



REAL ESTATE LAW CERTIFICATION SAMPLE EXAMINATION QUESTIONS

INTRODUCTION

These sample examination questions that follow are not intended to be a formal guide from which to study for the examination, but is only provided to allow the examinee to see how the Real Estate Law Certification Committee structures the multiple choice, short and long essay questions, thereby alleviating any fear potential applicants may have regarding the examination.

The Committee wishes you luck and is hopeful you will make application to sit for the examination. If you have questions regarding the filing of the application, please do not hesitate to contact our Bar Staff Liaison, Emily Cole at ecole@floridabar.org or at (850) 561-5738.

SAMPLE MULTIPLE CHOICE QUESTIONS

1. Jack rents Apartment Z from Jill on a month-to-month tenancy. Pursuant to the written lease, Jack is required to pay rent on the first of each month. On November 16, 2005, Jill gives notice to Jack that he must vacate the apartment immediately. **Pursuant to Florida law, Jack's month-to-month tenancy expires at midnight on what date?**
- a. On November 30, 2005.
 - b. Within thirty (30) days of receiving written notice from Jill.
 - c. Within fifteen (15) days of receiving written notice from Jill.
 - d. On December 31, 2005.

Answer: d.

2. The closing of the sale of a multi-family apartment building located in Palm Beach County, Florida is scheduled for June 6, 2006. The Seller purchased the property for \$375,000.00. The current sales price is \$300,000.00 and the Seller's net sale proceeds will be \$75,000.00. The Seller is a single purpose Florida limited liability company (LLC) which has obtained a United States Federal Taxpayer Identification Number. There is only one member of the LLC, Bill Jones. Jones permanently resides in Venezuela, does not maintain a personal residence in the United States, and is not a United States citizen. The Buyer does not intend to reside in the property. **Which of the following statements is true with respect to the Buyer's obligation to withhold a portion of the Seller's sales price at closing?**

- a. The Buyer cannot withhold any portion of the Seller's net sales price unless the real estate contract authorizes the Buyer to do so.
- b. As long as the LLC furnishes the Buyer with a certificate of non-foreign status in the manner provided by the Internal Revenue Code and applicable Treasury Regulations, the Buyer cannot withhold any portion of the Seller's net sales price.
- c. Unless prior arrangements have been made with the IRS, the Buyer must withhold a portion of the Seller's sales price.
- d. Since the sales price is less than the purchase price the Seller paid for the property, the Buyer cannot withhold any portion of the Seller's net sales price.

Answer: c.

3. A mobile home park owner wishes to cease operating the mobile home park and change its use. Under current Florida law, **which of the following statements is true?**
- a. The park owner must provide all tenants with three (3) years' notice of its intent to cease operations, and petition the Division of Land Sales, Condominiums and Mobile Homes for a change in use.
 - b. The park owner may evict all of the tenants and close the park after six (6) months' notice to tenants.
 - c. The park owner may not close the park unless expressly provided for in the incorporating documents.
 - d. The residents can stop any change in use by a 75% vote of all affected properties.

Answer: b.

4. In 2015, John inherited his brother Tom's investment property and in 2019 he decided to sell the property. You are selected by John to handle the real estate closing for the investment property. A title search was completed, and it revealed that Tom purchased the investment property in 1998 and placed a mortgage on the property in 2002 in the amount of \$150,000 in favor of Orange Grove Bank. After conducting diligent research, you determine that Orange Grove Bank went out of business in 2009. After reviewing the mortgage, you determine that the final maturity date is not ascertainable. There are no other documents, on record, relating to the mortgage and John is unable to locate any documents relating to the mortgage.

Which of the following is CORRECT?

- a. The mortgage may be ignored because Orange Grove Bank is no longer in business.
- b. The mortgage may be ignored because it is barred by the applicable statute of limitations.
- c. The mortgage must be satisfied unless John is able to obtain a letter of indemnification from Tom's title insurer.
- d. The mortgage must be satisfied because the applicable statute of limitations has not yet expired.

Answer: d

5. Mutt and Jeff are neighbors. Mutt sues Jeff over a common boundary. **Which one of the following is true concerning the doctrine of boundary by acquiescence?**
- a. Actual lack of knowledge as to the true boundary on the part of both owners is a necessary element.
 - b. A necessary element is that one party must put up a fence on the true boundary.
 - c. The boundary can only be determined by a suit for ejectment.
 - d. The boundary can only be determined by a suit for quiet title.

