

# Indiana RECP Comprehensive Practice Test (Sample)

## Study Guide



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## **Questions**

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- 1. What type of property right allows a landowner control over their property?**
  - A. Disposition**
  - B. Dominion**
  - C. Exclusivity**
  - D. Ownership**
- 2. What is the nature of interest in a tenancy in common?**
  - A. Joint and indivisible among owners**
  - B. Separate, distinct, and transferable**
  - C. Exclusive to the primary owner only**
  - D. Shared equally among all parties**
- 3. What occurs to the price of a commodity when supply decreases while demand remains unchanged?**
  - A. Rise**
  - B. Drop**
  - C. Be unaffected**
  - D. Go in the direction of supply**
- 4. Several heirs received title to an office building in unequal shares as the result of a will. They would hold title as?**
  - A. Severalty.**
  - B. Joint tenants with right of survivorship.**
  - C. Tenants by the entirety.**
  - D. Tenants in common.**
- 5. What is it called when the owner of the property does not hold fee simple title?**
  - A. Leasehold interest**
  - B. Life estate**
  - C. Joint tenancy**
  - D. Tenancy in common**

- 6. A property owner's bundle of legal rights does not include the right to do which of the following?**
- A. Sell the property to a neighbor**
  - B. Exclude utility meter readers**
  - C. Erect no trespassing signs**
  - D. Enjoy profits from its ownership**
- 7. If J refuses to lease an apartment to a man due to previous tenants being women only, which of the following statements is accurate?**
- A. J is violating the Civil Rights Act due to sex discrimination.**
  - B. J is within the Civil Rights Act since this situation qualifies for an exemption.**
  - C. J is in violation of the act and must use a licensed broker to lease the property.**
  - D. J would not be in violation of the act if J did not occupy one of the units.**
- 8. Prior to placing a For Sale sign on a property, the licensee must have:**
- A. Oral consent of the seller**
  - B. An open listing contract**
  - C. Written consent of the seller**
  - D. Any form of listing contract**
- 9. What is an easement by prescription?**
- A. It requires an exclusive use of the property**
  - B. It is like adverse possession but doesn't require exclusivity**
  - C. It can be terminated at any time**
  - D. It must be recorded to be enforceable**
- 10. A married couple co-owns a farm with the right of survivorship. This arrangement is most likely**
- A. severalty ownership**
  - B. community property**
  - C. tenancy in common**
  - D. an estate by the entirety**

## **Answers**

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

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## **Explanations**

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**1. What type of property right allows a landowner control over their property?**

- A. Disposition**
- B. Dominion**
- C. Exclusivity**
- D. Ownership**

The concept of property rights is fundamental in real estate, and ownership is the most encompassing right that allows a landowner control over their property. When someone holds ownership of a property, they possess the authority to utilize, manage, and alter that property as they see fit, within the confines of local laws and regulations. This control can include decisions around leasing, selling, or developing the property. Ownership grants a wide range of rights, which may extend to the ability to exclude others from the property, to occupy it, and to derive income from it. Thus, ownership is recognized as the primary source of control over property, making it the correct answer in this context. While other terms, such as disposition, dominion, and exclusivity, relate to concepts of property rights, they do not encapsulate the full spectrum of control afforded by ownership. Disposition refers specifically to the right to sell or transfer property, dominion implies a broader sense of authority but is less precise, and exclusivity often pertains to the right to control access but doesn't encompass overall property management rights. Therefore, ownership stands out as the definitive answer regarding control over property.

**2. What is the nature of interest in a tenancy in common?**

- A. Joint and indivisible among owners**
- B. Separate, distinct, and transferable**
- C. Exclusive to the primary owner only**
- D. Shared equally among all parties**

In a tenancy in common, the nature of interest is characterized as separate, distinct, and transferable. This type of ownership allows each co-owner to hold an individual interest in the property, which means that each person can own a different percentage and can manage that portion independently. The distinct nature of the ownership interest implies that each tenant in common can sell, gift, or otherwise transfer their share without needing consent from the other owners. This flexibility is a cornerstone of a tenancy in common, allowing for individual ownership rights that are not dependent upon the other owners' decisions or situations. This contrasts sharply with other forms of co-ownership, such as joint tenancy, where the ownership interest is joint and indivisible, typically requiring that all co-owners hold an equal share and involve rights of survivorship. In a tenancy in common, each owner's share can be of unequal size, and the ownership is not restricted to being equal or undivided.

**3. What occurs to the price of a commodity when supply decreases while demand remains unchanged?**

**A. Rise**

**B. Drop**

**C. Be unaffected**

**D. Go in the direction of supply**

When the supply of a commodity decreases while demand remains unchanged, the price of that commodity will typically rise. This is due to the basic economic principle of supply and demand. When the supply of a product is reduced, there are fewer units available in the market. If consumers still want to purchase the same amount of the product (demand is unchanged), the competition among buyers for the limited available quantity tends to push prices up. This scenario is often illustrated in economic graphs where a leftward shift in the supply curve results in a higher equilibrium price, given that demand stays stable. The fundamental takeaway is that a decrease in supply with constant demand creates upward pressure on prices, leading to an increase.

**4. Several heirs received title to an office building in unequal shares as the result of a will. They would hold title as?**

**A. Severalty.**

**B. Joint tenants with right of survivorship.**

**C. Tenants by the entirety.**

**D. Tenants in common.**

The heirs who received title to the office building in unequal shares would hold title as tenants in common. This form of ownership allows each co-owner to possess a specific percentage of the property, which does not have to be equal among the owners. Tenancy in common is characterized by the fact that each co-owner has the right to possess the whole property, yet they can own differing proportions of the property. Importantly, when one tenant in common dies, their share of the property does not automatically pass to the other co-owners; instead, it becomes part of their estate and can be inherited according to their will or state law. This contrasts with other forms of ownership such as severalty, where one person holds full title alone; joint tenants with the right of survivorship, where co-owners have equal shares and automatic transfer to the surviving owner upon death; and tenants by the entirety, which is limited to married couples allowing for equal ownership and rights of survivorship. In this scenario, since the heirs have received unequal shares, tenancy in common is the appropriate designation for their ownership.

