

EXAM 2

1. **Two friends hold title as joint tenants. One borrowed money and executed a note deed of trust against the home. In terms of affecting title, this action could be:**
 - A. Destroy one of the four unities of joint tenants
 - B. Place the beneficiary in a precarious position should the borrower die before the debt is paid
 - C. Invalidate the note since a lien can be attached only to the undivided interest of all joint tenants
 - D. Create a security interest in all other real property in which the borrower may have an interest

2. **Joint tenant estate held by two joint tenants is severed and ended by the following EXCEPT:**
 - A. By the execution of a mortgage or deed of trust by one joint tenant creating a lien against his interest
 - B. A foreclosure by one of the joint tenants
 - C. One of the joint tenants transfer his interest to a third party
 - D. One of the joint tenants selling his interest

3. **A man own six separate parcels of real property. He wants to offer all of the parcels as security for a mortgage loan. The mortgage that he will obtain will probably be:**
 - A. A mortgage
 - B. A trust deed
 - C. Blanket mortgage
 - D. Security mortgage

4. **All of the followings are acts of one joint tenant terminates a joint tenancy except when the joint tenant:**
 - A. Sells his or her share
 - B. Transfer his or her share
 - C. Mortgages his or her share
 - D. Deeds his or her share to a co-owner

5. **A conflict in a contract between buyer and seller and instructions to return the deposit from the trust account, the broker unable to resolve the problem and refers it to a third person by:**
 - A. Interpleader action
 - B. Court action
 - C. Judicial action
 - D. Attorney

6. **A contingency in a contract:**
 - A. Nature of the contingency
 - B. Duration of the contingency
 - C. Method how to remove the contingency
 - D. All of the above

7. **Under the real estate law, if an agent is found guilty of discrimination, the real estate commissioner will:**
- A. Revoke or suspend the agent's license
 - B. Cancel the license for 150 days
 - C. Suspend the license for 3 months
 - D. Suspend the license for 1 year
8. **Which of the following is misrepresentation:**
- A. Material to contrary
 - B. Information known by the broker that is false
 - C. False information to bound a buyer to a contract
 - D. All of the above
9. **Broker Hadley took a listing from Watanabe for 30 days. Watanabe gave instructions to Hadley that he could purchase the property himself. After the 27th day, Hadley decided to buy the property. Broker Hadley present to the seller:**
- A. His Interest on the property
 - B. The net amount to the seller
 - C. Commission disclosure
 - D. All of the above
10. **The purpose of a deed is:**
- A. To transfer title
 - B. To be acknowledged
 - C. The evidence in change of title or an interest
 - D. To be recorded in the county recorders office to be valid
11. **Before his death, Westland had several listings. Now, Westland daughter is taking over the business. In regards to listings, she must:**
- A. Automatically cancelled and she needs to re-list the properties from the clients
 - B. Automatically cancel
 - C. May be cancelled only in writing and approved by the daughter
 - D. Must be cancelled within 24 hours or the listings are automatically transfer to the daughter
12. **Hispanic wants to be shown property in certain neighborhoods. The real estate agent should:**
- A. Show him properties as any other client
 - B. Show him properties only in areas he decides to
 - C. Provide information about the ethnicity of the neighborhood
 - D. Show properties in areas where Hispanic population is greater

13. **An example of police power:**
- A. Zoning
 - B. Condemnation
 - C. Eminent domain
 - D. Inverse condemnation
14. **Which of the following may be attached to the land:**
- A. Trees
 - B. Buildings
 - C. Water rights
 - D. All of the above
15. **The agent who will earn a commission is the one that:**
- A. Signed the purchase agreement
 - B. Communicated offer and acceptance from seller to buyer
 - C. Communicated the offer to the seller
 - D. Accepted a deposit first
16. **In a new developed subdivision, The Real Estate Commissioner was informed of misrepresentations being made by the developer. The commissioner may stop the sale of more lots by:**
- A. Revoking the final public report
 - B. Filing an accusation
 - C. Suspend the developer's contractor's license
 - D. Issuing a desist and refrain order
17. **Which of the following must be given to a buyer of a condominium unit:**
- A. Copy of the CC and R's
 - B. Copy of the by laws
 - C. Copy of the most recent financial statement of the association
 - D. All of the above
18. **The placement of a building on the land is known as:**
- A. Orientation
 - B. Topography
 - C. Elevation
 - D. Foundation plan
19. **A binding contract represents:**
- A. Offer and delivery
 - B. Offer and acceptance
 - C. Acceptance from buyer
 - D. Acceptance from seller to seller's agent

