REAL ESTATE PRINCIPLES

3. Imaginary lines called range lines run north and south parallel to a meridian at six-mile intervals. __________ lines run east and west parallel to the base line at six-mile intervals. The area enclosed by range and township lines is a township.

4. Each township is six miles by six miles, or __________ square miles. Townships are located by two identifying numbers, depending upon the number of __________ north or south of the base line, and the number of ranges __________ or __________ of the meridian.

5. There are 36 sections in a township and each section is one mile square.

6. There are approximately 640 acres in each section and each acre contains 43,560 square feet.

7. A half section contains __________ acres, while a quarter section contains __________ acres.

F. ESTATES

Estates in real property fall into two major categories, freehold and less-than-freehold estates.

A. Freehold estates are estates of __________.

1. Estates in fee simple
   a. A fee simple __________ is the most ownership a person can have in a piece of property. There are no private conditions or limitations on the title.
   b. A fee simple __________ is subject to private conditions or limitations.

2. A life estate title is a freehold estate held for the life of the holder of the estate or some other named person or persons.
   a. For example, A deeds a life estate to B for B's life. When B dies, the title goes back to A. A holds a __________ in a life estate.
   b. In another situation, A deeds a life estate to B. When B dies, the property passes to C. C has a __________.
   c. A lives on the property but deeds the title to B, with a proviso that, when A dies, C can move in the property. A has an estate in reservation.

B. Less-than-freehold estates refer to a person's interest in property as a tenant.

1. __________, has a fixed term.

2. The estate from __________ is renewed automatically and is known as a periodic tenancy, or rental agreement.

3. The estate at will is not used in California.

4. The estate at sufferance is created when the tenant remains on the property after the __________ of the lease.

II. METHODS OF HOLDING TITLE

Title to real estate may be held individually or with others.

REAL ESTATE PRINCIPLES

Chapter TWO
Legal Descriptions and Methods of Holding Title

PERFORMANCE OBJECTIVES

After completing this chapter you will be able to:

1. List the three major methods used to legally describe and locate land.
2. Find parcel of land using each of the three location methods and be able to calculate average.
3. Determine the differences between freehold and less-than-freehold estates.
4. Outline five methods of acquiring title to real estate.

I. LAND DESCRIPTIONS

A. Every parcel of land is unique and separate from all other parcels. Land descriptions are used and are necessary in order to:

1. Specifically identify and locate a particular parcel of real property ownership.
2. Avoid and minimize disputes between adjoining landowners.

B. The three legal methods of land description are:

1. Lot, block, and _____ system.

2. Metes and _____ system.

3. The U.S. Government _____ system or the section and township system.

C. Lot, block, and tract system.

1. A large parcel of land is subdivided into smaller parcels, as shown on a subdivision map, also called a plat map.

2. Upon approval, subdivision is filed with the local county recorder.

3. A parcel is described and referred to by the number of the lot, the block, and the tract.

D. Metes and Bounds System

1. Metes and bounds simply refers to measurements and ________.

2. To measure the boundaries of a parcel of property, you start at a designated point of beginning (p.o.b.) and follow a direction and distance from one point to the next, always returning to the p.o.b., closing boundary lines.

E. U.S. Government Survey or Section and Township System

1. A township (consisting of 36 sq miles) is described by its distance from an imaginary line running east and west called a _____ and an imaginary line running north and south called a meridian.______

2. Because of its unusual shape, the State of California has three principal base lines and meridians.

a. ________ base line and meridian is located in Northwestern California.

b. ________ base line and meridian is located in Central California.

c. ________ base line and meridian is located in Southern California.
REAL ESTATE PRINCIPLES

4. Community property
   a. Property acquired by a husband and wife after marriage that does not qualify as separate property is __________ property.
   (1). All property owned by either spouse before marriage is __________
   (2). All property acquired by either spouse __________
   (3). All proceeds and profits of separate property remain separate.
   (4). If separate property is commingled with community property, it may become community property.
   b. In the absence of an agreement for a right of survivorship, either spouse can will his or her half of community property.
   c. Each spouse has equal __________, and control rights in community property.

5. Effective 7/1/01 husband and wife are allowed to hold title as "community property with right of survivorship"

<table>
<thead>
<tr>
<th>Tenancy in Common</th>
<th>Joint Tenancy</th>
<th>Community Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who can hold Title?</td>
<td>Any two or more including married couples</td>
<td>Any two or more including married couples</td>
</tr>
<tr>
<td>Ownership Interest</td>
<td>Can be equal or unequal interest</td>
<td>All shares must be equal</td>
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<tr>
<td>Upon Death</td>
<td>Probate usually required</td>
<td>No probate is required</td>
</tr>
<tr>
<td>Disposition of title</td>
<td>Other's permission not required to convey</td>
<td>Other's permission not required to convey</td>
</tr>
</tbody>
</table>

