

VERY RECENT FACTS OF CURRENT RELEVANCE

1. **Hostesses** would need **licenses** to **show model homes** or discuss terms of a sale, if hired by a broker to work in **new home tract**.
2. An **unlicensed assistant** usually would not select a **termite company**, but could arrange the appointment, let them in and discuss the house with them. These are not real estate acts that would require a license, so it would be **legal**.
3. A **mobile home park** is any area where **two or more lots** are rented for manufactured homes, mobile homes, or recreational vehicles used for human habitation.
4. If a **mobile home** is attached to a **permanent foundation** and the owner obtains a **certificate of occupancy**, it is **real property**.
5. Licensee must **reveal agency** when advertising acts that require a license, **except in** classified **rental advertisements**.
6. A licensee's **ID number** is required on **1st contact** materials, such as business cards.
7. A licensee who wants to collect an **advance fee** shall submit all materials to be used in advertising to the Commissioner not less than **ten calendar days** before publication.
8. An employing broker is **released** from the responsibility of directly supervising licensed salespersons in a branch office if the broker **appoints a licensee as manager** of the branch office and delegates to that manager the responsibility to supervise the agents in the office.
9. Under CalBRE regulations a broker must **reconcile a trust account** at least **once a month**. If the broker finds an **unexplained overage**, these are trust funds that must remain in the account, and the broker also must keep a **separate record** of the unexplained trust account overage.
10. If a broker uses **electronic media** to store copies of real estate transaction document records, the **broker shall provide**, at the broker's expense, a **paper copy** of any document record requested by the CalBRE.
11. If a **Broker** fired a salesperson for taking illegal referral fees and **promptly reported** the facts to the CalBRE, the Broker **could still be liable** if it was proven in a disciplinary hearing that the Broker had **guilty knowledge** of the salesperson's actions.
12. **Licensee must report** to the CalBRE any felony indictment, misdemeanor or felony conviction, or government disciplinary action **within 30 days**.
13. When a **Buyer is related** to the Listing Agent by blood, marital or some other relationship that would suggest a reasonable possibility that the agent could be indirectly acquiring an interest in the property, such relationship is a **material fact** which the **agent must disclose** to the seller.

14. It would be **legal** for a listing agent to **acquire land** valued at \$200 per acre **as commission** for selling property, and then **two days later sell** it for \$500 per acre, if the agent had **never met or discussed** the resale **offer before** the sale of the first property or receiving the commission (agent knew of no material fact to disclose).
15. The HUD **Section 8** Housing Choice Voucher Program is the federal government's major program for **assisting** very low-income families, the **elderly**, and the **disabled** to afford housing in the **private market**. It does not provide low income housing.
16. The **Brownfields** Economics Development Initiative is a HUD program to provide funds to public agencies to **redevelop contaminated industrial and commercial properties** ("Brownfields"). It is only used to increase economic opportunity in **low and moderate income areas** and would not be used for EPA Superfund sites.
17. The California Housing Finance Agency (CalHFA) makes **loans through private lenders**; the loans are **funded by** the sale of tax-exempt **government bonds**.
18. The **California Fair Employment and Housing Act (Rumford Act)** is enforced administratively. **Private individuals** would file a **complaint** with the **California Department of Fair Employment and Housing** (not local DA).
19. The **Office of Real Estate Appraisers issues licenses** for California **real estate appraisers** and investigates complaints of illegal or unethical activity.
20. **Perfect(ed) escrow is one where all terms of the instructions have been met** or performed; the escrow officer has everything needed to close.
21. **Lead-based paint** must be disclosed by owners of residential dwellings built before 1978 or they may be subjected to **civil and/or criminal penalties**.
22. If a buyer asked the agent to send property information, an **agency** relationship would be **created** when the **agent mailed** the information (i.e., took action to accept the agency).
23. The broker's **commission rate** will be **shown in** the typical **listing agreement**.
24. The advantage of a broker hiring a **self-employed salesperson** (independent contractor) is the **broker does not have to pay Social Security and Medicare** payroll taxes.
25. Broker must pay **Worker's Compensation** for both an employee and an **independent contractor** salesperson.
26. The **Easton v. Strassburger** case gave rise to the law requiring the **seller and agent** to make an **inspection** and full **disclosure** of the condition of the property.
27. If an agent did not do the required **visual inspection** of the property, the buyer could sue within **two years**.

