

Module Nineteen – Recording Acts

Question 40. Able grants a mortgage to Bacchus for KrostAcre in the amount of \$90,000. A month later Able grants a mortgage to Cane for KrostAcre in the amount of \$80,000, and Cane knows nothing about the mortgage to Bacchus. Bacchus records a month after that. Then, after another month passes, Cane records. Eventually Able stops paying both loans secured by the two mortgages. The foreclosure on KrostAcre yields \$120,000. Choose the most correct answer selection.

- a.* In a notice jurisdiction, Cane’s mortgage has first priority.
- b.* In a race-notice jurisdiction, Bacchus’s mortgage has first priority.
- c.* In a race jurisdiction, Bacchus’s mortgage has first priority.
- d.* If instead of lacking knowledge of Bacchus’s mortgage, Cane was explicitly told about the prior mortgage before the transaction, then Cane has second priority in a notice jurisdiction for its mortgage.
- e.* All of selections *a* through *d* are accurate characterizations.

Question 41. KrostAcre is in a race-notice jurisdiction, Paul and Nancy own KrostAcre as joint tenants. Paul conveys his interest to Andy, who pays good value for it, and who does not suspect that there are any problems with the transaction. Then Andy gives to Calvin what he just purchased from Paul. Calvin records. Paul and Nancy then sell all ownership interest they might have in KrostAcre to Mary. Then Mary records. Choose the most correct answer selection.

- a.* After considering the effect of the recording statute, Mary owns all of KrostAcre.
- b.* After considering the effect of the recording statute, Mary and Calvin own KrostAcre as tenants in common.
- c.* After considering the effect of the recording statute, Mary and Andy own KrostAcre as tenants in common.
- d.* After considering the effect of the recording statute, Mary and Calvin and Andy own KrostAcre as joint tenants.
- e.* None of selections *a* through *d* are accurate characterizations.

Module Nineteen – Recording Acts – Answer Key

Question Number	Correct Answer
40	e
41	a