20. **CPI refers to:**
 A. Listing agreements
 B. Purchase agreement
 C. Manufacturing
 D. Commercial leases
21. **Who pays the service charge under a FHA loan:**
 A. Seller
 B. Buyer
 C. Both buyer and seller
 D. Lender
22. **When comparing FHA and conventional loans, conventional loans offer:**
 A. Higher loan to value ratio
 B. Lower payments
 C. Lower interest rates
 D. Lower loan to value ratio
23. **Commission to an agent may be in the form of:**
 A. Note
 B. Trust deed
 C. Cash
 D. All of the above
24. **A home sold for \$178,000 and leased at \$1,200. If another home is leased at \$1,300 the value is:**
 A. \$193,000
 B. \$136,000
 C. \$200,000
 D. \$190,000
- $\$178,000 / \$1,200 = 148.33$
 $148.33 \times \$1,300 = \$192,833$
25. **The rights of an interest in real property is represented by:**
 A. Quiet title action
 B. Trust deed
 C. Quitclaim deed
 D. Mortgage
26. **A brother and sister own property as joint tenants. The brother died and left unsecured debts and died penniless, the title to the sister is now:**
 A. The sister owns title as tenants in common
 B. Free and clear of debts from the brother
 C. The sister has a lien on the property from the debts from the brother
 D. The sister has to pay only half on the brother's debts

27. **Which of the following best refers to sellers market:**
- A. Cause prices to drop as demand is decrease and supply increases
 - B. High prices of a product with demand and supply lags
 - C. Demand and supply of a product with a decrease of buyers
 - D. Decrease on land and construction
28. **A real estate broker discovers that one of the agents was receiving referral fees from a lender that they do business with. The broker fired the agent and warned the agents not to receive any referrals according to the real estate law:**
- A. Both broker and salesperson may be subject for prosecution
 - B. Only the agent will prosecuted by the department of real estate
 - C. Only the broker will be prosecuted by the department of real estate
 - D. The broker's conduct is acceptable no should receive referral fees
29. **Buyer and seller decided to cancel the transaction. The seller instructed the broker to return the buyer's deposit. The broker should:**
- A. Return the deposit and sue buyer for his commission
 - B. Return only half of the deposit to the buyer
 - C. Return the deposit as instructed
 - D. The agent may collect his commission in court from the seller
30. **A document used to represent another person:**
- A. Power of attorney
 - B. Grant deed
 - C. Reconveyance deed
 - D. Attorney in fact
31. **In regards to appraisal, all of the following are true except:**
- A. Cost approach is use in new construction
 - B. Cost approach is use for special properties
 - C. Cost approach is use for commercial building
 - D. Cost approach sets the lower limits of value
32. **Which of the following policies cover all risks:**
- A. Homeowners insurance
 - B. Extended policy
 - C. Standard policy
 - D. No policy covers everything
33. **When appraising an old residential property in regards to periodic tenancy:**
- A. Compare to rentals and comparables in the area
 - B. Is determined by square footage
 - C. According to the type of neighborhood
 - D. Is obtained from the assessor's value

34. **Bond, deed of trust, and notes held by a third party is known as:**
A. Beneficiary
B. Lender
C. Escrow
D. Trustee
35. **A contract replaced entirely by a new one is known as:**
A. Amendment
B. Replacement
C. Novation
D. Renew
36. **Fuentes purchased Brown's house and agreed to assume the existing mortgage:**
A. Brown is relieve from future liabilities
B. Brown is liable for the loan
C. Fuentes is not primary responsible for the loan
D. Brown and Fuentes are liable
37. **Which of the following will determine if an item is a fixture or not except:**
A. Intention
B. Agreement
C. Cost
D. Relationship
38. **Which of the following will determine if an item is a fixture or not, except:**
A. Intention
B. Agreement
C. Time
D. Relationship
39. **A sale of a property through probate, the commission will determine by:**
A. Court ordered
B. Real estate commissioner
C. Board of directors
D. The administrator
40. **A voidable contract is a contract that:**
A. Valid only when is signed, but for some reasons, it cannot prove by either party
B. Contains all legal requirements but may be cancelled by anyone
C. Is valid and enforceable on its face, but it may be rejected by one of the parties
D. Is a contract with no legal effect