**5. What is it called when the owner of the property does not hold fee simple title?**

- A. Leasehold interest**
- B. Life estate**
- C. Joint tenancy**
- D. Tenancy in common**

When the owner of the property does not hold fee simple title, it signifies a lesser form of ownership rights. A leasehold interest reflects this situation, where an individual holds rights to occupy or use property for a specified duration, but does not own the property outright. Instead, ownership remains with the landlord or property owner, who possesses the fee simple title. This arrangement contrasts with other forms of ownership, such as life estates, joint tenancies, and tenancies in common, where the property is owned in varying degrees or conditions, but not under a lease agreement. Ownership through a leasehold means that the leaseholder has a temporary and contractually defined right to use the property, distinguishing it from full ownership provided by a fee simple title.

**6. A property owner's bundle of legal rights does not include the right to do which of the following?**

- A. Sell the property to a neighbor**
- B. Exclude utility meter readers**
- C. Erect no trespassing signs**
- D. Enjoy profits from its ownership**

The property owner's bundle of legal rights typically includes the rights to sell the property, exclude others from entering the property, and enjoy profits from its ownership. However, the right to exclude others is not absolute in all circumstances. Utility meter readers have a right of access to meters for maintenance and reading purposes, established by public service laws and regulations. This means that while property owners can generally control who enters their property, they cannot legally exclude designated utility personnel who need to access the meter for service operations. The other options reflect rights typically retained by property owners, such as selling to another party, erecting signs to indicate a desire to restrict access, and profiting from the property. Thus, option B rightly highlights a limitation within the property owner's legal rights.

7. If J refuses to lease an apartment to a man due to previous tenants being women only, which of the following statements is accurate?

**A. J is violating the Civil Rights Act due to sex discrimination.**

B. J is within the Civil Rights Act since this situation qualifies for an exemption.

C. J is in violation of the act and must use a licensed broker to lease the property.

D. J would not be in violation of the act if J did not occupy one of the units.

The statement recognizing that J is violating the Civil Rights Act due to sex discrimination accurately identifies a situation where gender is used as a basis for denying housing. The Civil Rights Act forbids discrimination in housing based on several protected classes, including sex. By refusing to lease an apartment based on the gender of previous tenants, J is not only discriminating against men but also perpetuating a practice that unfairly limits housing opportunities based on sex. This violates the principles of equal housing opportunity that the Act aims to uphold. While there may be specific exemptions in certain circumstances regarding housing practices, the situation described does not seem to fit within those exceptions. Additionally, using a licensed broker does not exempt J from violations related to discrimination. The matter of whether the landlord occupies any of the units also does not provide a protective measure against such discrimination under the Civil Rights Act. Thus, the recognition of J's actions as a violation of the Act due to sex discrimination is indeed accurate.

8. Prior to placing a For Sale sign on a property, the licensee must have:

A. Oral consent of the seller

B. An open listing contract

**C. Written consent of the seller**

D. Any form of listing contract

To legally place a For Sale sign on a property, it is essential for the licensee to obtain written consent from the seller. This requirement is in place to ensure that the agent has the proper authorization to market the property and act on behalf of the seller. Written consent provides clear evidence of the seller's agreement and protects both parties by outlining the terms under which the property will be listed. Having written consent reduces the risk of disputes over whether the licensee was authorized to sell and clarifies the expectations of both the seller and the agent. Additionally, it aligns with industry standards and legal requirements, which emphasize transparency and accountability in real estate transactions. Therefore, written consent is not only a best practice but often a legal necessity in the realm of real estate listings.

## 9. What is an easement by prescription?

- A. It requires an exclusive use of the property
- B. It is like adverse possession but doesn't require exclusivity**
- C. It can be terminated at any time
- D. It must be recorded to be enforceable

An easement by prescription arises when someone uses a portion of another person's property without permission for a certain period, leading to a legal right to continue that use. This concept resembles adverse possession, which allows a person to claim ownership of land under similar circumstances. However, with easements by prescription, the requirement for exclusivity is not present. This means that multiple individuals can use the easement at the same time, unlike the exclusivity that is typically necessary for a claim of adverse possession. The essential elements for an easement by prescription usually include open and notorious use, continuous use for a specified duration, and the use must be adverse to the true owner's rights. The other options suggest conditions that do not accurately describe an easement by prescription or misconstrue its nature and legal standing.

## 10. A married couple co-owns a farm with the right of survivorship. This arrangement is most likely

- A. severalty ownership
- B. community property
- C. tenancy in common
- D. an estate by the entirety**

In Indiana, a married couple co-owning a farm with the right of survivorship suggests that they hold the property as an estate by the entirety. This form of ownership is specifically designed for married couples and allows them to have equal and undivided interests in the property. If one spouse passes away, the survivor automatically inherits the deceased spouse's share of the property, ensuring that the property does not go through probate and simplifying the transfer of ownership. This form of ownership also provides certain protections, such as shielding the property from the individual debts of either spouse. This protection helps maintain the integrity of the property for the surviving spouse. In contrast, severalty ownership pertains to sole ownership, community property refers to property acquired during marriage but treated equally between spouses without survivorship, and tenancy in common allows for undivided interests but does not automatically transfer ownership upon death.