

The following suggested study topics have been prepared by the Limited Practice Board.

Since the successful examinee will be engaged in the limited practice of law under Rule 12 of the Admission and Practice Rules (APR), it is considered that a general basic knowledge of the nature of real and personal property, basic contract law, laws concerning conveyance and transfer of property title, a thorough knowledge of APR 12, and other related subjects is necessary for success and accuracy. Study and review of these subjects should enable you to fully prepare for the examination.

The exam is four hours long. There are three sections. In order to pass the exam, you must receive a score of 75% or higher on each section. A failing grade in one section results in failure of the entirety of the exam in which case grading of any remaining sections is not completed. Multiple choice is the first section graded, followed by the essay section and then the problem section. The sections are described below:

1. Multiple-Choice Section: Fifty (50) objective multiple-choice questions.
2. Essay Section: Between one and five essay questions.
3. Problem Section: A problem to complete in which the examinee will prepare the documents necessary for the proper closing of a real estate transaction. The examinee, after studying the problem will select those documents needed, and complete them properly.

Upon completion of study, you should be able to:

1. State the purpose and demonstrate a thorough understanding of the Limited Practice Officer Rules of Professional Conduct (LPORPC).
2. Demonstrate the ability to select and complete the proper legal instruments when given a particular Purchase and Sale Agreement and Preliminary Commitment for Title Insurance.



3. Know how to complete the forms approved by the Limited Practice Board for LPO use, which are also listed on the LPO Forms webpage, with primary focus on forms that fall within the sections below:
  - a. Section 2 - Escrow Documentation
  - b. Section 3 – UCC Forms
  - c. Section 4 -
    - i. Excise Tax Affidavit Forms
    - ii. Department of Licensing Forms
    - iii. Auditor’s Cover Sheet
    - iv. Internally Approved Security Agreement Forms
    - v. Consumer Use Tax Return, from the Department of Revenue
4. State the purpose and demonstrate an understanding of APR 12.
5. Describe the composition and functions of the Limited Practice Board. See APR 12.
6. Summarize what the Limited Practice Officer is authorized to do under APR 12, the Limited Practice Rule.
7. List the categories of documents the LPO is authorized to prepare under APR 12(d).
8. Describe the following as provided in APR 12(e):
  - a. the conditions under which the LPO is authorized to render LPO services.
  - b. the information that needs to be disclosed by the LPO rendering LPO services to the clients and parties incident to a transaction.
9. Enumerate LPO continuing license requirements. See APR 12(f).
10. Describe the methods of complying with the financial responsibility requirement and explain the major limitations of each type of coverage (e.g., “course and scope of employment”). APR 12(f).
11. Explain the significance of “standard of care” and describe the standard of care of an LPO. APR 12(g).
12. Understand the potential liabilities in the event you commit negligence which causes a loss, including your liability to a client, your employer’s liability to a client, your liability to your employer, your spouse’s liability, etc.
13. List the basic rights inherent in a freehold estate.



14. Describe the characteristics of each of the following estates in land:
- a. Fee simple absolute
  - b. Fee simple defeasible
    - (1) fee simple determinable
    - (2) subject to a condition subsequent
  - c. Life estate
    - (1) with reversion right
    - (2) with remainder rights
  - d. Future interests
15. When given the title of a person or institution holding title to property for the benefit of others, be able to describe the function, duties and powers of:
- a. A personal representative (sometimes known as executor, executrix, administrator or administratrix)
  - b. A trustee
  - c. A guardian
  - d. A receiver
  - e. A custodian
16. Illustrate the phrasing used in the grantor clause of a deed for each of the foregoing
- a. A personal representative (sometimes known as executor, executrix, administrator or administratrix)
  - b. A trustee
  - c. A guardian
  - d. A receiver
  - e. A custodian
17. Recite the four factors inherent in a joint tenancy ownership of land.
18. Prepare a deed that establishes a joint tenancy ownership.
19. Describe how a tenancy in common is established in Washington.
20. Define and describe the facets of a tenancy in common and be able to give examples.
21. Prepare a grantee clause for a deed transferring title to tenants in common.
22. State how community and separate property ownership is recognized in preparing deeds, and recite the definitions of “community property” and “separate property.”
23. Name the types of partnerships that may hold interests in real property and describe the requirements for each as to authority to execute real property instruments.
24. Name the type of ownership interest that may be held in a cooperative apartment.