41. **When comparing real property to personal property:**
A. Immovable by law
B. Movable
C. Personal exclusively
D. Transferable by a bill of sale
42. **A Standard policy will cover against:**
A. Property lines
B. Zoning
C. Legal incompetence of the grantor
D. Property survey
43. **Which of the following is not a lien:**
A. Taxes
B. Trust deed
C. Judgment
D. Restrictions
44. **Under the income tax law, a salesperson is:**
A. Employee of the broker he/she is permitted to work for
B. Self employed contractor
C. Employee of the broker and the broker must pay for medical insurance
D. Self employed and employee of the broker
45. **"As Is" is permitted when:**
A. A buyer is fully informed about known defects before bound to contract
B. Only if buyer ask for a transfer disclosure
C. The property is finance through a private investor
D. Only if the property needs major repairs
46. **An appraisal is least concern with general state economy in appraising:**
A. Shopping center
B. Electronic assembly
C. Medical dental building
D. Industrial park
47. **The maximum amount that may be recovered from the Recovery Trust Fund is:**
A. \$20,000
B. \$10,000
C. \$100,000
D. \$50,000

48. **A blind ads, it doesn't identify the:**
A. Broker
B. Salesperson
C. Seller
D. Buyer
49. **A property under default, a possession of the property is held by:**
A. Trustee
B. Trustor
C. Beneficiary
D. Mortgagee
50. **Earthquake hazard report must be issued to properties in:**
A. All California
B. All counties
C. All cities
D. Only to specific types of structures on earthquake zones
51. **The maximum value of a property due to architectural design and stability of neighborhood:**
A. Progression-regression
B. Stability
C. Conformity
D. None of the above
52. **A contractor was installing a new hardwood floor and was unpaid and placed a lien on the property, the lien started running from:**
A. After the installation on the hardwood floor
B. Commencement of the installation of the hardwood floor
C. The date recorded at recorder's office
D. 3 days after the installation of the hardwood floor
53. **A master plan shows:**
A. Streets and freeways
B. Residential and commercial zoning
C. Safety
D. All of the above
54. **The ordinary repairs on a property are known as:**
A. Repairs
B. Rehabilitation
C. Cosmetic maintenance
D. Wear and tear

55. **The standard policy of title insurance consists of three processes. Which of the following is not one of the three processes:**
- A. Determination of correct boundary lines and property survey
 - B. Amount of insurance require
 - C. Title investigation
 - D. Protection of title losses
56. **When a property is being sold through an option, the broker must inform to the client that he is acting as a:**
- A. Principal
 - B. Agent
 - C. Broker
 - D. Seller
57. **Capitalization rate means:**
- A. Converts income into value
 - B. Finds the gross income of a property
 - C. Establishes the cost of capital
 - D. Depreciation value
58. **Conditions affecting interest rates and the availability of loan funds vary overtime. When would it be advantageous for a lender to waive a payment penalty clause contained in a promissory note:**
- A. Loans available with low interest rates
 - B. In a deflationary economy
 - C. In a tight money market where there is a lack of funds available for real estate loans
 - D. When the FED lowers his reserve requirements
59. **When a broker is representing both buyer and seller on an exchange transaction and doesn't disclose his dual agency. The remedy of the parties is:**
- A. No commission
 - B. Cancel the transaction
 - C. Sue for criminal and civil action
 - D. All of the above
60. **When can an agent refuse to transmit an offer:**
- A. When the seller has accepted a back up offer
 - B. When the agent is acting as a gratuitous agent
 - C. The agent may refuse to transmit an offer to anyone at any time
 - D. When he is acting on express instructions from the principal
61. **Consideration may be in the form of:**
- A. Trust deed
 - B. Promissory note
 - C. Cash
 - D. All of the above

62. **Broker Taylor listed a property for \$55,000 with instruction from the seller that the minimum down payment not to exceed 23%. The broker then presented an offer with all cash and the seller rejected the offer. The broker has now:**
- A. The seller can turn down the offer without liability, and pay no commission because the offer did not meet the requirements in the listing
 - B. Broker is entitle to a full commission
 - C. Broker is entitle to a commission based on the appraised value
 - D. The broker is entitle only to a 23% of the appraised value
63. **A broker has a listing and one of his salesperson sells the listing. This is known as:**
- A. Dual agency
 - B. Single agency
 - C. Single agency for the buyer
 - D. No agency
64. **Deed covenants that limited the conveyance of properties to persons of the minority group, these restrictions:**
- A. Has no effect on the conveyance covenant is unenforceable
 - B. Enforceable if buyers prefer to have them
 - C. Valid only buyer and seller may cancel them
 - D. May be cancel by escrow
65. **If the selling property has an item that is not present on the comparables, the appraiser has to:**
- A. Add from the subject property to the comparables
 - B. Subtract from the subject property to the comparables
 - C. Add from the comparables to the subject property
 - D. Add to the basis of the subject property
66. **A clause on a trust deed that agrees to be on a lower position is known as:**
- A. Acceleration clause
 - B. Subordination clause
 - C. Or more clause
 - D. Agreement clause
67. **A document to transfer property from trustee to trustor is:**
- A. Grant deed
 - B. Trust deed
 - C. Reconveyance deed
 - D. Partial reconveyance deed
68. **When an agent is a subagent of the selling broker, he is working for:**
- A. The seller
 - B. The buyer
 - C. The lender
 - D. The beneficiary

