1. The list of potential clients that an agent contacts on a regular basis:
   a. is considered his or her "sphere of influence."
   b. always belongs to his or her broker.
   c. is technically considered harassment.
   d. is a waste of time.

2. Errors and Omissions insurance is meant to protect whom from liability?
   a. Brokers
   b. Agents
   c. Both a and b
   d. Neither a nor b

3. A salesperson who receives all (or nearly all) of the commission earned from a real estate transaction:
   a. has a 100% commission arrangement with his or her broker.
   b. has a 50/50 commission contract.
   c. is breaking real estate law.
   d. none of the above.

4. How many brokers can a salesperson work for at a time?
   a. None
   b. One
   c. Two
   d. Unlimited

5. A person whose physical conduct is not subject to the control of another, and who sells results rather than time, is:
   a. an employee.
   b. an employer.
   c. an independent contractor.
   d. all of the above.

6. Soliciting potential clients by telephoning people you don’t know is called:
   a. cold calling.
   b. warm calling.
   c. previewing.
   d. blind advertising.

7. All commissions are negotiable between a seller and listing broker, and determined:
   a. when an offer is presented.
   b. when the listing agreement is signed.
   c. at the close of escrow.
   d. None of the above.
8. An open house is a prospecting tool for finding:
   a. buyers.
   b. sellers.
   c. both a and b.
   d. neither a nor b.

9. Sources of listings may include:
   a. acquaintances.
   b. "for sale by owner" ads.
   c. foreclosures.
   d. all of the above.

10. When writing effective ads, the formula "A-I-D-A" refers to:
    a. attention, interest, desire, action.
    b. avoid, imply, deceive, assume.
    c. advertising inferior dwellings aggressively.
    d. none of the above.

11. Rules for regulating real estate advertising under the Truth in Lending Act are covered by:
    a. Regulation Z.
    b. Regulation ABC.
    c. The X Files.
    d. All of the above.

12. FSBO refers to which of the following?
    a. Financing Secured By Owner
    b. Financing Subject to Buyer's Okay
    c. Fire Sale By Owner
    d. For Sale By Owner

13. Brokers should examine the call log book regularly to determine:
    a. the impact of any advertising campaign.
    b. if agents are showing up for work on time.
    c. what hours the office should stay open.
    d. none of the above.

14. The bulk of the typical residential broker's advertising budget is spent on:
    a. novelty ads.
    b. classified ads.
    c. highway billboards.
    d. skywriting.

15. The type of listing in which the owners would be obligated to pay a commission to the broker even if the owners sell the property themselves during the listed period is:
    a. illegal in California.
    b. a multiple listing.
    c. an exclusive right to buy.
    d. an exclusive right to sell listing.
16. The amount of commission payable to a real estate broker is ordinarily based on:
   a. statutory limitations.
   b. rules and regulations of the DRE and the FBI.
   c. a secret formula known only the Real Estate Commissioner.
   d. agreement of the parties.

17. To earn a commission, a broker must produce a buyer who is:
   a. ready.
   b. willing.
   c. able.
   d. all of the above.

18. If an owner enters into an exclusive agency listing and thereafter sells the property through his or her own efforts:
   a. the broker is entitled to his or her full commission, plus damages.
   b. no commission is payable.
   c. the broker takes title to the property.
   d. the broker must pay the owner a commission.

19. The type of listing that is most likely to give rise to charges of misrepresentation or fraud is the:
   a. multiple listing.
   b. open listing.
   c. net listing.
   d. none of the above.

20. How a house looks to a passerby when compared to the rest of the neighborhood, is called:
   a. curb appeal.
   b. viewability.
   c. competitive factor.
   d. all of the above.

21. In order for agents to gain access to the house, keys are often kept:
   a. under a rock.
   b. in a lock box.
   c. with a neighbor.
   d. all of the above.

22. The Real Estate Commissioner requires that all agreements prepared by salespeople:
   a. be approved by their designated broker or sales manager.
   b. be approved within a reasonable time.
   c. both a and b are correct.
   d. neither a nor b is correct.

23. In a listing agreement, handwritten or typed-in instructions:
   a. are given precedence over preprinted instructions.
   b. are superseded by preprinted instructions.
   c. are not permissible.
   d. none of the above
24. To earn the commission guaranteed by a safety clause, the original listing broker must provide the seller with a list of prospects who were shown or made offers on the property within:
   a. 24 hours of the expiration of the original listing.
   b. 48 hours of the expiration of the original listing.
   c. 3 calendar days of the expiration of the original listing.
   d. 10 calendar days of the expiration of the original listing.

25. Copies of the listing agreement must be given to the signing parties:
   a. at the time signatures are obtained.
   b. within 30 days of signing.
   c. within 90 days of signing.
   d. none of the above.