REAL ESTATE PRINCIPLES

A. When a person receives real property individually and retains title solely in his or her name, it is called ownership in __________. The owner "sweeps" his relationship with others.
B. Concurrent ownership in co-ownership and includes the methods listed below.
   1. Joint tenancy
      a. This form of tenancy carries the right of __________
      b. A joint tenant's interest cannot be transferred by __________
      c. Each joint tenant's interest in the property is indivisible.
      d. A decedent's interest goes to the surviving co-owner(s) by right of survivorship.
      e. A ____________ may sell or lease his or her interest without the approval of the other joint tenants. But in doing so the new co-owner remaining becomes a tenant in common with the joint tenant(s).
   f. Surviving joint tenants acquire the interest of the deceased joint tenant (s) by the right if survivorship free of the __________ created individually by the deceased joint tenant (s).
   g. A corporation is not allowed to hold title as joint tenancy.
   h. A joint tenancy is created only if the four unities exist:
      1. unity of __________, all owners must have acquired their interest at the same time.
      2. unity of title, all owners must come into title through the same
      3. unity of interest, all owners must own equal shares or interests—there can be no disproportional interests.
      4. unity of possession—all owners must have an equal right of __________.
   2. Tenancy in common
      a. There is no right of __________
      b. Property transferred at death usually involves probate.
      c. There can be __________ ownership among tenants in common. If, for example, A, B, C, and D hold title as tenants in common.
         A. could own a one-half interest
         B. could own a one-fourth interest
         C. could own a one-eighth interest, and
         D. could own a one-eighth interest.
   3. A tenancy in partnership is formed when two or more persons combine their interests and efforts in a common business venture, and hold title in the name of the partnership (not as individuals).
      a. Each partner has __________ for partnership purposes.
      b. In a general partnership, each partner is jointly and severally responsible for the debts of the partnership.
      c. In a __________ partnership each member is only responsible for the debts up to his/her contribution to the partnership.

CHAPTER TWO QUIZ

1. Under the U.S. Government Survey System, which lines run parallel to the principal base line?
   (a) township line (b) meridian line (c) range line (d) survey line
2. How many square feet in an acre?
   (a) 5,280 (b) 14,970 (c) 43,560 (d) 75,436
3. California has how many principal base and meridians?
   (a) 1 (b) 2 (c) 3 (d) 4

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15. A type of partnership where a person is only liable for the amount of his or her investment.
   (a) tenancy in partnership  (b) tenancy in common
   (c) community property  (d) limited partnership

16. Under the United States Government Survey system a property containing this description includes how many acres? "The S 1/2 of the SE 1/4 of Section 12 and the NE 1/4 of Section 23 and the SW 1/4 of the NW 1/4 of Section 21":
   (a) 160 acres  (b) 200 acres  (c) 280 acres  (d) 220 acres

17. A, B, C and D own the NW quarter of Section 5, as tenants in common. D sells his or her interest to E.
   (a) A, B, C and E are joint tenants
   (b) E owns 10 acres
   (c) D owns a fractional interest in 40 acres
   (d) Upon A, B, C or E's death no probate will be required

18. A and B are husband and wife. A's parents died and left A real estate. The real estate is:
   (a) automatically community property  (b) joint tenancy property
   (c) separate property, if not community property  (d) partnership property

19. A corporation is not allowed to hold title as:
   (a) a general partnership  (b) tenants in common
   (c) joint tenancy  (d) a limited partner

20. Effective 7/1/01 husband and wife are allowed to hold title as community property, with the right of survivorship. This means:
   (a) each spouse can will the property to anyone they choose
   (b) upon the death of one spouse, title must be probated
   (c) upon the death of one spouse, title passes to the surviving spouse
   (d) a higher income tax liability if the surviving spouse sells the property

4. Legal descriptions that refer to specific parcels in a recorded subdivision map are called:
   (a) metes and bounds system  (b) U.S. Government survey system
   (c) lot, block, tract system  (d) map system

5. A township contains:
   (a) 15 sections  (b) 24 sections  (c) 30 sections  (d) 36 sections

6. The highest form of ownership is:
   (a) fee simple absolute  (b) fee simple defeasible
   (c) life in fee simple  (d) fee for years

7. A month-to-month rental agreement is normally considered an estate:
   (a) for years  (b) at will  (c) from period to period  (d) at will

8. Gonzalez deeds to Nye for the life of Washington. Upon Washington's death title passes to Schmidt. This life estate is a:
   (a) remainder  (b) reversion  (c) remainder in fee simple  (d) reversion

9. Title is held as "Jane Doe, a married woman." Jane Doe holds title:
   (a) as joint tenants  (b) in tenancy by the entirety  (c) separately  (d) in co-ownership

10. A metes and bounds description requires:
    (a) a point of beginning  (b) a line of direction from one point to another
    (c) a return to the point of beginning  (d) all of the above

11. Which of the following is not a unity of joint tenancy?
    (a) interest  (b) unequal shares  (c) time  (d) title

12. Chin and Williams hold title as joint tenants. Williams drafts a will leaving her share of the joint tenancy to Khan. Upon Williams' death title is to pass to:
    (a) Khan  (b) Chin  (c) Khan and Williams  (d) none of the above

13. Which method of holding title normally requires a probate upon the death of one owner?
    (a) joint tenancy  (b) tenancy in common
    (c) community property with the right of survivorship  (d) tenancy for years

14. If A, B, and C hold title with unequal shares, their ownership cannot be as:
    (a) joint tenants  (b) general partners  (c) limited partners  (d) tenants in common