69. **Omedo's home is close to an airport. Omedo's legal proceeding against government authorities is called:**
- A. Just compensation
 - B. Eminent domain
 - C. Condemnation
 - D. Inverse condemnation
70. **The city made a change in zoning that is not permitted in the construction industry. This is an example of:**
- A. Variance
 - B. Building code
 - C. Restrictions
 - D. Zoning changes
71. **The activity of an unlicensed person working for a real estate office according to the department of real estate, the agent is:**
- A. The agent is self-employ
 - B. The agent is an employee of the broker
 - C. According to the real estate law it must be under a licensed supervision
 - D. The broker has no duty to supervise the agent
72. **An appraisal, when appraises a commercial building for \$550,000, it must have:**
- A. General appraisal license
 - B. Certify license
 - C. Commercial license
 - D. Appraisal license
73. **According to the department of real estate, if an agent wants to advertise on the World Wide Web:**
- A. Only provided by qualified real estate licensees
 - B. Only to real estate brokers
 - C. Anyone appointed by the broker
 - D. Anyone appointed by the real estate commissioner
74. **If the seller presented the hazard disclosure statement to the buyer, which of the following is true:**
- A. The seller is not obligated to disclose anything else other that the report
 - B. No other disclosure is needed
 - C. The buyer must agrees to the content disclose in the hazard disclosure statement
 - D. Seller and seller agent are obligated to disclose any material hazard for which they are awared

75. **Which of the following is true in regards to Hazard safety disclosure statement and Transfer disclosure statement:**
- A. Hazard safety disclosure statement and transfer disclosures are needed only if buyer is interested.
 - B. The hazard safety disclosure statement is a complete hazard disclosure
 - C. If the transfer disclosure statement is presented, no other disclosures are needed
 - D. They must check the public posted maps to discover and disclose existing hazard information if it is available. The transfer disclosure statement is limited to information that the owner knows.
76. **Which of the following is a violation of the Federal housing law according to periodic tenancy:**
- A. Requiring first month rent in advance
 - B. Acquiring co-signers for unmarried persons only
 - C. Acquiring good credit rating
 - D. Acquiring references from previous landlords
77. **Which of the following report is the most complete report:**
- A. Narrative report
 - B. Form report
 - C. Letter report
 - D. Neighborhood data
78. **Deed restriction may be created by:**
- A. Grantor in a deed
 - B. By zoning
 - C. Written agreement
 - D. By deed
79. **A tenant may be justified in abandoning a leased property if the landlord has constructively evicted the tenant. Which of the following acts would be an example of constructive eviction:**
- A. The landlord has shown the property to a new prospective tenant and has entered into lease negotiations with the new tenant.
 - B. The landlord has failed to make necessary repairs to the premises
 - C. The landlord has made extensive and unwarranted alterations to the premises, making it no longer usable for its original purpose
 - D. All of the above
80. **Nominal rate or normal rate means:**
- A. The rate stated in the loan documents
 - B. The rate named in the note
 - C. The rate printed in the purchase agreement
 - D. The rate set by escrow instructions

81. Which of the following listing allows an agent may collect a commission even if sold through the owner:
- A. Exclusive right to sell listing
 - B. Exclusive agency listing
 - C. Open listing
 - D. Net listing
82. Roger sold his home and he paid \$140 for escrow services and 6% commission. The seller received \$13,583. The sales price is approximately:
- A. \$12,770
 - B. \$14,440
 - C. \$14,540
 - D. \$14,600
- $$\begin{aligned} \$13,583 + \$140 &= \$13,723 \\ \$13,723 / .94 &= \$14,598 \end{aligned}$$
83. An agency relationship is represented by:
- A. Oral agreement
 - B. Written agreement
 - C. Assignment
 - D. Commission agreement
84. A dual agency is permitted when:
- A. Buyer and Seller agreed to it
 - B. Buyer agrees to it
 - C. Seller agrees to it
 - D. By lenders approval
85. A written contract between the broker and salesperson has to be in writing according to:
- A. Rules and regulations of the real estate commissioner
 - B. The National Association of Realtors
 - C. Only if necessary
 - D. To the multiple listing service
86. Riparian rights is the right of owners who are located on borders of:
- A. River/streams
 - B. Bays and arms of the sea
 - C. Subterranean cavities
 - D. All of the above
87. As for rules and regulations, a pest control company must provide:
- A. Copy to the owner
 - B. Copy to the seller
 - C. Copy to the escrow company
 - D. Copy to the lender