26. Which of the following (seller’s) listing forms does the buyer also receive a copy of?
   a. Residential listing agreement
   b. Transfer Disclosure Statement
   c. Estimated seller’s proceeds
   d. All of the above

27. The form that is often referred to as “FRPTA” is the:
   a. Real Estate Transfer Disclosure Statement.
   b. Natural Hazard Disclosure Statement.
   c. Seller’s Affidavit of Nonforeign Status and/or California Withholding Exemption.
   d. none of the above.

28. The amount of cash or cash equivalent that is most likely to be paid for a property on a given date in a fair and reasonable open market sale is called:
   a. capitalization rate.
   b. market value.
   c. affordable value.
   d. comparative value.

29. The term CMA refers to:
   a. Comparable Marketing Arrangement.
   b. Competitive Market Analysis.
   c. Cooperative Marketing Associates.
   d. Coordinated Multiple Analysis.

30. Most property owners move on an average of every:
   a. 6 to 8 months.
   b. 6 to 8 years.
   c. 20 to 30 years.
   d. 30 to 40 years.

31. Economic obsolescence is:
   a. also referred to as social obsolescence.
   b. is also referred to as functional obsolescence.
   c. loss of value due to conditions outside the property itself (external).
   d. both a and c are correct.
32. Advantages to home ownership include:
   a. appreciation.
   b. tax benefits.
   c. equity buildup.
   d. all of the above.

33. When selling real estate, the MOST effective form of communication is:
   a. direct contact (face-to-face).
   b. by letter (one way).
   c. by telephone (two way).
   d. none of the above.

34. An incoming call register is a useful tool for:
   a. record keeping.
   b. controlling ad revenue and expenses.
   c. following up on inquiries.
   d. All of the above.

35. The time assigned to individual agents to answer the company telephone is called:
   a. downtime.
   b. floortime.
   c. private time.
   d. golden time.

36. Character, capacity, and capital are called the three C’s of:
   a. salesmanship.
   b. credit.
   c. real estate.
   d. competition.

37. The most commonly used purchase contract in California is the:
   a. California Residential Purchase Agreement and Joint Escrow Instructions form.
   b. Residential Listing Agreement and Exclusive Right to Sell form.
   c. Competitive Market Analysis form.
   d. none of the above.

38. If there is a contradiction in the purchase agreement form:
   a. the form is considered void.
   b. the handwritten or typed-in words supersede the printed words.
   c. the printed words supersede the written or typed-in words.
   d. none of the above.

39. Liquidated damages are:
   a. the damages caused by flooding.
   b. paid for not fulfilling a clause or condition in the contract.
   c. agreed to in advance and stated in the contract.
   d. both b and c are correct.
40. Under the buyer occupancy section of the purchase contract, the term CE+3 means:
   a. the buyer will take possession 3 days after the close of escrow.
   b. the buyer will take possession 3 weeks after the close of escrow.
   c. the buyer will take possession 30 days after the close of escrow.
   d. none of the above.

41. Which of the following is TRUE concerning wood destroying pest inspections?
   a. Section A1 indicates actual termite infestation.
   b. Section A2 indicates existing conditions that may lead to termite infestation.
   c. Termite clearance is usually a lender’s requirement.
   d. All of the above.

42. The seller must provide the buyer with a Lead-Based Paint Notice as an attachment to the purchase contract if the residential property was constructed:
   a. prior to 1998.
   b. prior to 1988.
   c. prior to 1978.
   d. all of the above.

43. The Disclosure Regarding Real Estate Agency Relationships:
   a. is only given to a seller.
   b. is only given to a buyer.
   c. must be given to buyers and sellers before entering into any contract with a broker.
   d. none of the above.

44. Which of the following forms details the total cost of the purchase, including monthly payments?
   a. Buyer’s Inspection Advisory
   b. Estimated Buyer’s Costs
   c. Notice to Seller to Perform
   d. None of the above

45. Which of the following is TRUE concerning the Buyer’s Request for Repairs?
   a. The buyer’s request is really a wish list.
   b. The seller may choose to do all, some, or none of the repairs.
   c. The buyer may cancel the escrow if a dispute over repairs cannot be resolved.
   d. All of the above.

46. If there are more than two counter offers, an agent/broker should:
   a. lower his or her commission.
   b. ask the Real Estate Commissioner for advice.
   c. start from scratch and rewrite the contract.
   d. have the final counter offer notarized.

