legal ramifications for the seller. The other choices pertain to different aspects of real estate and do not define property disclosure accurately. Summaries of property taxes address financial obligations but do not encompass disclosures related to property condition. Rental agreements specify terms for leasing but are not related to the property selling process. Market value estimates aim to determine an appropriate selling price and do not include knowledge about the property's actual condition.

6. What occurs if personal property being attached becomes a fixture, and damage happens from taking it off?

- A. Test of adaptability
- B. Test of intent of the parties
- C. Test of attachment
- D. Test of value

When personal property is attached to real property in such a way that it becomes a fixture, various tests determine its status and implications regarding damage during removal. The test of attachment is particularly significant in this context because it assesses how firmly the item is affixed to the real estate. If an item is considered a fixture, it is treated as part of the real property, and removing it can lead to damage to the property itself. This focus on attachment emphasizes the physical and functional connection between the personal property and the real estate. When personal property becomes a fixture, it indicates that the property has been integrated into the real estate in a more permanent manner. If damage occurs while attempting to remove this fixture, it raises important legal considerations regarding liability, property rights, and damage compensation. Thus, understanding the implications of the test of attachment is crucial for determining how personal property converted to fixtures is viewed in real estate law and practice. The other options refer to different tests or criteria relevant to property law but do not specifically address the consequences of damage occurring during the removal of a fixture. Therefore, recognizing the role of attachment is essential in real estate fundamentals.

7. What characteristic distinguishes personal property from real property?

- A. It cannot be moved
- B. It is legally attached to land
- C. It is generally movable
- D. It has no legal rights

Personal property is characterized primarily by its general movability. Unlike real property, which includes land and anything permanently affixed to it—such as buildings or infrastructure—personal property is not fixed to a specific location and can be easily transported. This includes items like furniture, vehicles, and equipment that are not permanently attached to the land. The focus on movability is critical because it establishes a fundamental legal distinction between these two categories of property. Real property is tied to its location, which can impact its value and use, while personal property is more flexible in nature, allowing for greater freedom in ownership and transferability. Understanding this distinction is vital for students in real estate, as it affects property rights, taxation, and how property can be bought, sold, and secured.

8. What is the primary role of a property inspector?

- A. To conduct property auctions
- B. To evaluate a property's condition
- C. To draft lease agreements
- D. To facilitate property transfers

The primary role of a property inspector is to evaluate a property's condition. This involves performing a detailed examination of various aspects of a property, such as its structure, systems (like HVAC, plumbing, and electrical), and safety features. The inspector identifies any current issues or potential problems, giving clients an understanding of the property's overall condition before making a purchase or engaging in further real estate activities. This assessment is crucial for buyers and sellers alike, as it helps inform decisions and negotiations based on the property's state. The other roles mentioned, such as conducting property auctions, drafting lease agreements, or facilitating property transfers, involve different responsibilities that do not directly relate to evaluating a property's physical condition or functionality.

9. What is one benefit of having "title insurance" when purchasing a property?

A. It ensures that the buyer has clear ownership rights to the property

B. It guarantees the property will appreciate in value

C. It secures a fixed interest rate for mortgages

D. It allows for tax deductions on property payments

Having title insurance when purchasing a property provides the significant benefit of ensuring that the buyer has clear ownership rights to the property. Title insurance protects against any legal claims or disputes that may arise over the ownership of the property, including issues related to outstanding liens, encroachments, or other defects in the title that may not have been discovered during the title search process. This protection is crucial because, if any problems with the title are discovered after the purchase, they could lead to significant financial losses, including legal costs and potentially losing the property altogether. Title insurance offers peace of mind to buyers by safeguarding their investment against these unknown risks associated with title defects. The other options do not accurately capture the primary purpose of title insurance. For instance, it does not guarantee the appreciation of property value or secure fixed interest rates for mortgages, nor does it provide tax deductions on property payments. Instead, its main focus is on ensuring that the ownership rights are secure and protected from future title disputes or claims.

10. What type of estate is automatically renewed unless notice is given?

A. Tenancy for Months

B. Fee Simple Absolute

C. Tenancy from Period to Period

D. Life Estate

The correct answer involves the concept of a "Tenancy from Period to Period," which is a type of leasehold estate. In this arrangement, the lease continues automatically for successive periods—typically month-to-month or year-to-year—unless one party provides notice of their intention to terminate the lease. The period of renewal corresponds to the interval specified in the original lease agreement. This automatic renewal feature is significant as it provides both landlords and tenants with a degree of stability, allowing them to continue their arrangement without the need for renegotiation. To terminate this tenancy, a notice must be given within a timeframe specified by state law or the lease itself, which can vary but is often 30 days for month-to-month arrangements. In contrast, a "Fee Simple Absolute" represents full ownership of the property with no time limitations or conditions attached, thus not applicable to the concept of automatic renewal. Additionally, a "Life Estate" is tied to the lifespan of an individual and also does not involve renewal in the same manner, as it terminates upon the death of the measuring life. Lastly, "Tenancy for Months" typically refers to a fixed lease term that concludes at the end of that period unless extended, but does not have the inherent automatic renewal characteristic.