88. **Once a binding contract has been created between buyer and seller:**
A. Equitable title
B. Legal title
C. Certify title
D. Pending title
89. **The date in the purchase contract is the date:**
A. The buyer signed
B. Contract was prepared
C. Agent received the deposit
D. Final acceptance was communicated to the offeror
90. **The construction industry is regulated by:**
A. State housing law
B. Local building codes
C. Contractors license law
D. All of the above
91. **If a lender decides to take a deed in lieu of foreclosure:**
A. Must receive an approval of sale from the trustor
B. Must get a deficiency judgment in court
C. Will own the property free and clear
D. Assumes any junior liens
92. **The market data approach is accomplished by:**
A. Based on the assessed value
B. Inferred of comparable properties
C. Unspecified consideration
D. Being notarized by a notary
93. **A listing must contain all of the following except:**
A. Compensation
B. Lawful object
C. Unspecified consideration
D. Being notarized by a notary
94. **Under the truth and lending law disclosure is presented by:**
A. Lender
B. Beneficiary
C. Borrower
D. Seller

95. **The Federal Fair Housing Law declares a United States policy of:**
A. Eliminating prejudice throughout the United States.
B. Building houses for minority groups throughout the United States.
C. Guaranteeing separate but equal housing in all of the states.
D. Providing Fair Housing for persons throughout the United States.
96. **Buyer and seller entered in a contract and the buyer asks the broker to move into the property before closing escrow, the broker must:**
A. Obtain written consent from the owner
B. Give the buyer a temporary lease
C. The agent may give the buyer oral permission
D. Obtain written consent from the buyer
97. **David sold his friend's home in Yolo County. David has no license and received a commission. Who will prosecute David:**
A. District attorney
B. Real estate commission
C. Attorney general
D. Board of supervisors
98. **John entered into a right to sell listing with Broker Otis. John gave Otis \$100 to advertise the property. The payment of the \$100 to Otis must be:**
A. Must be deposit in the trust account and use for the purpose intended
B. Hold the \$100 towards his commission
C. Not necessary to deposit in the trust account if it is less than \$200
D. None of the above
99. **A broker must have in writing of any employment with which of the following:**
A. Secretaries
B. Janitorial Employees
C. Real estate staff
D. All of the above
100. **Property may be substituted by:**
A. Design
B. Earnings
C. Use
D. Any of the above
101. **An exclusive agency listing may be for a period of:**
A. 180 days
B. 60 days
C. 6 months
D. Any time agreed between the agent and seller

102. **An easement attached to the land is known as:**
A. Gross easement
B. Prescriptive easement
C. Appurtenant easement
D. Ingress easement
103. **Cost approach is used in:**
A. New buildings
B. Old construction
C. Land
D. None of the above
104. **All of the following are necessary for a valid contract except:**
A. Meeting of the minds
B. Lawful object
C. Consideration
D. Payment of money or performance
105. **An appraiser will deduct the vacancy factor of an apartment to reach at:**
A. Effective gross income
B. Net income
C. Gross income
D. Appreciation
106. **An agent is authorized to accept a deposit on behalf of the seller, this is found in which of the following contracts:**
A. Listing agreement
B. Purchase agreement
C. Escrow instructions
D. Loan documents
107. **A lessee may abandon the property by all of the following except:**
A. When property becomes dilapidated due to tenants negligence
B. Condemnation by eminent domain
C. Failure of the landlord to make repairs
D. Eviction notice
108. **Broker Marshall sold to Sanders a property AS IS. Marshall and seller knew about problems with the plumbing. Sanders after close of escrow discovered the problems with the plumbing. If the buyer wants to seek legal proceedings, he will be:**
A. Successful because the duty to disclose material fact cannot be avoided by AS IS
B. Not successful because the property was sold as is
C. The buyer's responsibility is to hire a professional home inspector
D. As Is provision the buyer must accept the property on its present condition