47. Which of the following is TRUE concerning the Buyer’s Affidavit?
   a. It involves the Foreign Investment in Real Property Tax Act (FIRPTA).
   b. It involves property for use as a residence.
   c. It involves property with a sales price that does not exceed 300,000.
   d. All of the above.
48. The Verification of Property Condition is filled out:
   a. when the buyer first visits the property.
   b. during the final walk-through.
   c. by pest inspectors.
   d. all of the above.

49. The Professional Physical Inspection Waiver:
   a. is a broker-generated form.
   b. is meant to limit a broker’s liability if a party declines to have a physical inspection.
   c. both a and b are correct.
   d. neither a nor b is correct.

50. The terms mortgagee and mortgagor refer to:
   a. mortgages only.
   b. trust deeds only.
   c. mortgages and trust deeds.
   d. none of the above.

51. In a trust deed, the party who is lending the money is called the:
   a. trustor.
   b. trustee.
   c. beneficiary.
   d. none of the above.

52. The compensation for processing the loan and setting it up on the books, which is based on the loan amount, is:
   a. interest.
   b. a loan origination fee.
   c. the prevailing market rate.
   d. start up fee.

53. The term APR refers to:
   a. annual percentage rate.
   b. average percentage rate.
   c. annual points required.
   d. none of the above.

54. A charge to the borrower for paying off all or part of a loan balance before the due date:
   a. is illegal in California.
   b. is called a prepayment penalty.
   c. is called an impound account.
   d. all of the above.

55. Lenders refer to a borrower with a low FICO score and a limited ability to cover family living expenses as a:
   a. lost cause borrower.
   b. prime borrower.
   c. subprime borrower.
   d. commercial borrower.
56. The term PMI refers to:
   a. prime money investment.
   b. private money institute.
   c. private mortgage insurance.
   d. none of the above.

57 An escrow holder can be:
   a. a corporation.
   b. an attorney
   c. a real estate broker acting as the agent in a transaction.
   d. all of the above.

58. Which of the following is NOT one of the three requirements for a valid escrow?
   a. Signed escrow instructions
   b. Legal advice
   c. Neutral third party as an escrow company
   d. Conditional delivery of funds and documents

59. In Northern California, the majority of escrows are handled by:
   a. escrow departments of title insurance companies.
   b. independent escrow companies.
   c. the sellers.
   d. none of the above.

60. Death does not cancel escrow because:
   a. it is binding on the heirs (estate).
   b. of the prior agreed-to contract.
   c. both a and b are correct.
   d. neither a nor b is correct.

61. The two rules of proration in an escrow include:
   a. the date the item is paid.
   b. the date escrow closes.
   c. the condition of the property.
   d. a and b are correct.

62. A report showing the condition of title before a sale or loan transaction is called the:
   a. preliminary title report.
   b. proration report.
   c. standard from fire insurance policy.
   d. preliminary index report.

63. Which of the following is a lender's extended coverage policy?
   a. CLTA
   b. ALTA
   c. RSPA
   d. none of the above.
64. An ad valorem tax is a tax that is charged:
   a. in proportion to the value of the property.
   b. to foreign investors only
   c. both a and b.
   d. neither a nor b.

65. The county officer who collects real property taxes is the:
   a. county assessor.
   b. county tax collector.
   c. president of the county board of supervisors.
   d. all of the above.

66. The rollback of California property tax to 1% of the selling price, plus 2% cumulative interest every year thereafter, was mandated by:
   a. Proposition 11.
   c. Proposition 58.
   d. all of the above.

67. “No Darn Fooling Around” is a method for remembering:
   a. important property tax dates.
   b. scheduled balloon payments.
   c. relative's birthdays.
   d. none of the above.

68. Which of the following property is tax exempt in California?
   a. National and state parks.
   b. Property owned by non-profit organizations.
   c. Residential property.
   d. Both a and b are correct.

69. The Improvement Bond Act of 1915:
   a. is a special assessment tax.
   b. finances street and highway improvements.
   c. is based on the frontage of property facing the improved street.
   d. all of the above.

70. The tax that requires taxpayers who make above a certain amount of gross income to figure their taxes twice is called:
   a. alternative minimum tax (AMT).
   b. double taxation tax (DTA).
   c. sheltered income tax (SIT).
   d. none of the above.

71. The liquidity of an income property is determined by:
   a. the amount of time necessary to turn the property into cash.
   b. the size of the pool on the property.
   c. the amount of money required to run a property.
   d. none of the above.
72. In California, an apartment complex with 16 or more units:
   a. must have an outside property manager.
   b. must have an on-site property manager.
   c. must have two on-site property managers.
   d. none of the above.

73. Which of the following lenders makes the majority of their funds available for short-term, high-interest loans like credit cards and automobile loans?
   a. savings banks.
   b. commercial banks.
   c. life insurance companies.
   d. none of the above.

