

**Facts of Current Relevance
2022 Updated**

- 1) Broker Knorr advertised that anyone who bought a property listed with the broker would receive a free, flat screen TV valued at \$2,000. Such action is:**
- A. Legal provided full disclosure is made to all interested parties
 - B. Illegal under any circumstances
 - C. Legal, provided that only a chance to win the flat screen TV in a drawing is actually given to the buyer
 - D. Illegal since the value of such a gift cannot exceed \$100

Answer: A: This is legal as long as everyone is notified.

- 2) When real property secured by a first trust deed sells for a price that is less than the loan amount owed on that note, this is called;**
- A. A deficit disbursement
 - B. A short sale
 - C. A short rate
 - D. Accrued depreciation

Answer: B: This is what it's called.

- 3) An offer or counteroffer could be expressed in all of the following, except;**
- A. Email
 - B. Text
 - C. Telex
 - D. Fax

Answer: C: A telex would not provide for a signature.

- 4) A real estate agent sold a house to a minority family in a non-minority neighborhood. In the eyes of the Federal Fair Housing Act of 1968 what would this be considered;**
- A. Acceptable
 - B. Blockbusting
 - C. Steering
 - D. Encroachment

Answer: A: This is acceptable behavior.

- 5) In a personal property transaction, how much is the minimum amount for which you must write up a bill of sale?**
- A. \$500
 - B. \$1,000
 - C. \$1,500
 - D. \$2,500

Answer: A: This is a matter of fact.

- 6) Which of the following best expresses the difference between a buyer's deposit in a sales transaction, and an optionee's deposit in an option contract:
- A. In a sales transaction, the buyer is not entitled to a return of his/her deposit
 - B. In an option contract, the optionee is entitled to a return of his/her deposit if they decide not to exercise the option
 - C. In an option contract, the optionee's deposit is nonrefundable
 - D. In a sales transaction, a buyer is entitled to a refund of their deposit up until five days before closing

Answer: C: The optionee's deposit is the consideration to make this a contract, and as such, is nonrefundable.

- 7) Which of the following is NOT a principal;

- A. Tenant
- B. Seller
- C. Buyer
- D. Escrow

Answer: D: A principal is a party who appoints an agent to represent them. Escrow does not do this.

- 8) Regarding employment, what length of time would a lender like to see that a borrower has been on the job in a particular industry in order to qualify for a loan?

- A. 6 months
- B. 1 year
- C. 2 years
- D. 4 years

Answer: C: This is what lenders prefer.

- 9) Which of the following Latin phrases means "Buyer Beware?"

- A. Et ux
- B. Caveat Emptor
- C. Et al
- D. Ad Valorem

Answer: B

- 10) In real estate, what does the term "draw" refer to?

- A. An advance on future commissions
- B. A picture of a house drawn on a computer
- C. A pencil sketch
- D. To come to a conclusion about a property

Answer: A: This is a company similar to a payday loan company that will advance a licensee their commission usually for a large fee.

11) With the Exclusive Agency Listing form changed, what is the name of the new form?

- A. Exclusive Listing – General
- B. Exclusive Authorization and Right to Sell Listing
- C. Residential Listing Agreement Seller Reserved
- D. Open Listing – Commission Optional

Answer: C

12) A real estate agent has a Seller Reserved listing. The seller sells the house to a work friend without the agent's involvement. How much commission does the agent receive?

- A. Full commission
- B. No commission
- C. Half commission
- D. It's negotiable

Answer: B: The Exclusive Agency Listing has been renamed to Seller Reserved. Everything else is the same.

13) What is the maximum number of units that could be considered a principal residence?

- A. 1
- B. 2
- C. 3
- D. 4

Answer: D

14) If a 16 unit building had wood bearing balconies which are 6.5 feet high how often does it need to be professionally inspected.

- A. Every 2 years
- B. Every 4 years
- C. Every 6 years
- D. Every 8 years

Answer: C: This is a matter of fact.

15) In which case does a seller need to provide to the buyer the lead based paint disclosure form in "target housing?"

- A. SFR built in 1976
- B. SFR built in 1980
- C. SFR designated for the elderly built in 1972
- D. SFR designated for the handicapped built in 1975

Answer: A: Lead based paint concerns were for babies, not the elderly or handicapped.

16) What is an element of value;

- A. Orientation
- B. Scarcity
- C. Excellent school system
- D. Location

Answer: B: There are four elements to value which spells out the acronym DUST; Demand, Utility, Scarcity, Transferability.