Answer: a.

6. A deed to two persons describing them as husband and wife is executed, delivered, and recorded. In fact, they are not legally married to each other at the time of recordation of the deed. The parties were subsequently married. **What estate do they now hold?**
- a. A tenancy by the entirety.
 - b. A joint tenancy with right of survivorship.
 - c. A tenancy in common.
 - d. A partnership.

Answer: c.

7. Paul and Greg, both single men, acquired a condominium in Amelia Island as joint tenants with rights of survivorship. Sometime later Paul married Claire, they moved into the condominium and, as a first anniversary gift, Paul deeded his interest in the condominium to himself and Claire as husband and wife. Greg died the following year. Who owns the condominium?
- a. Paul, individually, as to a one-half interest, and one-half by Paul and Claire, as tenants by the entirety.
 - b. Paul and Claire, as tenants by the entirety.
 - c. Paul, individually, as to an undivided one-half interest, subject to a homestead interest in Claire, and one-half by Paul and Claire, as tenants by the entirety.
 - d. Greg's estate, as to an undivided one-half interest, and an undivided one-half interest by Paul and Claire, as tenants by the entirety.

Answer: d.

8. John and his wife, Mary, own a single-family residence located in Collier County, Florida, as tenants by the entirety, where they reside with their two (2) minor children. They also own a commercial building in Collier County, Florida, as tenants by the entirety, from which John operates his own moving business. A federal tax lien was recorded on July 30, 2012, for employment taxes assessed solely against John on November 15, 2011. Assuming no future filings of record regarding the tax lien, which of the following is correct?
- a. John and Mary may presently sell their homestead property without obtaining a release of the tax lien.
 - b. John and Mary may sell any of their real property without obtaining a release of the tax lien on December 16, 2021.
 - c. John and Mary may presently sell any of their real property held as tenants by the entirety without obtaining a release of the tax lien.
 - d. John and Mary may sell any of their real property without obtaining a release of the tax lien on July 31, 2021.

Answer: b.

9. Bank has a mortgage on a condominium unit in Alpha Condominium. The mortgage is in default. The Bank files an action for foreclosure and names the condominium association as a party defendant. The property is foreclosed and purchased by Sam Smith at the foreclosure sale. The condominium association sends Sam Smith a letter demanding payment of all of the unpaid assessments during the time the previous owner held title.

Which of the following is correct?

- a. All unpaid assessments were extinguished by the judgment.
- b. Sam Smith only owes six months of unpaid assessments.
- c. Sam Smith owes all of the unpaid assessments for as long as the previous owner held title.
- d. Sam Smith only owes unpaid assessments totaling 1% of the original mortgage debt.

Answer: c.

10. **Assuming a final judgment of foreclosure does not provide otherwise, when must a mortgagor or the holder of any subordinate interest exercise its right of redemption?**

- a. Any time before the filing of a certificate of sale by the clerk of the court.
- b. Any time before issuance of the certificate of title.
- c. At or prior to the entry of the final judgment of foreclosure.
- d. Within 10 days of the foreclosure sale.

Answer: a

SAMPLE ESSAYS

(ETHICS QUESTION.)

Adam is a local attorney who handles a variety of matters including some residential real estate closings. Last year he became a licensed real estate broker to help supplement his income. Adam added 'licensed real estate broker' to his lawyer business cards and hung a second sign on the door next to his law office sign that reads 'Adam & Zach Real Estate Brokers'. Zach dropped out of law school and is Adam's best friend who uses Adam's office during the week ends as a broker. Adam has a small office in a neighborhood shopping plaza which consists of two rooms: one room with a receptionist desk and his work desk and another room that is used as a conference room. The receptionist answers the phone as "Adam's Law Office". One day, Sally called Adam's office and met with him in his office to have him list her house for sale. During a subsequent meeting in Sally's house she tells Adam that she wants to sell the house as soon as possible because 'no one knows this but my aunt recently committed suicide in the house'. Adam takes the house listing and is not able to sell the house. After six months Sally decides to use a friend in the neighborhood to list her house instead of Adam. Two months later Beth meets Adam in his office and hires Adam to help her find a house. Adam and Beth review a listing sheet that includes Sally's house. Adam tells Beth not to bother looking at Sally's house because a suicide occurred there. Undeterred, Beth and Adam visit Sally's house and Beth asks Sally if she would accept half the listing price because of the suicide. Sally yells at Adam for telling her secret and tells him he is the worst lawyer she has ever met and is going to report him to the Florida Bar for ethics violations. **Please discuss the following potential ethics issues: (a) dual profession; (b) conflict of interest; and (c) confidentiality.**

(ETHICS QUESTION.)

