Professional

California-Real-Estate
CalDRE: California Real Estate Brokers & Salespersons

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Question: 1

Owners A, B, and C are joint tenants. When owner A died, owners B and C were left as joint tenants. When owner B died, owner C became the sole owner.
This is known as ownership in ____.

A. severalty
B. cotenancy
C. life estate
D. perpetuity

Answer: A

Explanation:
"Severalty" refers to ownership by a single person or entity. Joint tenancy has the right of survivorship, so if owner A and owner B both die, owner C becomes the sole owner and has ownership in severalty.

Question: 2

Why are some contracts valid but unenforceable?

A. They're made under duress
B. One of the parties is under the age of 18
C. They're not in writing
D. They're for an illegal purpose

Answer: C

Explanation:
An unenforceable contract is valid, but it cannot be enforced. The Statute of Frauds requires many types of contracts to be in writing to be enforceable. Contracts that are not in writing may meet all the tests for validity yet remain unenforceable.
The remaining answer options would make a contract void (i.e., not valid).

Question: 3

A borrower signs a straight-note mortgage. How will they pay off the principal balance of their loan?

A. All at once, when the loan matures
B. All at once, at the loan's inception
C. They will pay some principal over the life of the loan and the rest at maturity

D. Steadily over the life of the loan

Answer: A

Explanation:
A "straight note" is another name for an interest-only loan. Over the term of the loan, payments consist only of interest, and the entire principal balance is due at maturity.

Question: 4

A buyer lacks enough cash for a down payment and needs additional credit to qualify for a loan. To make the deal work, the buyer and the seller enter into a contract where the buyer will acquire equitable title and pay regular payments of principal and interest to the seller, while the seller retains legal title.
What is this type of agreement called?

A. Contract for Deed
B. Purchase Money Mortgage
C. Wraparound
D. Option-to-Buy

Answer: A

Explanation:
A contract for deed is a form of seller financing where the buyer obtains equitable title and makes payments to the seller, while the seller retains legal title.
It's easy to get a contract for deed confused with a purchase money mortgage. Both are forms of seller financing. In the simplest terms, a contract for deed is like a deed of trust and is secured by legal title. A purchase money mortgage, like any mortgage, is secured by a lien.
Someone who has legal title has actual ownership of the property. Someone with equitable title has the right to obtain legal title after the satisfaction of some agreement (commonly, a contract for deed).
A contract for deed can also be called a land contract, installment sale, conditional sales contract, or an agreement for deed.

Question: 5

There are two types of deed restrictions: ____ and ____ .

A. covenants; convictions
B. covenants; conditions
C. conveyances; covenants
D. conditions; convictions

Answer: B

Explanation:
There are two types of deed restrictions: covenants and conditions.
A covenant is an agreement by two parties to do or not to do something. If this is broken, the damaged party can seek damages or go to court to force compliance.
A condition means that, when a deed is transferred, the grantor gives title to the grantee conditionally. If the deed condition is violated, the property may revert to the original grantor.
The main difference between covenants and conditions is that only conditions leave open the possibility that the original grantor may repossess the property.

Question: 6

An agent who receives a commission from both the buyer and the seller is what?

A. A double agent
B. Breaking the law
C. A secret agent
D. A dual agent

Answer: D

Explanation:
For real estate agents, the biggest perk of dual agency is the receiving of two commissions — the listing side and the buyer side. This is a reasonable way for an agent to double their commission without doing much additional work but is only permissible if both sides are made aware of and agree to the dual agency relationship.

Question: 7

The ban on lead-based paint for use in residential homes applies to properties built after what year?

A. 1967
B. 1978
C. 1981
D. 1990

Answer: B

Explanation:
Many housing units in California still contain lead-based paint, which was banned for residential use in 1978. Lead-based paint can peel, chip, and deteriorate into contaminated dust, thus becoming a lead-based paint hazard. A child's ingestion of the lead-laced chips or dust may result in learning disabilities, delayed development or behavior disorders.

Question: 8

A listing which states that the listing broker will receive the commission on the sale of the property regardless of who actually sells it is known as what?

A. Net listing
B. Exclusive agency listing
C. Exclusive right-to-sell
D. Multiple listing service

Answer: C

Explanation:
Under an exclusive right to sell listing, a commission is due to the broker named in the contract if the property is sold within the time limit by the said broker, by any other broker, or by the owner. Frequently, this listing also provides that the owner will be liable for a commission if a sale is made, within a specified time after the listing expires, to a buyer introduced to the owner by the listing broker during the term of the listing.

Question: 9

Which of the following defines an ad valorem tax?

A. A tax based on the value of any structures on the property
B. A tax based on the assessed value of the property as a whole
C. A tax based on the value of the land alone
D. A tax based on purchase price of the property.

Answer: B

Explanation:
Ad valorem is a Latin phrase meaning “according to value.” An ad valorem tax is a tax on the value of the property as a whole as assessed by a government employee (the county assessor, usually).

Question: 10

A contract in which both parties have responsibilities to fulfill is known as what type of contract?

A. Implied contract
B. Unilateral contract
C. Bilateral contract
D. Executory contract

Answer: C

Explanation:

A bilateral contract is a contract in which each party promises to complete their parts of an agreement. In return, the other party must also perform the previously agreed-upon actions.