
Section I: Multiple Choice (1 point each) Choose the one best answer from the choices provided and place the letter corresponding to that answer in the space provided to the left of the question number.

- _____ 1. Earnest money
- a. is a portion of the purchase price of real estate that is paid when a real estate purchase contract is signed.
 - b. can only be collected when a real estate purchase is more than \$150,000.
 - c. may be refundable in certain circumstances.
 - d. Both "a" and "c" are true.
- _____ 2. During class we looked at two web sites that provide automobile values (NADA and Kelly Blue Book). We looked up the value of the same automobile on both sites. What did we learn?
- a. Both sites gave the same value to the automobile.
 - b. The sites gave different values to the automobiles.
 - c. The sites asked for different amounts of detail regarding the automobiles.
 - d. Both "b" and "c" are true.
- _____ 3. Private Mortgage Insurance
- a. protects the borrower in the event of default on a high loan-to-value mortgage loan.
 - b. is more commonly known as homeowner's insurance.
 - c. may be required when a borrower has less than a 20% down-payment on a home purchase.
 - d. Both "a" and "c" are true.
- _____ 4. Which legal document gives a lender their security interest in real estate?
- a. Mortgage.
 - b. Title opinion.
 - c. Deed.
 - d. Sales contract.
- _____ 5. What do "covenants" or "tenants" regarding a subdivision mean to a homeowner?
- a. They establish tax rates.
 - b. They establish restrictions for homeowners.
 - c. They establish property prices.
 - d. Covenants and tenants were shown to be unconstitutional and no longer apply to landowners.

Section II Short Answer/Essay Use the information provided to completely answer the following questions. Points as indicated.

1. Identify **and** describe 3 positive aspects of owning a home and 3 positive aspects of renting a home. **(12 points)**

2. Identify **and** describe three of the five types of dwellings **discussed in class.** (6 points)