

## ITEMS OF CURRENT RELEVANCE – BROKERS EXAM 2024

1. When the selling price of a house is \$90,750, and the buyer is assuming a mortgage of \$30,000, the documentary transfer tax would be \$67.10.
2. The Uniform Electronic Transaction regulations require that a broker make available to the real estate commissioner a paper copy of any electronic document within the last 3 years.
3. “Target housing” refers to properties regulated by the Lead-Based Paint Disclosure rules, and includes dwellings built before 1978. It does not pertain to properties designated for the elderly or handicapped.
4. While the ending balance on the closing escrow statements could be the same for the buyer and seller, the two balances are usually different.
5. The District Attorney would prosecute a non-licensed person who performs acts requiring a license.
6. Fraud is defined in the California Civil Code. It differs from misrepresentation, in that fraud is an intentional attempt to deceive. Suppression of the truth is negative fraud.
7. A loan broker has 10 days to record the assignment of a note secured by a trust deed.
8. A broker is not required to inform the commissioner of the number of properties that the broker owns.
9. A broker can legally pay \$50 (or any amount) to a buyer or seller if that fact is disclosed to all parties.
10. The sale of a homesteaded property terminates the homestead protection.
11. The presence of radon gas can be discovered using a spectrometer.
12. A broker servicing a promissory note who receives payments from the borrower cannot retain those payments for more than 25 days without written authorization from the obligee (lender).
13. The Real Estate Settlement Procedures Act (RESPA) applies to loans to purchase 1-4 family unit residential properties when the loan is made by a federally related

lender, including a bank whose deposits are insured by an agency of the federal government.

14. A buyer has 3 days after receipt of a hand-delivered Transfer Disclosure Statement (TDS) to cancel the purchase. The same 3 day right of rescission applies when the buyer is given an amended TDS.
15. In the conversion of an apartment building to a condominium, present tenants must be given first right to purchase the unit for 90 days after the public report is issued.
16. When the tenant is responsible for paying property taxes, the lease would be a net lease.
17. "Estoppel" is a legal principle which prevents a person from asserting rights or facts inconsistent with a previous position made by act, conduct or silence. An estoppel certificate may be requested from a tenant to verify the terms of a lease.
18. An assumed loan would be a debit to the seller on the final escrow statement.
19. Under certain circumstances, a broker may recover certain expenses involved in negotiating a loan, even if the transaction doesn't go through.
20. When the holder of an easement owns no property, the easement would be an easement in gross (ie. A utility company).
21. A principal can cancel an exclusive listing without liability when the broker has breached the agreement.
22. Both the broker and the buyer could be prosecuted if the broker gives the buyer an undisclosed loan for the closing costs on an FHA loan.
23. It is illegal for a referring agent to receive a referral fee from a home warranty insurance company.
24. While the formula for interest is  $I = PRT$ , that formula will not disclose the monthly payment on a 30-year, \$300,000 level payment loan at 8% interest.
25. If the owner of property files for bankruptcy during the term of the listing, decisions about the property will be made by the bankruptcy trustee.
26. If lumber is delivered before the loan is recorded, all mechanics liens will take priority over the loan.

27. A broker who wants to claim to be the “procuring cause” of the sale must be the source of efforts that result in the consummation of the sale.
28. If a buyer defaults on a purchase contract and the seller elects to rescind the contract, the seller should return anything of value received from the buyer on the condition that the buyer does the same.
29. If the parties agree that “time is of the essence”, and one party misses a deadline the other party can rescind/cancel without penalty.
30. The Transfer Disclosure Statement (TDS) requires disclosure of the known presence of asbestos, radon gas and lead-based paint.
31. A subdivider may be exempt from the Interstate Land Sales Full Disclosure Act (ILSFA) if each parcel in the subdivision contains at least 20 acres.
32. When buying a unit in a cooperative apartment project, one’s equity might be lost if the other lessees default on their payments.
33. Changes in the financing terms on a parcel of land may affect the price of the property, but not the value of the property.
34. When selling a property that is encumbered with a trust deed to a new buyer for all cash, a reconveyance deed and a new grant deed would be used, not a new trust deed.
35. If the seller carries back a new second trust deed when selling a property, and the broker serves as escrow agent, the broker must see that the trust deed is recorded within one week.
36. The usual management agreement on a rental property provides that the manager will receive a flat fee plus a percentage of the gross income.
37. If appraising a property with a uniquely shaped building, the appraiser would have the greatest difficulty using the cost approach to value.
38. The separate property of a married person who dies intestate is divided 50% to the spouse and 50% to a single child.
39. When a tenant holds an estate for years on leased property, no notice to terminate is required.
40. If a broker does not disclose their membership in a corporation that is buying property listed with the broker, the purchase contract is voidable by either party.

