

CHAPTER 1: THE CONCEPT OF PROPERTY RELATED TO WILLS, TRUSTS, AND ESTATE ADMINISTRATION

MATCHING

- a. chattel
- b. chose in action
- c. nonprobate property
- d. intestate succession statutes
- e. joint tenants
- f. partition
- g. community property
- h. commingling
- i. fee simple estate
- j. remainder
- k. digital assets

1. *The division of real property held by joint tenants or tenants in common into separate portions so that the individuals may hold the property in severalty*
2. *Two or more persons who own or hold equal, undivided interests in property with the right of survivorship*
3. *A future estate in real property that takes effect on the termination of a prior estate created by the same instrument at the same time*
4. *An estate in which the owner has an absolute, unqualified, and unlimited interest in real property*
5. *Real and personal property owned by the decedent at the time of death that cannot be transferred by will or inheritance*
6. *Combining community and separate property*
7. *State laws that provide for the descent and distribution of property to those whom a decedent would probably have chosen if the decedent had made a will*
8. *Any item of personal property*
9. *All property, other than that received by gift, will, or inheritance, acquired by either spouse during marriage that is considered to belong to both spouses equally*
10. *A right to bring a civil lawsuit to recover money damages or possession of personal property*
11. *Assets that are stored electronically*

1. ANS: F
2. ANS: E
3. ANS: J
4. ANS: I
5. ANS: C
6. ANS: H

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7. ANS: D
8. ANS: A
9. ANS: G
10. ANS: B.
11. ANS: K

TRUE/FALSE

1. Real property is property that is immovable, fixed, or permanent.
ANS: T
True
Correct. A house is an example of real property.
False
Incorrect. Land is an example of real property.
2. Real property can be tangible or intangible.
ANS: F
False
Correct. Personal property can be tangible or intangible.
True
Incorrect. Real property is always tangible.
3. A United States savings bond payable upon death to a named beneficiary is a form of probate property. ANS: F
False
Correct. A bond paid to a named beneficiary will not be subject to estate administration.
True
Incorrect. Probate property is subject to estate administration.
4. The law of property is mostly statutory.
ANS: T
True
Correct. State statutes dictate how property can be distributed when a person dies intestate.
False
Incorrect. States have the power to enact statutes that govern the passage of property upon death.
5. In order for a joint tenancy to be created, common law requires unity of time, unity of title, unity of interest, and unity of possession.
ANS: T
True
Correct. These are referred to as the “four unities.”
False
Incorrect. The phrase “to two or more persons as joint tenants” does not necessarily create a joint tenancy.
6. When a joint tenant dies, his or her share of the property transfers to his or her spouse, children, or other designated heir.
ANS: F
False
Correct. The decedent’s ownership rights transfer automatically to the other owners.
True
Incorrect. The other joint tenants assume ownership of the property.
7. While alive, each joint tenant has the right of severance.
ANS: T
True
Correct. When a joint tenant conveys his or her equal interest in the property, the joint tenancy is severed.
False
Incorrect. A transfer of interest by gift or sale while the owner is alive is the only way the joint tenancy can be severed.
8. Neither party in a tenancy by the entirety can sell, give away, or otherwise convey the property on his/her own.
ANS: T
True
Correct. This rule is a characteristic difference between this and other forms of joint tenancy.
False
Incorrect. A tenancy by the entirety is available only to a husband and wife.

9. Most states today still retain dower and curtesy.

ANS: F

False

Correct. Dower and curtesy tended to provide inadequate support for the surviving spouse.

True

Incorrect. Most states have replaced dower and curtesy with statutes establishing a surviving spouse's right to a share of the entire estate.

10. No notice to terminate is required for a tenancy for years.

ANS: T

True

Correct. A tenancy for years is a type of leasehold estate.

False

Incorrect. The tenancy is created and terminates under its own rules.

MULTIPLE CHOICE

1. Which is an example of real property?

- a. Crops cultivated for sale
- b. Automobile
- c. Apartment building
- d. Stocks and bonds

ANS: C

Crops cultivated for sale

Incorrect. Trees, grass, etc., are real property, but crops grown to be sold are not.

Apartment building

Correct. An apartment building is a permanent structure affixed to land.

Automobile

Incorrect. An automobile is not a fixture or piece of land.

Stocks and bonds

Incorrect. Stocks and bonds are personal property, not real property.

2. Which is NOT used to determine if personal property has been converted into a fixture?

- a. Conveyance
- b. Annexation
- c. Adaptation
- d. Intention

ANS: A

Conveyance

Correct. Conveyance is a transfer of property by deed or will from one person to another.

Annexation

Incorrect. Annexation refers to personal property that has been affixed to the real property.

Adaptation

Incorrect. Adaptation refers to personal property that has been adapted to the use or purpose of the real estate.

Intention

Incorrect. Intention is generally the controlling test that determines the existence of a fixture.

3. A dishwasher is an example of a/an:

- a. Agricultural fixture
- b. Domestic fixture
- c. Trade fixture
- d. Commercial fixture

ANS: B

Domestic fixture

Correct. A tenant might install a dishwasher for personal use.

Agricultural fixture

Incorrect. A dishwasher cannot be used for growing crops or raising livestock.

Trade fixture

Incorrect. A dishwasher is unlikely to be used for trade or business.