109. **The authority that prohibits an agent to do an act of fraud is found in:**
A. Business and professions code
B. Listing agreement
C. Real estate office conduct
D. Based on advantage of an agent to sell the property
110. **As to ethics, the best guidelines to determine if an action is ethical will be found in which of the following:**
A. The "Realtor's Golden Rule."
B. The Business and Professions Code.
C. The conduct of other real estate agents in your office.
D. What is in the best interest of the
111. **Eminent Domain may be exercised by:**
A. Cities
B. Public utilities
C. Public education
D. Any of the above
112. **What state agency would be a consumer contact in order to obtain a written report disclosing the presence of wood destroying organisms:**
A. Department of Real Estate
B. Department of Corporations
C. Department of Housing and Development
D. Structural Pest Control Board
113. **A board foot is:**
A. Six inches by twelve inches by three inches
B. Six inches by six inches by six inches
C. Twelve inches by six inches by four inches
D. Six inches by twelve inches by two inches
114. **In order for a broker to be able legally to claim a commission on an exclusive right to sell listing, which of the following termination dates would be appropriate:**
A. Until either principal or agent gives proper notice of rescission.
B. 120 days after completion of the improvements.
C. For 180 days from the date the listing agreement is signed by the contracting parties.
D. For 90 days after a conditional commitment is issued by the FHA.
115. **Amezcuca was asked to disclose her ethnicity in the loan application:**
A. Sue the real estate broker
B. Refuse to disclose the portion of the loan application
C. Must fill in the entire application including the ethnicity disclosure
D. Do nothing

116. If the buyer and seller agree to prorate property taxes as of the date of the close of escrow; and escrow closes on May 1st, and the current annual tax bill of \$1,380 has been paid, the escrow agent would appropriately debit the buyer for:
- A. \$130
 - B. \$230
 - C. \$115
 - D. \$680
- $\$1380 / 12 = \115
 $\$115 \times 2 = \230
117. When a home is financed under the State of California Veterans Farm and Home Purchase Plan, which of the following documents is used:
- A. A real property purchase contract
 - B. Listing agreement
 - C. A grant deed
 - D. A mortgage
118. Which of the following is a fiduciary relationship:
- A. Buyer to seller
 - B. Landlord to tenant
 - C. Sellers to appraisal
 - D. Agent to principle
119. The earthquake booklet was not necessary to be disclosed if property was built after:
- A. 1957
 - B. 1960
 - C. 1975
 - D. 1978
120. Under which of the following listings can the seller refuse to pay a commission even if the agent is procuring cause:
- A. Open listing
 - B. Exclusive right to sell listing
 - C. Exclusive agency listing
 - D. Net listing
121. Functional Utility is:
- A. Marketability
 - B. Location
 - C. Layout
 - D. Desire

122. In the event a home was constructed in high quality costing \$190,000 at the neighborhood of \$100,000 value homes. This is an example of:
- A. Progression
 - B. Social obsolescence
 - C. Functional obsolescence
 - D. Economic obsolescence
123. Which of the following is not a valid reason for the seller to terminate an exclusive listing:
- A. The broker's license was revoked
 - B. The seller declared bankruptcy
 - C. One of the seller's relatives gets a real estate license and the seller wants her to have the listing
 - D. The broker was declared mentally incompetent after signing the listing
124. Hanson wants to buy a property and talks to Broker Cohen about that particular property that he wants to buy. Broker Cohen contacts the property owner and tells him that Hanson wants to buy his property, seller tells the broker that the property is not for sale. Three months later, Hanson found out that the seller entered into a purchasing contract with Hanson. Under this circumstances broker Cohen:
- A. Sue for his commission
 - B. Sue for his time and labor
 - C. Get pays a finders fee
 - D. Entitle to nothing
125. In applying the principles of the Easton vs. Strassburger case, real estate licensees are obligated to give prospective buyers of certain real estate:
- A. A list of obvious defects and functional obsolescence.
 - B. A list of known defects and those that should be known
 - C. A strong recommendation that the buyer obtain a home inspection.
 - D. A disclosure forcing the buyer to take the property "as is".
126. Mr. Arturian granted a property to Macy with a condition not to drink alcohol beverages. Macy's ownership is now described as:
- A. Fee simple defeasible
 - B. Conditional
 - C. Agreement
 - D. Fee simple
127. The maximum fine that may be imposed by the Real Estate Commissioner against a broker who pays an unlicensed person for soliciting borrowers or negotiating real estate loans is:
- A. \$1,000
 - B. \$5,000
 - C. \$10,000
 - D. \$50,000