74. Which of the following operating expenditures is NOT one of the terms included in the acronym MITUM?
   a. maintenance.
   b. insurance.
   c. interest.
   d. taxes.

75. Operating expenses that do not vary depending on the occupancy of the property are:
   a. fixed expenses.
   b. variable expenses.
   c. effective expenses.
   d. all of the above.

76. An item that has a life span less than the expected life of the property is called a:
   a. temporary fixture.
   b. short-lived component.
   c. fixed expense.
   d. none of the above.

77. The higher the gross multiplier:
   a. the higher the price.
   b. the lower the price.
   c. the lower the commission.
   d. none of the above.

78. A seller of a business agrees not to open another business establishment similar to that being sold for six months. Such an agreement is called a:
   a. cease and desist order.
   b. covenant not to compete.
   c. covenant of allocation.
   d. give and take agreement.

79. What agency regulates the issuance of liquor licenses in California?
   a. California Liquor Board (CLB).
   b. California Department of Real Estate (DRE).
   c. California Department of Alcoholic Beverage Control (ABC).
   d. All of the above.
80. A real estate broker who wants to include negotiation of loans for prospective borrowers and the sale of trust deeds secured by real property will need:
   a. a real property security dealer's endorsement.
   b. to speak several languages.
   c. a law degree.
   d. all of the above.

81. The division and subsequent sale of real property is governed by the:
   a. Subdivision Map Act.
   c. both a and b are correct.
   d. neither a nor b is correct.

82. The body of law referred to as the UCC is the:
   b. Uniform Community Code.
   c. Universal Commerce Code.
   d. none of the above.

83. The Housing Financial Discrimination Act of 1977 prohibits:
   a. redlining.
   b. steering.
   c. blockbusting.
   d. none of the above.

84. Lenders who charge an additional processing fee to non-English speaking applicants because of the cost of hiring bilingual employees:
   a. are exempt from discrimination charges.
   b. are guilty of practicing discrimination.
   c. are just practicing good business techniques.
   d. none of the above.

85. A resident manager:
   a. lives on the property.
   b. may also be referred to as an on-site manager.
   c. may also be referred to as a building superintendent.
   d. all of the above.

86. A CCRM designation stands for:
   a. California Certified Residential Manager.
   b. California Community Recreational Manager.
   c. California Credit Research Manager.
   d. none of the above.

87. What type of lease calls for an additional percentage of the lessee’s gross business income above the minimum fixed rent?
   a. Graduated lease
   b. Flat rental lease
   c. Percentage lease
   d. Triple net lease

88. A person who is paid to exercise control over the assets of a common interest development is a:
a. PRLS.
b. managing agent.
c. mortgage banker.
d. all of the above.

89. By California law, no governmental agency can adopt any rent control restrictions on:
   a. residential property.
   b. nonresidential property.
   c. both a and b are correct.
   d. neither a nor b is correct.

90. A good reason for a real estate licensee to become an assistant is:
   a. shyness.
   b. lack of experience.
   c. laziness.
   d. both a and b are correct.

91. Which of the following statements is generally considered correct concerning brokerage firms that hire real
   estate assistants?
   a. Agents who hire assistants list more properties than those who don’t.
   b. Agents who hire assistants sell more properties than those who don’t.
   c. Both a and b are correct.
   d. Neither a nor b is correct.

92. An assistant working as an independent contractor may be expected to:
   a. pay his or her own taxes.
   b. work regular hours from 9 to 5.
   c. work under heavy supervision.
   d. none of the above.

93. A client’s database file should include:
   a. property address.
   b. date of sale.
   c. reference file number.
   d. all of the above.

94. Real estate assistants who choose to become notary publics must:
   a. also have a broker’s license.
   b. maintain an official record called a notary journal.
   c. use an official seal of notary.
   d. all of the above.
95. The main purpose of the DRE is to:
   a. protect the public.
   b. protect brokers.
   c. make money for the state.
   d. none of the above.

96. Police power provisions are laws created to benefit:
   a. health
   b. safety
   c. morals.
   d. all of the above.

97. A Conditional Salesperson's License expires after:
   a. 6 months.
   b. 18 months.
   c. one year.
   d. four years.

98. The Real Estate Commissioner has the right to:
   a. revoke a license.
   b. restrict a license.
   c. suspend a license.
   d. all of the above.

99. A broker who falsely gives the impression that he or she is the owner of a property for sale is guilty of:
   a. color blind advertising.
   b. blind advertising.
   c. puffing.
   d. keeping a pocket listing.

100. To be called a “realtor®” a licensee must be:
    a. a member of the National Association of Realtors® (NAR)
    b. a member of the State Bar of California.
    c. a broker.
    d. none of the above.