41. A single line of store buildings along a major thoroughfare would be called a strip commercial development.
42. If a purchase contract is subject to a contingency which is not met, the buyer can cancel the purchase and get back the deposit.
43. Amenities are features that add value or desirability to a property. Residential property is often known as amenity-type property.
44. Under the liquidated damages clause, if a buyer backs out of the purchase, the deposit is normally divided between the broker and the seller.
45. When a tenant is evicted by court order, that is not constructive eviction.
46. If a broker is instructed by the seller to return the deposit to the buyer, they must return all of it, but may then be able to sue the seller for the commission.
47. If a commercial property sells for \$193,600 (\$4.40 per square foot), and the parcel is 200 feet deep, the price per front foot would be \$880.
48. If the seller of a certain property is classified as a “foreign person”, the buyer is exempt from the duty to withhold 15% of the selling price if the selling price is less than \$300,000 and the buyer will occupy the property as their personal residence.
49. A broker selling mobile homes cannot advertise “No Down Payment” when, in fact, the down payment is a second loan for 30% of the purchase price from a different lender.
50. A salesperson working as an independent contractor under a licensed broker may be considered to be an employee of that broker for workers compensation laws.
51. When using a \$30,000 net incomes stream, the difference in value by using a 5% capitalization rate (vs. a 6% capitalization rate) is \$100,000.
52. The fine for anyone acting as a broker without a license is up to \$10,000.
53. When a broker negotiates the sale of a mobile home, the sale must be reported to the Department of Housing and Community Development (DHCD) within 10 days.
54. Delinquent property taxes, costs, interest and penalties may be paid in 5 annual instalments if the current taxes are paid.
55. FHA financing can be used to buy rental property; VA financing cannot.

56. The final payment on a straight not (with monthly interest payments) would be for the entire principal balance plus one month's interest.
57. A mortgage loan correspondent (MLO) who works for only one institutional lender would not be required to be licensed by anyone, although they would still be required to have a unique identification number from NMLS.
58. Under the Truth in Lending Act (TILA), a borrower of funds for a construction loan would have a 3-day right of rescission.
59. Under probate proceedings, once a notice to creditors is published, they have 4 months in which to file their claims.
60. A subdivider selling three sections of land might receive \$4, 480,000.
61. When a city extends incentives to a developer for an in-fill project, it intends to encourage the development of vacant or underdeveloped lots in an urban area.
62. "*Pur autre vie*" means "*for the life of another*" and is often found in the wording of a life estate.
63. It would be legal to offer a gift to a buyer (ie. Flatscreen TV) as long as everyone is so notified.
64. Short sale is when real property secured by a first trust deed sells for a price that is less than the loan amount on the note.
65. An offer or counteroffer could be expressed by email, text or fax but not by telex.
66. The minimum amount one must write up a bill of sale is \$500.
67. A buyer's deposit in an option agreement is nonrefundable.
68. Escrow would not be a principal.
69. It would be to the borrowers' benefit to have a minimum of 2 years job experience in a particular industry.
70. *Caveat emptor* is Latin for *Buyer beware*.
71. A draw would be an advance on future commissions.
72. The maximum number of units that could be considered a principal residence is 4.

73. A 16 unit building with wood bearing balconies that are 6.5 feet high would need to be professionally inspected every 6 years.
74. It would be illegal to have a question on a rental agreement regarding criminal background.
75. Escrow would report the sale of real property to the IRS.
76. The type of door that separates the house from the attached garage would be a self-closing fire door.
77. Husband and wife ownership is not required in joint tenancy.
78. An old store front would be an example of incurable functional obsolescence.