128. **In the event a person is discriminated against in violation of Title VIII of the Civil Rights Acts of 1968, that person may seek relief by:**
- A. Filing a Civil Action in a State Court.
 - B. Filing a Complaint with the Secretary of HUD.
 - C. Filing a Civil Action in a Federal Court.
 - D. Any of the above.
129. **Police power to divide the land into districts that the land can be put is by:**
- A. Eminent domain
 - B. Condemnation
 - C. Zoning
 - D. Down zoning
130. **Which kind of relationship does the salesperson not have:**
- A. Attorney-in-fact
 - B. Broker-client
 - C. Fiduciary
 - D. Attorney-client
131. **Which of the following is a commercial acre:**
- A. Any parcel of 43,560 square feet
 - B. An acre located outside of an R zoning
 - C. An acre after deductions for streets, sidewalks, curbs and alleys
 - D. An acre zoned for commercial purposes
132. **The purpose of the assessment roll, as compiled by the assessor's office is:**
- A. Determination of the actual tax to be paid by the property owner.
 - B. The equalization of the assessments among the various properties.
 - C. The setting of the tax rates.
 - D. The establishment of the tax base.
133. **Buyer makes offer to buy a home including all the appliances. Seller is willing to accept offer, but will not include all of the appliances. Agent crossed out buyer's requirement for all appliances without the knowledge or consent from the buyer. Seller then accepted the "modified offer." Agent's action was:**
- A. Unethical, but not illegal
 - B. Legal, if seller was aware of agent's actions
 - C. Common practice by most real estate agents
 - D. Illegal
134. **An estate at sufferance:**
- A. Possession of the lease after expiration of his lease term
 - B. Possession of the lease after expiration of his lease term seller's approval
 - C. Possession of the lease during the lease
 - D. Eviction of the lease for non-payment of rent

135. Jack leases a single family dwelling property from Mr. Michaels. After the lease agreement is signed and Jack moves in, Mr. Michaels insists that Jack to sign a contract agreeing to make substantial capital improvements to the property. This requirement by the lessor would render the lease contract:
- Valid
 - Voidable by the lessor
 - Voidable by the lessee
 - Void
136. Jackson leased his home to Sullivan with a verbal agreement to sell the property to Sullivan. Jackson knows that Sullivan has been making significant improvements to the property in reliance on the verbal agreement. Jackson now declines to sell the property to Sullivan. Which of the following best describes the rights of the parties:
- Jackson must sell because he made an ostensible agreement
 - Sullivan has no right to enforce the verbal agreement
 - Jackson must sell because the doctrine of estoppels will apply in this case
 - Jackson does not have to sell because of the Statute of Frauds
137. Bank lends 80% of appraised value. Interest rate at 11%. First year interest was \$7,040. What was the appraised value:
- \$64,000
 - \$76,000
 - \$80,000
 - \$85,000
- $\$7,040 / 11\% = \$64,000$ loan amount
 $\$64,000 / 80\% = \$80,000$ appraisal value
138. The SW ¼ of the NW ¼ of Sec. 5 is valued at \$800 per acre. The S ½ of the NE ¼ of Sec. 8 is valued at \$500 per acre, what is the difference in value between the two parcels:
- \$6,000
 - \$8,000
 - \$10,000
 - \$12,000
- SW ¼ of the NW ¼ = of section 5 = 40 acres X \$800 = \$32,000
S ½ of the NE ¼ of section 8 = 80 acres X \$500 = \$40,000
\$40,000 - \$32,000 = \$8,000
139. The original amount of a straight note that calls for interest payment of \$60 per month based on a rate of 8% per annum is:
- \$4,000
 - \$7,500
 - \$9,000
 - \$12,000
- $\$60,000 \times 12 = \720 per year
 $\$720 / 8\% = \$9,000$
140. Wong bought a vacant lot for \$17,424 and wants to sell the lot to make a 40% profit after paying a 10% commissions. What must he sell lot for:
- \$24,393
 - \$27,104
 - \$28,395
 - \$31,402
- $\$17,424 \times 1.40 = \$24,393$
 $\$24,393 / .90 = \$27,104$

141. An investor purchased a trust deed and note at a 20% discount. This was one year fully amortized note with a face amount of \$4,500 with payments of \$393 per month including 9% interest. If she holds the note for a full year, the yield on her original investment would be:

