

ARE 306 EXAM II November 4, 1999

Select the best answer. You may use one 3x5 card of notes, handwritten, front and back, and no other materials.

1. An easement is a nonpossessory interest in real property that provides some right of use.
 - a. True
 - b. False

2. Farms are not subject to municipal zoning.
 - a. True
 - b. False

3. Farms are not subject to county zoning, except for certain large hog farms.
 - a. True
 - b. False

4. Which is an example of an easement in gross.
 - a. an access road across the land of another
 - b. a hunting right
 - c. a prohibition against putting up a clothesline
 - d. none of the above

5. Which is an example of an easement appurtenant.
 - a. an access road across the land of another
 - b. a hunting right
 - c. a prohibition against putting up a clothesline
 - d. none of the above

6. Which is an example of a restrictive covenant.
 - a. an access road across the land of another
 - b. a hunting right
 - c. a prohibition against putting up a clothesline
 - d. none of the above

7. How may an easement be created.
 - a. express grant in a deed
 - b. express reservation in a deed
 - c. prescription
 - d. all of the above

8. A provision in a deed that provides that any house built on the property must contain 2,000 square feet of space or more is an example of:

- a. an easement
- b. a life estate
- c. a lease
- d. a restrictive covenant

9. Negligence is an issue when one property owner damages the undeveloped property of another by undermining it.

- a. True
- b. False

10. Adverse possession does not affect the ownership of property.

- a. True
- b. False

11. Which is not an element of adverse possession.

- a. exclusive
- b. hostile
- c. permissive
- d. duration for the statutory period

12. For the government to take private property without the consent of the owner the purpose must be public and compensation must be paid.

- a. True
- b. False

13. In North Carolina, CP&L may condemn private property.

- a. True
- b. False

14. The U.S. Constitution restricts governmental takings of private property?

- a. True
- b. False

15. The term "inverse condemnation" applies to all condemnation actions.
- a. True
 - b. False
16. The term "regulatory taking" applies only to physical invasions of private property.
- a. True
 - b. False
17. An owner of a life estate who discovers oil and pumps it commits:
- a. fraud
 - b. larceny
 - c. waste
 - d. no problem
18. Formerly personal property that has become real property by attachment to the land.
- a. easement
 - b. emblement
 - c. fixture
 - d. none of the above
19. A counteroffer not a revocation of an option.
- a. True
 - b. False
20. A deed must be delivered to be valid.
- a. True
 - b. False
21. Survivorship property may pass by will.
- a. True
 - b. False

22. Real property rights include:
- a. disposition
 - b. possession
 - c. use
 - d. all of the above
23. The owner of a vested future interest in real property can sell that interest.
- a. True
 - b. False
24. The owner of a vested future interest in real property can use that interest.
- a. True
 - b. False
25. The owner of a vested future interest in real property has no right to possess the property.
- a. True
 - b. False
26. Property owned as tenants in common carries a right of survivorship.
- a. True
 - b. False
27. Property owned as joint tenants in North Carolina carries a right of survivorship.
- a. True
 - b. False
28. Which is not a duty of a life tenant?
- a. make repairs
 - b. pay taxes
 - c. avoid waste
 - d. make improvements
29. Any group of people may hold property as tenants by the entireties.
- a. True
 - b. False