Patty Paralegal works for Adam Attorney. Patty's neighbor, Sally Seller, is selling her home. Patty referred Sally to Adam. Adam agreed to represent Sally as her Attorney during the residential real estate closing. Adam pays a bonus to Patty for each client that she refers to Adam's law office. Adam has Patty prepare the closing documents for Sally's closing. Frank invites Adam to going fishing the same day as Sally's closing so Adam goes into the office the night before the closing and reviews the closing documents prepared by Patty. Adam makes some significant corrections to the closing statement and leaves it on Patty's desk. The next day Sally arrives at the real estate closing which is being handled by Patty. During the closing Sally has a question about a charge on the closing statement. Patty is not able to answer the question and tries to reach Adam by phone but he is not available. Sally says to Patty: "Where is Adam and why is he not here to answer my question?" **Please discuss the following potential ethics issues: (A) the bonus; (B) preparing the closing documents; and (C) attending the closing.**

HOMESTEAD QUESTION

A wife died testate on February 3, 2020 and was survived by her two adult children from a prior marriage, Son 1 and Son 2, her husband, and a daughter (minor).

The wife's estate plan gave her only asset, a 100-acre homestead property to Son 1 and specifically excluded her other family members. The property is located in Seminole County outside the city limits of Oviedo and although titled in the wife's name alone, was the home of her, her husband, and daughter. Her husband and daughter continue to reside on the property.

You have learned the following:

- On June 30, 2016, Bank obtained a \$500,000 judgment against the husband and wife.
- Husband and wife failed to maintain the property and as a result, Seminole County brought a code enforcement case, resulting in an Order imposing a code enforcement lien. The Order was recorded on July 1, 2019.
- The wife and a contractor entered into an agreement for the installation of an equestrian training facility on the property. Despite the timely filing of a notice of commencement 11 months ago and the completion of the project, the wife failed to pay the contractor's final invoice. As a result, the contractor filed and served a claim of lien for the \$102,000 that remains unpaid.
- Son 1 has an outstanding valid judgment of \$10,000 which was recorded in Seminole County 10 years ago, in favor of Lender 1.
- Son 2 has an outstanding valid judgment of \$200,000.00 which was recorded in Seminole County three years ago, in favor of Lender 2.

Your client, a developer, approaches you for advice on making an offer to purchase the property.

The developer expects to receive marketable title and to close as soon as possible.

In your response to the developer please discuss the following:

- 1. What is the status of title to the property?**
- 2. What is the status of the various judgments and liens?**
- 3. What needs to be done to prepare title for closing?**

TRANSACTION ANALYSIS QUESTION

A seller is a Florida LLC that owns a retail shopping center that is leased to multiple tenants. The seller has no other real estate. The shopping center is part of a master property owners' association that oversees several contiguous commercial centers pursuant to a declaration that, among other things, provides for cross access between them. The shopping center is encumbered by a mortgage loan with seven years remaining on the term and a remaining principal balance of \$5 million.

The seller wishes to sell the shopping center to a buyer for \$10 million. The buyer is interested in purchasing but would like to minimize any avoidable transaction costs and avoid any unnecessary risks from the transaction. The buyer will need an \$8 million mortgage loan to complete the purchase and has received a loan commitment for that amount from a traditional bank.

One month before closing, a roofer recorded a notice of commencement against the shopping center property, based on a partial roof replacement that the seller contracted for and was recently completed.

Based on these facts, please summarize and discuss:

- 1. What basic due diligence should the buyer and their lender require?**
- 2. Discuss the advantages, disadvantages, and transaction costs associated with potential purchase of an LLC membership interest to consummate the sale transaction, in comparison to a traditional land sale, and how those factors may be impacted by the way in which the transaction is structured.**
- 3. How will the notice of commencement need to be addressed in order to comply with the requirements of Florida statutes? What are those requirements?**
- 4. What closing documents should the buyer and their lender require?**