- A. 29%
- B. 31% $\$4,500 \times 20\% = \900 $\$393 \times 12 = \$4,716$
- C. 24% $\$4,716 - \$4,500 = \$216$ $\$900 + \$216 = \$1,116$
- D. 36% $\$4,500 - \$900 = \$3,600$ $\$1,116 / \$3,600 = 31\%$

142. On August 5th, a borrower gave broker Gutierrez a personal check for \$1,000 made payable to the seller. The buyer instructed broker Gutierrez that the check should be held un-cashed until August 30th. Broker Gutierrez must do:

- A. Not accept the deposit
- B. Return the deposit to the buyer
- C. The broker may accept the deposit and instruct the seller that the check has to be held until August 30th.
- D. Do not accept personal checks

143. Which of the following factors would tend to make real estate values unstable in a residential neighborhood:

- A. An increasing amount of average priced homes are being constructed in a neighborhood with a number of high priced homes.
- B. Local zoning restrictions limit or prohibit the construction of multiple family units.
- C. The residents of a neighborhood are of the same ethnic background and religious beliefs.
- D. The sub divider demands that all homes to be constructed by those purchasing lots be a minimum number of square feet and value.

144. Misuse of the term "Realtor" is:

- A. A violation of the California Real Estate Law
- B. A felony offense
- C. Unethical but not illegal
- D. Only unethical in California

145. When the Real Estate Commissioner wishes to proceed against a licensee for a suspected violation for the Real Estate Law, the Commissioner must first serve the real estate licensee with:

- A. A complaint
- B. A demurrer
- C. A statement of issues
- D. An accusation

146. Federal law requires sellers, landlords, and remodels to disclose known information of lead-based paint hazards. It is assumed that lead paint was last used on homes built before:
- A. 1952
 - B. 1967
 - C. 1978
 - D. 1989
147. When applying the capitalization of net income approach to establish the value of an income property, which of the following would not be included as an expense:
- A. Cost of capital
 - B. Utilities
 - C. Property management
 - D. Reserves for replacement of improvements.
148. The owner of land owns riparian rights to water on, under, or adjacent to the land in which of the following:
- A. Oceans and bays
 - B. Rivers or streams
 - C. Underground caves with water
 - D. All of the above
149. John owns a lot that measures 150 feet deep by 50 feet wide. The zoning laws require a 20 foot front setback and 4 foot setback on both sides and at the back. The building size of this lot is:
- A. 5,292 square feet
 - B. 5,560 square feet
 - C. 6,556 square feet
 - D. 6,800 square feet
- $$150 - 24 = 126$$
- $$50 - (4 \times 2) = 42$$
- $$42 \times 126 = 5,292$$
150. The broker has an oral listing to sell real property. The broker presented an offer which the seller accepted. The seller then requested to broker to give him the buyer's deposit check:
- A. The broker must give the check to the seller
 - B. The broker must deposit the check in escrow
 - C. The broker must deposit the check in the trust account
 - D. Return the deposit to the buyer

**EXAM 2
ANSWERS**

1. B	41. A	81. A	121. C
2. A	42. C	82. D	122. D
3. C	43. D	83. B	123. C
4. C	44. B	84. A	124. D
5. A	45. A	85. A	125. B
6. D	46. C	86. A	126. A
7. A	47. C	87. A	127. C
8. D	48. A	88. A	128. D
9. D	49. B	89. D	129. C
10. C	50. B	90. D	130. D
11. A	51. C	91. D	131. C
12. A	52. B	92. B	132. D
13. A	53. D	93. D	133. D
14. D	54. C	94. A	134. A
15. B	55. A	95. D	135. C
16. D	56. A	96. A	136. C
17. D	57. A	97. A	137. C
18. A	58. C	98. A	138. B
19. B	59. D	99. D	139. C
20. D	60. D	100. D	140. B
21. A	61. D	101. D	141. B
22. D	62. A	102. C	142. C
23. D	63. A	103. A	143. A
24. A	64. A	104. D	144. A
25. A	65. B	105. A	145. D
26. B	66. B	106. A	146. C
27. B	67. C	107. A	147. A
28. A	68. B	108. A	148. B
29. C	69. D	109. A	149. A
30. A	70. A	110. B	150. A
31. D	71. C	111. D	
32. D	72. A	112. D	
33. A	73. A	113. D	
34. C	74. D	114. C	
35. C	75. D	115. B	
36. A	76. B	116. B	
37. C	77. A	117. A	
38. C	78. A	118. D	
39. A	79. D	119. C	
40. C	80. A	120. D	