Commercial fixture

Incorrect. Trade fixtures are fixtures that relate to business.

4. Which is an example of tangible personal property?

- a. Stamp collection
- b. Cash
- c. Trademark
- d. Government bond

ANS: A

Stamp collection

Correct. A stamp collection physically exists, can be touched, and is movable.

Cash

Incorrect. The paper represents the right to receive property worth a certain dollar amount.

Trademark

Incorrect. Trademarks are intangible forms of personal property.

Government bond

Incorrect. Neither government nor corporate bonds are considered tangible.

5. Which is (are) an example(s) of intangible personal property?

- a. Online blog
- b. Cash
- c. Bitcoins
- d. All of the above

ANS: D

All of the above

Correct: All are intangible forms of personal property.

6. Which is an example of probate property?

- a. Annuity contracts with a named beneficiary
- b. Property owned in tenancy
- c. Money placed in a bank account as a Totten trust
- d. Gain from the sale of a business

ANS: D

Gain from the sale of a business

Correct. Gain from the sale of a business is an example of probate property.

Annuity contracts with a named beneficiary

Incorrect. Such annuity contracts are probate property if the estate is named instead of a beneficiary.

Property owned in tenancy

Incorrect. Such property is nonprobate property.

Money placed in a bank account as a Totten trust

Incorrect. A Totten trust is a deposit made in a person's name as a trustee for another person.

7. Which is an advantage of joint tenancy?

- a. The person who creates the joint tenancy has complete control over the property.
- b. Joint tenancy avoids probate.
- c. All joint tenants must agree before the joint tenancy can be terminated.
- d. The surviving recipient of the property previously held in joint tenancy is always the intended beneficiary.

ANS: B

Joint tenancy avoids probate.

Correct. No corresponding expenses are required for the surviving joint tenant to acquire title.

The person who creates the joint tenancy has complete control over the property.

Incorrect. Joint tenancy means that two or more people have control over the property.

All joint tenants must agree before the joint tenancy can be terminated.

Incorrect. Any individual tenant can terminate the tenancy.

The surviving recipient of the property previously held in joint tenancy is always the intended beneficiary.

Incorrect. The recipient might not be the intended beneficiary.

8. Which is NOT an example of community property?

- a. Property owned by the spouses in partnerships
- b. Property obtained from community property income during the marriage
- c. Income earned or acquired during the marriage by either spouse's employment
- d. Inheritance to a single spouse during the marriage

ANS: D

Inheritance to a single spouse during the marriage

Correct. Such inheritances are excluded from community property.

Property owned by the spouses in partnerships

Incorrect. The same is true of property owned by spouses in stocks and bonds.

Property obtained from community property income during the marriage

Incorrect. Such property is considered community property.

Income earned or acquired during the marriage by either spouse's employment

Incorrect. Such income is used to benefit both parties.

9. Which is a characteristic of a life estate?

a. A life estate may not last for the lifetime of the original owner.

b. A life estate cannot be created by deed.

c. Life tenants while living may convey their interest in the property by sale or gift to a third person.

d. A life estate can be transferred by will.

ANS: C

Life tenants while living may convey their interest in the property by sale or gift to a third person.

Correct. A life estate may also last for the lifetime of the estate *pur autre vie*.

A life estate may not last for the lifetime of the original owner.

Incorrect. A life estate may last for the lifetime of the person who conveys the estate.

A life estate cannot be created by deed.

Incorrect. A life estate can be created by deed or will.

A life estate can be transferred by will.

Incorrect. A fee simple estate can be transferred this way, but a life estate cannot.

10. Which does NOT apply when a life estate is created and a reversion is retained?

a. The grantee is the only person entitled to a reversion.

b. The real property that reverts does not go through the probate process of the life tenant's estate.

c. The grantor can transfer the reversion by deed or will.

d. The reversion is not lost if the grantor dies before the grantee.

ANS: A

The grantee is the only person entitled to a reversion.

Correct. The grantor is the only person entitled to a reversion.

The real property that reverts does not go through the probate process of the life tenant's estate.

Incorrect. This property is also not subject to taxes or creditors' claims.

The grantor can transfer the reversion by deed or will.

Incorrect. However, the grantor must be alive to do this.

The reversion is not lost if the grantor dies before the grantee.

Incorrect. The right to the reversion can be transferred by the grantor's will to beneficiaries.

11. The few states that retain dower and curtesy agree on all of the following EXCEPT:

a. Dower and curtesy rights can be released by spouses upon verbal agreement.

b. Dower and curtesy occur only upon the death of a spouse.

c. Dower and curtesy apply even if the decedent died testate.

d. Dower and curtesy are exempt from the claims of creditors of the decedent spouse.

ANS: A

Dower and curtesy rights can be released by spouses upon verbal agreement.

Correct. Dower and curtesy rights can be released by spouses only by written agreement.

Dower and curtesy occur only upon the death of a spouse.

Incorrect. Dower and curtesy do not apply in cases of divorce or separation.

Dower and curtesy apply even if the decedent died testate.

Incorrect. The surviving spouse cannot be disinherited.

Dower and curtesy are exempt from the claims of creditors of the decedent spouse.

Incorrect. The only exceptions are for liens and encumbrances.