28. The **property manager** is responsible for developing reasonable safety measures, such as a multi-story commercial office building's **emergency plan** and **escape routes**, not the local building department.
29. In addition to cleaning the unit when the tenant moves out, the **landlord can use** a residential tenant's **security deposit for unpaid rent**.
30. If **rent is past due**, landlord can file **unlawful detainer** action to evict tenant.
31. A **trust deed** usually will **not** have a **street address**, only a legal description, with the lot, block, tract, county and state.
32. **Owner sues city** for regulating away all use of land – **inverse condemnation**.
33. California usury law **could make it illegal** for someone to **borrow a sum of money at 12%** and then lend it to another person **at 14%**, if no exemption applied.
34. When transferring a promissory note or check to someone else, if the holder endorses it "**without recourse**" (a **qualified endorsement**) it means the endorser will **not be personally liable** for the amount owed.
35. The **Federal Reserve Board** adopted **Regulation Z** to **implement TILA** (the Truth in Lending Act).
36. Under the Federal **Truth in Lending Act** if a loan advertisement has any "**trigger terms**," such as the down-payment, the amount of any payment, or the finance charge; then the ad must contain **the APR**; the down-payment; the terms of repayment, including any balloon payment; and, whether the interest rate may be increased.
37. "**Points**" as used in the financial services industry includes loan origination fees and **discounts to adjust investor yields** and might be disclosed on a Good Faith Estimate.
38. For sales of **subdivision interests** under the Subdivided Lands Act, the **liquidation damages** a subdivider can collect from a defaulting buyer is **limited to** the **amount of deposit** advanced by the buyer toward the purchase of the property.
39. If the **buyer intended to occupy** the property as a principal residence at the time the purchase contract was made, the **liquidation damages** actually paid **cannot exceed 3%** of the property's selling price, unless the seller can prove a higher amount was reasonable.
40. **In-Fill**: Construction of new housing on **vacant** land within an existing **urban area**.
41. **Smart growth** is sustainable development in **new areas** that preserves **open space** and incorporates green building practices.
42. A buyer of a time share has **seven days** to **rescind** (cancel) the contract.
43. **Potable water** is **suitable for drinking** and a source is a requirement for approval of a residential subdivision by the CalBRE.

44. Federal law requires that the energy efficiency (“**R-value**”) of the home’s insulation **must be disclosed** in a **new home sale**.
45. **Mello-Roos** bonds are used to fund a wide variety of **new public improvements** and services, including **streets, sewers**, irrigation, and drainage; schools, parks and police protection in developing areas.
46. **Primary market lenders** that make residential mortgage loans directly to borrowers to then sell in the secondary market may **retain the servicing** of the **sold loans**.
47. Within **30 calendar days** after the loan is paid off, a “**Request for Full Reconveyance**” signed by the beneficiary must be **sent by beneficiary** to the trustee, together with the note and trust deed.
48. Within **21 calendar days** of receipt of the Request for a Full Reconveyance from the beneficiary, the **Trustee** must sign and **record a reconveyance deed**.
49. A foreclosure trustee can file a Notice of Sale up to **five days** before the end of the three-month period, but the date of sale can still be no earlier than **three months and 20 days** after the filing of the Notice of Default.
50. A broker must cause **notice of sales price** to be given to both buyer and seller within **one month** after the sale is completed (usually done by escrow closing statements).
51. Under FIRPTA the **Buyer must withhold 10%** of the sales price to be paid at **close of escrow** (within 20 days) to IRS unless Seller is US citizen or resident alien and **Buyer gets Affidavit of Non-Foreign Status** from Seller.
52. Radon, Formaldehyde and Carbon Monoxide are hazardous gases in an occupied residence. **Carbon Dioxide is not**.
53. **Investors** often use a **cash-on-cash return** analysis to compare investment properties quickly. It is the estimated annual free **cash flow** (income minus all expenses) **divided by** the investor’s initial cash investment (**down payment** plus acquisition expenses). Investors use **leverage to increase** the cash on cash return on their investment.
54. If a Buyer asked the agent for information about the **racial composition** of the local **school**, the **agent should deny the request**, since providing the information could be seen as steering.
55. If agent had **nine month exclusive listing**, it would be **terminate by revocation** of license of employing broker.
56. If **broker dies**, leaving business to daughter, she must get clients to sign **new exclusive listings**.
57. If County **Sheriff sells property**, it could involve a court ordered sale under a **judgment lien** and a writ of execution.