25. Name and describe the kinds of trusts that may hold land ownership.
26. Describe the possible interests and/or rights held by a lessee and how they affect the transferability of a parcel of land.
27. Describe the requirements for valid corporate and individual notary acknowledgments.
28. Name the various legal entities that can hold title to real and personal property and develop appropriate grantor/grantee clauses, signature blocks, and notary acknowledgments for each entity.
29. Define the requirements of “legal competency” for the execution of valid legal instruments.
30. Define power of attorney and give examples of its use.
31. Describe the required elements of a negotiable note.
32. Describe the following note clauses and be prepared to give an example in writing:
  - a. Accounting clause
  - b. Acceleration clause
  - c. Recital of security
  - d. Due on sale clause
  - e. Penalty interest and late charges
33. Know and be able to describe the ways in which notes are secured and released by different security instruments on both real and personal property.
34. Describe the effect of the various types of assignments of the Payee’s interest in a promissory note, e.g., with and without recourse.
35. Understand provisions of Washington usury laws and how to deal with potentially usurious transactions.
36. Understand “negative amortization” and describe special considerations that should be included in such a promissory note.
37. Describe the differences between a deed of trust, a mortgage, and a real estate contract.
38. Understand when a rider for a note or deed of trust may be required by the lender to modify the original terms and conditions of the pre-recorded master form deed of trust or pre-printed forms of the secondary mortgage market.
39. Describe how the trustee of a deed of trust is named and the role the trustee has in relation to the foreclosure of the grantor’s rights in the real property.
40. Describe the significance of the practice that the date of the note and the stated date of the note in the security instrument be the same.



41. Describe the reasons for the use of the following additional clauses in a real estate transaction:
  - a. Deed release provision
  - b. Prepayment penalty
  - c. Accelerated interest rate in the event of default
  - d. Reimbursement of taxes and insurance payments advanced by the seller or the lender for the seller
  - e. Deed release with subordination agreement
42. Understand the features of Federal Housing Administration (FHA), Veterans Affairs (VA) and conventional loans.
43. Describe the ways in which the purchaser's and/or seller's interest in a real estate contract can be used as security for a debt.
44. Define the limitations of the warranty that is given by the grantor of a deed given in fulfillment of a real estate contract.
45. Know how to assign a seller's interest or a purchaser's interest in a real estate contract for security purposes.
46. Know how to assign a seller's interest or a purchaser's interest in a real estate contract for other than security purposes.
47. Describe and understand the statute of frauds.
48. Understand the differences between an option to purchase and a purchase and sale agreement.
49. Identify by name and know how to complete a Statutory Warranty Deed, Bargain and Sale Deed, Quitclaim Deed, and Personal Representative Deed.
50. List the three statutory warranties for a Statutory Warranty Deed.
51. Provide the statutory words of conveyance for, and understand the differences between: Quitclaim Deeds, Statutory Warranty Deeds, Personal Representative Deed, and Bargain and Sale Deeds.
52. Enumerate the eight elements that must be present for a valid conveyance by deed.
53. Describe the different forms of consideration recitals and indicate when each is appropriate.
54. Know when and what documents are used to convey and/or release an interest (full or partial) in real and/or personal property (the latter which includes manufactured/mobile homes): Quit Claim Deed (to release interest/clear title/release security), Release of Lien, Satisfaction of Mortgage, Satisfaction of Judgment, Assignment or Reconveyance of Deed of Trust and UCC Termination.
55. List the basic types of legal descriptions.



56. Understand the definition and purpose of title insurance.
57. Understand the purpose of the TILA-RESPA Integrated Disclosures (TRID) rules, Consumer Financial Protection Bureau (CFPB), Real Estate Settlement Procedures Act (RESPA) and Truth in Lending (Regulation Z).
58. Define “covenant” and describe, with examples, the effects if placed on a parcel of land.
59. Recognize and understand a deed that includes covenants that “run with the land.”
60. Define an easement and describe:
  - a. Dominant estate/benefited estate
  - b. Servient estate/burdened estate
61. Define the term “encumbrances.”
62. Define the word “restrictions” as used in connection with land ownership and usage.
63. Describe the effects of restrictions placed on a parcel of land and be able to give examples.
64. Recognize and understand a deed that includes restrictions on the use of the land.
65. Define the word “reservation” as used when a property is being transferred.
66. Recognize and understand a deed that includes a reservation in favor of the grantor.
67. Define the term “mineral rights” and list some of the types of minerals to which these rights may apply.
68. Define the terms "riparian rights", "navigable waters", "accretion", "avulsion", "first class tidelands" and "second class tidelands". Be able to describe how these terms may affect ownership of property located on or near water.
69. Define the term “lien” and describe various types of liens and how they may affect the transferability of a property.
70. Prepare deeds dealing with various types of liens not satisfied at closing, such as mortgages, deeds of trust, assessments, etc.
71. Understand the uses and differences of financing statements under the Uniform Commercial Code (UCC).
72. Describe the difference between an easement and a license concerning the use of another’s land.
73. Give examples of at least five types of common license usage of land belonging to others.
74. Name and describe at least seven uses of easements.



75. Define “property,” “real property,” and “personal property,” and give examples of each definition.
76. Understand the differences between real and personal property in relation to standing and/or down timber.
77. Outline the process of determining crop ownership and rights when unharvested crops are involved in a real property transaction.
78. Define “fixture” and “trade fixture” and describe how each is transferred in connection with a real property transaction.
79. Name the law that provides for condominium development and state how condominium ownership may be held and transferred.
80. Understand and describe the effects on property transfer of the following regulations: taxation, subdividing, Shoreline, and Foreign Investment in Real Property Transfer Act (FIRPTA) requirements.
81. Determine the necessity for an excise tax affidavit and excise tax liability for all types of transactions by reference to appropriate statutes and regulations.