30. A creditor of both spouses may execute against property held as tenants by the entireties.

- a. True
- b. False

31. Trust property does not benefit the trustee.

- a. True
- b. False

32. Ownership of annual crops passes with the land.

- a. True
- b. False

33. An optionee is not bound to purchase the property subject to the option.

- a. True
- b. False

34. A counteroffer by the optionee negates the option.

- a. True
- b. False

35. An optionee has priority over subsequent purchasers if the option was recorded.

- a. True
- b. False

36. Since an option pertains to real property it is not necessary to satisfy all the elements of a contract.

- a. True
- b. False

37. If the optionee exercises the option the optionor is bound to sell the property to the optionee.

- a. True
- b. False

38. A preemptive right and a right of first refusal are synonyms.
- a. True
 - b. False
39. A preemptive right requires that the owner of the property sell the property at a specified price when the holder of the right exercises the preemptive right.
- a. True
 - b. False
40. The rule against perpetuities limits the time within which contingent interests in real property may vest.
- a. True
 - b. False
41. Which rule requires that contracts for the sale of real estate be in writing?
- a. statute of frauds
 - b. parol evidence rule
 - c. integration clause
 - d. none of the above
42. North Carolina state law requires that all real estate sales contracts follow a form specified by statute.
- a. True
 - b. False
43. The party seeking enforcement of a real estate sales contract need not have signed it.
- a. True
 - b. False
44. Remedies for breach of a real estate sales contract include:
- a. specific performance
 - b. rescission and restitution
 - c. damages
 - d. any of the above

45. A buyer of real property under a long-term sales contract receives the deed upon making the last payment,

- a. True
- b. False

46. All deeds require:

- a. competent grantor
- b. operative words of conveyance
- c. acceptance by the grantee
- d. all of the above

47. A person under the age of 18 cannot own real property in North Carolina.

- a. True
- b. False

48. A grantor under a warranty deed guarantees:

- a. that the grantor owns the property
- b. that title is free from encumbrances
- c. that grantor will defend the title
- d. all of the above

49. A two party security interest in real property:

- a. mortgage
- b. easement
- c. covenant
- d. deed of trust

50. A three party security interest in real property:

- a. mortgage
- b. easement
- c. covenant
- d. deed of trust

51. North Carolina is a lien theory state.

- a. True
- b. False

52. Causes all payments under a security agreement to become due and payable upon default:

- a. equity of redemption
- b. due on sale clause
- c. acceleration clause
- d. deficiency judgment

53. The right of the debtor to pay off the debt secured by a deed of trust:

- a. equity of redemption
- b. due on sale clause
- c. acceleration clause
- d. deficiency judgment

54. Causes all payments under a security agreement to become due and payable upon sale of the property:

- a. equity of redemption
- b. due on sale clause
- c. acceleration clause
- d. deficiency judgment

55. Methods of selling real property include:

- a. private agreement
- b. broker/agent
- c. auction
- d. all of the above

56. An abstract is a chronological arrangement of facts relevant to the title of a property.

- a. True
- b. False

57. A title acquired by adverse possession is merchantable.

- a. True
- b. False

58. A lease includes a contract between the landlord and the tenant.

- a. True
- b. False

59. All leases of real property are subject to the statute of frauds.

- a. True
- b. False

60. A tenant can obtain protection from subsequent purchasers of the property by making a filing with the register of deeds for the county where the property is located.

- a. True
- b. False

Name: _____

61. Explain the difference between a tenancy at will and a tenancy at sufferance. (3 points)

62. The right of a tenant or the holder of a life estate to use timber for repairs to the property or for fuel on the property is called _____.

63. Explain the difference between an assignment of a lease and a sublet. (3 points)

64. Explain the circumstance under which a landlord in North Carolina may use self-help to evict a tenant. (2 points)

65. Under which circumstances may a tenant remove fixtures at the end of a lease. (3 points)

66. List three duties that a landlord owes to a residential tenant. (1 point each)

67. List three duties that a residential tenant owes to a landlord. (1 point each)

68. List two advantages of bringing an action against a landlord under the NC Unfair Trade Practices Act. (1 point each)

Name: _____ Essay Question

Art purchased property from Angel in 1991. Angel conveyed the property by general warranty deed. Art purchased owners title insurance at that time. Unbeknownst to either Art or Angel, Angel's deed was a forgery. The original owner of the property, Mavis, has returned from years of traveling the world. She has filed an ejectment action, demanding that Art vacate the property.

Art leases a portion of the property, under a five-year written lease, to Celest who grows corn and marihuana on the land. Separately, Celest leases a house from Art under a month to month lease. Since the house is old, has no smoke detector, and fails to meet health codes, Art required Celest to sign a statement that she waived her rights under North Carolina law in return for which Art agreed to charge her no rent.

Art has explained all of the foregoing to you. Identify and discuss the relevant legal issues.