

**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.**