17) Who reports the sale to the IRS;

- A. Lender
- B. Escrow
- C. Seller
- D. Broker

Answer: B

18) All of the following loans require a balloon payment EXCEPT;

- A. Partially amortized
- B. ARM
- C. Neg-AM
- D. Fully amortized

Answer: D

19) A loan in which the borrower doesn't pay any principle payments is;

- A. Partially amortized
- B. Neg-AM
- C. Interest only
- D. ARM

Answer: C: Interest only (also known as Straight note) is usually a short term loan where the borrower puts a large down payment, and pays monthly interest only until the final payment where the remainder of the principle is due.

20) Who controls zoning?

- A. State Government
- B. Federal Government
- C. Cities & Counties
- D. Developer

Answer: C: The local authority controls zoning.

- 21) The Federal Fair Housing Law provides for a United States policy of;**
- A. Eliminating prejudice wherever it exists in the United States
 - B. Providing fair housing for all persons throughout the United States
 - C. Building housing units designed primarily for minority groups throughout the United States
 - D. Guaranteeing separate but equal housing units for all people in all of the state

Answer: B

- 22) What type of entry door is required between the garage and entrance to the house?**
- A. Fire door
 - B. Self-closing
 - C. Wood
 - D. Both A and B

Answer: D: These types of doors would provide some fire protection.

- 23) Regarding backfill, which of the following would be of the most concern;**
- A. Soil erosion
 - B. Topography
 - C. Avulsion
 - D. Compaction and Stability

Answer: D

- 24) The proper way to calculate broker commission is;**
- A. Commission = sales price / rate
 - B. Commission = sales price X rate
 - C. Commission = rate / sales price
 - D. Commission = rate + sales price

Answer: B: This is the mathematical way to calculate the broker's commission.

- 25) A real estate licensee may lawfully refuse to show a home to a minority prospect who has requested to see it in which of the following situations:**
- A. When the owner is exempt under the 1968 Federal Fair Housing Law, and has stated that his single-family home is not available to minority persons
 - B. When the owner is out of town and has instructed the licensee that no showing may be made in his absence
 - C. When the licensee sincerely believes that showing the property would cause panic in the neighborhood
 - D. The licensee may not refuse to show any home to a minority person at any time

Answer: B: A licensee cannot show a property to anyone if the owner has instructed her along these lines.

26) A lender wants to charge a client an additional 1/8% interest because English is their second language. This action would be:

- A. Legal
- B. Acceptable as long as it's disclosed to all principals
- C. Acceptable but not advised
- D. Illegal

Answer: D: This would be discrimination due to the minority status of the borrower.

27) For a sales associate to become an office manager, they must have been in the business for how many years out of the last 5 years?

- A. 1 year
- B. 3 years
- C. 2 years
- D. 5 years

Answer: C: A licensee must be in the business 2 years out of the last 5 years working for any broker.

Townships, Sections, Acres & Miles

*A township is a square piece of land 6 miles by 6 miles. It is a 6 mile square and contains 36 square miles.

*A section is a square piece of land 1 mile by 1 mile. It is 1 mile square and 1 square mile, and contains 640 acres.

*An acre contains 43,560 square feet.

*A mile contains 5,280 (linear) feet.

Fragmented Information

- **Husband & Wife ownership is not required in Joint Tenancy.**
- **Appraisers in California must take Uniform Standards of Professional Appraisal Practice (USPAP) each time they renew their license.**
- **An old store front would be an example of Incurable Functional Obsolescence.**
- **If a seller's counteroffer is rejected by the buyer, the seller can accept other offers.**
- **One type of Accession is Accretion.**
- **Trigger Terms would include = No Down Payment & How Many Months.**

FORECLOSURE PROCESS

BENEFICIARY (\$\$\$)
(Lender)
Can be –

- Bank
- Individual
- Private company
- Grantor of a property for sale

TRUSTOR
(Borrower)

Gives trustee the power to sell property in the event of a default

Can be –

- Buyer
- Property owner

TRUSTEE

Entity who holds title in trust until mortgage debt is paid off.

Can be –

- Escrow
- Title Company

DEFAULT:

TRUSTOR: does not make payments

BENEFICIARY: Records Notice of Default

TRUSTEE:

Must wait 90 days after Notice of Default is recorded before publishing Notice of Sale.

TRUSTEE publishes Notice of Sale

(90) DAY WAIT PERIOD

21 DAYS TO SALE

TRUSTOR can redeem property anytime up to 5 days prior to sale

FORECLOSURE SALE