

**LIMITED PRACTICE OFFICER EXAM**  
**SUGGESTED STUDY TOPICS**  
**REVISED JULY 2009**

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

Since the successful LPO exam applicant will be engaged in the limited practice of law under Washington Supreme Court Admission and Practice Rule (APR) 12, 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 Washington Supreme Court APR 12, and other related subjects is necessary for success and accuracy. Study and review of these objectives should enable you to fully prepare for the LPO exam.

The LPO exam is four hours long. There are three sections. In order to pass the LPO exam, you must receive a score of 75% or higher on each section. The sections are:

1. Fifty (50) objective questions which may include multiple choice, true or false, matching or fill-in-the blank types of questions.
2. Between one and five essay questions.
3. A problem to complete in which the LPO exam applicant will prepare the documents necessary for the proper closing of a real estate transaction. The LPO exam applicant, after studying the problem will select those documents needed, and complete them properly.

Upon completion of study, you should be able to:

1. Define “property,” “real property,” and “personal property,” and give examples of each definition.
2. List the basic rights inherent in a freehold estate.
3. 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
4. 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



5. Illustrate the phrasing used in the grantor clause of a deed for each of the foregoing (see question 4)
6. Name the various legal entities that can hold title to real property which are recognized in Washington and be able to illustrate a grantee/grantor clause for each.
  - a. Write the format by which a corporation may transfer property.
  - b. Prepare a grantor clause and a signature block for a deed by which a corporation would transfer property.
7. Recite the four factors inherent in a joint tenancy ownership of land.
8. Prepare a deed that establishes a joint tenancy ownership.
9. Describe how a tenancy in common is established in Washington.
10. Define and describe the facets of a tenancy in common and be able to give examples.
11. Prepare a grantee clause for a deed transferring title to tenants in common.
12. State how community and separate property ownership is recognized in preparing deeds, and recite the definitions of "community property" and "separate property."
13. 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.
14. Name the law that provides for condominium development and state how condominium ownership may be held and transferred.
15. Name the type of ownership interest that may be held in a cooperative apartment.
16. Name and describe the kinds of trusts that may hold land ownership.
17. Define an easement and describe:
  - a. Dominant estate/benefited estate
  - b. Servient estate/burdened estate
18. Name and describe at least seven uses of easements.
19. Define the term "encumbrances."
20. Describe the difference between an easement and a license concerning the use of another's land.
21. Give examples of at least five types of common license usage of land belonging to others.
22. Define "covenant" and describe, with examples, the effects if placed on a parcel of land.
23. Prepare a deed that includes covenants that "run with the land."
24. Define the word "restrictions" as used in connection with land ownership and usage.
25. Describe the effects of restrictions placed on a parcel of land and be able to give examples.
26. Prepare a deed that includes restrictions on the use of the land.
27. Define the word "reservation" as used when a property is being transferred.
28. Prepare a deed that includes a reservation in favor of the grantor.
29. Define the term "mineral rights" and list some of the types of minerals to which these rights may apply.

30. Understand the differences between real and personal property in relation to standing and/or down timber.
31. Outline the process of determining crop ownership and rights when unharvested crops are involved in a real property transaction.
32. 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.
33. Define the term "lien" and describe various types of liens and how they may affect the transferability of a property.
34. Prepare deeds dealing with various types of liens not satisfied at closing, such as mortgages, deeds of trust, assessments, etc.
35. Define "fixture" and "trade fixture" and describe how each is transferred in connection with a real property transaction.
36. Describe the possible interests and/or rights held by a lessee and how they affect the transferability of a parcel of land.
37. Understand and describe the effects on property transfer of the following regulations: taxation, subdividing, Shoreline, (Foreign Investment in Real Property Transfer Act (FIRPTA)).
38. Determine the necessity for an excise tax affidavit and excise tax liability for all types of transactions by reference to appropriate statutes and regulations.
39. Demonstrate the following: the ability to select and complete the proper legal instruments when given a particular Purchase and Sale Agreement and Preliminary Commitment for Title Insurance.
40. State the purpose and demonstrate an understanding of Washington Supreme Court APR 12, and the rules adopted by the Board pursuant to the rule.
41. Describe the composition and functions of the Limited Practice Board.
42. Recite certification requirements for the Limited Practice Officer.
43. Summarize what the Limited Practice Officer is authorized to do under Washington Supreme Court APR 12 and the Limited Practice Rule.
44. List the categories of documents the LPO is authorized to prepare.
45. Describe:
  - 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.
46. Enumerate continuing certification requirements.
47. Name the three types of deeds used in Washington State.
  - a. Statutory Warranty Deed
  - b. Bargain and Sale Deed
  - c. Quitclaim Deed
48. List the three statutory warranties for a Statutory Warranty Deed.

49. Provide the statutory words of conveyance for, and understand the differences between: Quitclaim Deeds, Statutory Warranty Deeds, and Bargain and Sale Deeds.
50. Describe and understand the statute of frauds.
51. Enumerate the eight elements that must be present for a valid conveyance by deed.
52. Describe the different forms of consideration recitals and indicate when each is appropriate.
53. List the basic types of legal descriptions.
54. Describe the requirements for valid corporate and individual notary acknowledgments.
55. Discern the entities involved in the execution of documents and develop appropriate grantor/grantee clauses, signature blocks and notary acknowledgments.
56. Define the requirements of "legal competency" for the execution of valid legal instruments.
57. Describe the required elements of a negotiable note.
58. 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
59. 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.
60. Describe the effect of the various types of assignments of the Payee's interest in a promissory note, e.g., with and without recourse.
61. Understand provisions of Washington usury laws and how to deal with potentially usurious transactions.
62. Understand "negative amortization" and describe special considerations that should be included in such a promissory note.
63. Describe the differences between a deed of trust, a mortgage, and a real estate contract.
64. 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.
65. 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.
66. 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.
67. 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

68. 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.
69. Define the limitations of the warranty that is given by the grantor of a deed given in fulfillment of a real estate contract.
70. Know how to assign a seller's interest or a purchaser's interest in a real estate contract for security purposes.
71. Know how to assign a seller's interest or a purchaser's interest in a real estate contract for other than security purposes.
72. Know when and what documents are used to convey and/or release an interest (full or partial) in real and/or personal property: 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.
73. Explain the significance of "standard of care" and describe the standard of care of an LPO. Washington Supreme Court APR 12(g)(5) and Comment 2.
74. 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"). Washington Supreme Court APR 12(f)(2).
75. 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.
76. Define power of attorney and give examples of its use.
77. Understand the uses and differences of financing statements under the Uniform Commercial Code.
78. Understand the differences between an option to purchase and a purchase and sale agreement.
79. Understand the purpose of RESPA and Truth in Lending
80. Understand the definition and purpose of title insurance.
81. Understand the features of FHA, VA and conventional loans.
82. State the purpose and demonstrate an understanding of the Limited Practice Officer Rules of Professional Conduct (LPORPC).