

EXAMINATION DESCRIPTION

RE 425 (Rev. 6/25)

The following description represents the subject matter of both the California real estate salesperson and real estate broker license examination. This description contains the seven major subject areas of real estate, as well as their subcategories represented on the examination. There is no assurance that a specified examination will cover all subject matter listed below, because the examinations are sampled from the subject matter in the broad field of real estate.

Because there are differences in the level, type and amount of knowledge required of salesperson and broker licensees, the examinations differ in the emphasis and difficulty for each subject matter.

When changes in the law occur, or changes in the practice of real estate take place, new subject matter is added to one or more of the seven major areas. Thus, the areas are revised and brought up to date on a regular basis.

Area 1 — Property Ownership and Land Use Controls and Regulations

Approximately 15% of exam

- Classes of Property
- Property Characteristics
- Encumbrances
- Types of Ownership
- Descriptions of Property
- Government Rights in Land
- Public Controls
- Environmental Hazards and Regulations
- Private Controls
- Water Rights
- Special Categories of Land

Area 2 — Laws of Agency and Fiduciary Duties

Approximately 17% of exam

- Law, Definition and Nature of Agency Relationships, Types of Agencies, and Agents
- Creation of Agency and Agency Agreements
- Responsibilities of Agent to Seller/Buyer as Principal
- Disclosure of Agency
- Disclosure of Acting as Principal or Other Interest
- Termination of Agency
- Commission and Fees
- Responsibilities of Agent to Non-Client Third Parties

Area 3 — Property Valuation and Financial Analysis

Approximately 14% of exam

- Value
- Methods of Estimating Value
- Financial Analysis

Area 4 — Financing

Approximately 9% of exam

- General Concepts
- Types of Loans
- Sources of Financing
- Government Programs
- Mortgages/Deeds of Trust/Notes
- Financing/Credit Laws
- Loan Brokerage
- Types of Loan Originators

Area 5 — Transfer of Property

Approximately 8% of exam

- Title Insurance
- Deeds
- Escrow
- Tax Aspects
- Special Processes
- Transfer Through Court Supervision
- Types of Vesting

Area 6 — Practice of Real Estate and Disclosures (Includes Specialty Areas)

Approximately 25% of exam

- Trust Account Management
- Fair Housing Laws
- Truth in Advertising
- Record Keeping Requirements
- Agency Supervision
- Permitted Activities of Unlicensed Sales Assistants
- DRE Jurisdiction and Disciplinary Actions
- Licensing and Continuing Education Requirements and Procedures
- California Real Estate Recovery Fund
- General Ethics
- Technology
- Property Management
- Commercial/Industrial/Income Properties
- Specialty Areas
- Transfer Disclosure Statement
- Natural Hazard Disclosure Statements
- Disclosure of Material Facts Affecting Property Value
- Need for Inspection and Obtaining/Verifying Information
- Reports
- Servicing Diverse Populations

Area 7 — Contracts

Approximately 12% of exam

- General
- Listing Agreements
- Buyer Broker Agreements
- Offers/Purchase Contracts
- Agreements
- Promissory Notes/Securities
- Purchase/Lease Options
- Advanced Fee

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The following is a list of 10 sample questions to help examinees familiarize themselves with the types of questions that will appear on the real estate examinations. The correct answer is underlined for each question.

Please note - the sample questions below will not appear on the real estate examinations.

1. A prospective borrower who seeks a loan is evaluated as to:
 - (a) credit characteristics.
 - (b) anticipated duration of ownership.
 - (c) marital status.
 - (d) age and square footage of house to be purchased.
2. If a real estate broker acting as agent in the sale of real property accepts a deposit as part of the purchase price from a prospective purchaser in the form of a promissory note, the broker must:
 - (a) hold the promissory note in the office safe until closing of the transaction.
 - (b) not record the promissory note in trust fund records.
 - (c) put the promissory note through a collection process.
 - (d) disclose to seller that the deposit is in the form of a promissory note.
3. An exclusive agreement authorizing or employing a licensee to negotiate a loan secured directly or collaterally by a lien on real property must be limited to a term of not more than:
 - (a) 15 days.
 - (b) 30 days.
 - (c) 45 days.
 - (d) 60 days.
4. To comply with statutes relating to structural pest control operators, licensees should be aware that pest control operators are required by law to:
 - (a) complete all repair work prior to close of escrow.
 - (b) inspect the property for infestation within 10 days.
 - (c) furnish a copy of an inspection report to the owner.
 - (d) charge a set fee for the property inspection.
5. Which of the following actions taken by the owner of a fee simple estate would cause his interest to be changed to that of a less-than-freehold estate?
 - (a) A grant of the mineral rights therein to a third party.
 - (b) A lease of the land for agricultural purposes to a third party for a period of five years.
 - (c) A grant of a life estate.
 - (d) A sale and leaseback.
6. For a real estate trust deed to exist, there must be a:
 - (a) contract to repay the debt.
 - (b) pledge of security coupled with a power of sale.
 - (c) lien against the land in favor of the trustor.
 - (d) pledge of security and debt repayment contract.
7. A fixture is statutorily defined as an item which has been:
 - (a) incorporated into the land.
 - (b) adapted for extraordinary use in its relationship to the land.
 - (c) alluded to by action, not by official writing in the contract of sale.
 - (d) integrated with the chattel real.
8. A standard policy of title insurance is desirable because it:
 - (a) protects against loss from fire.
 - (b) will preserve a water right.
 - (c) gives greater protection than the warranty of the grantor.
 - (d) will indemnify for loss from an encroachment.
9. In a flood hazard area, the flood hazard report will describe the hazard as "frequent" if flooding occurs, on average:
 - (a) three times or more in 10 years.
 - (b) twice or more in 10 years.
 - (c) once in 5 years.
 - (d) once in 3 years.
10. To qualify a real property sales contract for recordation, it must:
 - (a) be signed by the buyer and acknowledged.
 - (b) be signed by the seller and acknowledged.
 - (c) contain a granting clause.
 - (d) be signed by both buyer and seller and supported by a consideration.