58. Since an agent should show everyone the same homes, an **African-American** buyer should be shown a home in a **predominately Asian neighborhood**.
59. **Trade fixtures** (used in trade or business) are personal property, **not real property**.
60. **RESPA** requires the borrower receive information regarding closing costs (estimates of fees, costs, expenses and “points” to be incurred). **“Points”** as applied in the financial services industry includes loan origination fees and **discounts to adjust investor yields**, among other things.
61. An agent would **not have to disclose** that he or she lived in the **same neighborhood** as the property being sold.
62. Five items to determine if something is a fixture (MARIA Rule) are: **Method, Adaptability, Relationship, Intention and Agreement**.
63. Agent has to retain copy of contract for **3 years** from the date of completion.
64. **Riparian** rights apply to any **watercourse**, such as a river, stream, or brook.
65. A **condominium** consists of an undivided interest in common in a portion of real property coupled with a separate interest in space called a unit.
66. A completed **Mortgage Loan Disclosure Statement** must be given to a borrower with **3 business days** after the application or before borrower is obligated on the loan (whichever is earlier).
67. Limits on fees and commissions a mortgage loan broker can charge apply to loans secured directly or collaterally by 1st trust deeds of \$30,000 or less and junior trust deeds of \$20,000 or less.
68. The CalBRE issues the MLO (Mortgage Loan Originator) endorsement. MLO's licensed by the CalBRE also have to register with the Nationwide Mortgage Licensing System and Registry (NMLS). The NMLS is not a licensing agency.
69. The **CalBRE** does **not** issue licenses to **partnerships**.
70. Beginning January 1, 2013, a **broker exam applicant** may replace the requirement of two years full time salesperson experience with a **four year college degree** only if the degree was a **major or minor in real estate**.
71. Under **Proposition 13** the property tax rate statewide is **1% of Assessed Value**.
72. The **Seller** would **deliver the title documents**, including the deed, to **escrow**.
73. In a sale of real property a **licensee should never fill in** or modify the terms of an executed **purchase contract** without the knowledge and consent of all parties.
74. If, on final inspection, a Buyer had **concerns** about the property lines and the **neighbor's fence** being built on the property being purchased, the Buyer **should get a formal survey**.

75. Tenant holding over after one year **lease expired** has **estate at sufferance**.
76. A **novation** occurs when a **new contract** is substituted or and **replaces old** one.
77. A power of attorney is a **written agreement** giving authority to an agent. An agent acting under a power of attorney is usually called an "**Attorney in Fact**".
78. An **agent** is **liable** for the agent's **own actions** whether the principal is liable or not.
79. An **agent** is normally **not liable** for **wrongful acts of the principal** unless there is some reason to hold the agent liable. For example, if the agent "acquiesces" in the seller's wrongful act.
80. Puffing is **not** an agent exaggerating his or her own **personal relationships** with local politicians.
81. If owner of **unlisted property** would not sell when asked by Broker for interested Buyer, but two months **later sells to same Buyer**, using no agents, Broker would receive **no commission** because there was no written listing contract (or buyer broker agreement).
82. If property manager owns a pool building company, the same **pool company** that installed 2 pools in the complex, this **should be disclosed** to the property owner.
83. If a property manager is authorized to collect **security deposits**, they are **trust funds** and control and disbursement of the security deposits are at the instruction of the property owner. Since security deposits will be accounted for to the tenant in the future, separate records are kept for the deposits. They would be **transferred to control of new owner** in a **property sale**.
84. **Inflation** means the **prices** of most goods and services are **rising** over time.
85. Landowner cannot dig a trench to **divert** surface flood **water** from its natural course to the **vacant lot** next door and will be liable for any damage to the other property.
86. The doctrine of **equitable estoppel** prevents someone taking a position in conflict with their prior position or actions, if another person relied upon the conduct to his injury.
87. **Buyer's agency** is **legal** in California and the buyer's agent has a fiduciary duty to the buyer only and must be fair and honest to the seller, the opposite of the listing agent's situation. The buyer's agent is not sub-agent of the listing broker.
88. An **agent** who has closed escrow on a home and is then **asked to lease** it out, but **does not know how** to lease the property should **seek assistance from** the employing **broker**.
89. If property list price was \$212,000, but it appraised for only \$205,000, the bank has agreed to lend **80% LTV** and the buyer agreed to pay the list price, the buyer would have to pay **20% of \$205,000 plus \$7,000**.
90. If a property was purchased for **\$300,000** with a loan of **\$205,000** that had a **one point origination fee**, the fee would be \$2,050.

91. If a man **bought two lots for \$18,000** each and divided them into **three lots** that he **sold for \$15,000** each, his **profit percentage** would be **25%**.
92. If loan amount is **\$100,000** and bank fee is **3 points**, cost of loan is **\$3,000**.
93. **4 square miles** is larger than 10% of a township, 2 sections, or 10,560 ft. X 5,280 ft.
94. A **square acre** is about **208** feet by 208 feet (**208.7** feet on a side).