



CALIFORNIA SALESPERSON EXAM / FOCUSED REFERENCE

Agency duties and disclosure distinctions

Review key distinctions and a worked scenario, then use the checklist to identify what needs another practice attempt.

Original exam-preparation material. DRE controls the examination. Review the linked full lesson for context; these sheets do not guarantee a passing result.

Agent / Salesperson

The broker is the legal agent. A salesperson or broker associate performs the broker's licensed work and owes equivalent duties through that broker.

Agency disclosure form / Agency agreement

The statutory form explains possible relationships and duties. It does not by itself hire the broker. The listing or buyer-broker agreement creates the employment terms.

Disclosure of role / Confirmation of role

The actual role is disclosed as soon as practicable. It is then confirmed in the purchase contract or a separate writing at the statutory time.

Receipt of disclosure / Consent to dual agency

Acknowledging the statutory form proves receipt. It is not automatic consent to a dual agent representing both sides.

Actual authority / Ostensible authority

Actual authority comes from the principal to the agent. Ostensible authority comes from the principal's manifestations to a third person and that person's reasonable belief.

Client / Non-client

A client receives fiduciary loyalty and confidentiality. A non-client still receives honest and fair dealing, reasonable skill and care within the statutory duty, and required material-fact disclosure.



Who pays / Who is represented

Compensation does not necessarily determine agency. A buyer's agent can remain the buyer's agent even when seller-side funds contribute to payment.

Power to revoke / Right to revoke

The principal may have the power to end authority while still breaching an exclusive agreement and owing contractual damages or compensation.

Exclusive agency / Exclusive right to sell

Exclusive agency usually preserves the owner's right to sell alone without paying the broker. Exclusive right to sell normally pays the broker when the property sells during the term, subject to the contract.

Showing a buyer property / Representing the buyer

A seller-only agent does not become the buyer's agent merely by conducting a showing. Buyer advocacy, advice, agreement, and conduct can change the relationship.

Work through the facts

A seller's agent holds an open house and clearly tells an unrepresented visitor that the agent represents the seller. The visitor says she must move within 40 days and could pay \$30,000 above asking. She asks for neutral help entering her chosen price and dates on an offer form. The agent knows the roof leaks because the seller disclosed it in writing.

- The agent's role: Showing the property and giving neutral, ministerial help do not automatically create buyer agency. The agent should repeat that the seller is the client, avoid recommending price or strategy for the buyer, and suggest independent representation if she wants advocacy.
- Information for the seller: The visitor should not assume the seller's agent is protecting her bargaining position. The agent should clarify the seller-only role before receiving personal negotiating information, avoid promising conflicting duties, and handle information consistently with applicable confidentiality obligations. Seller-only representation is not permission to share every confidence indiscriminately.
- Information for the buyer: The known roof leak is a material property fact. It must be disclosed under the applicable standard even though the visitor is not the agent's client.
- What would change the answer: If the agent agrees to represent the buyer or provides buyer-side advocacy while still representing the seller, the broker moves into dual agency. Both principals must know and consent, the relationship must be disclosed and confirmed, and each side's confidential information must remain protected.



Check the distinction

The trap is assuming that an unrepresented person receives no protection, or that every act of assistance creates agency. Neither is correct. Identify the relationship first, separate neutral help from advocacy, disclose material property facts, and protect client confidences.

Recall without notes

- Define agency and distinguish principal, broker-agent, associate licensee, subagent, and third person
- Explain express, implied, ostensible, and ratified agency, plus special, general, universal, single, and dual agency
- State how listing and buyer-broker agreements are created, written, timed, renewed, and terminated
- Apply the agent's fiduciary responsibilities to a seller or buyer principal
- Give the statutory agency form deadlines and distinguish disclosure, confirmation, acknowledgment, and consent
- Explain what a licensee must disclose when acting as a principal or holding another interest
- List the main ways agency ends and identify the duties or claims that can remain
- Explain negotiable compensation, writing requirements, secret profit, and why payment does not determine agency
- Apply honesty, fair dealing, reasonable care, material-fact disclosure, and confidentiality to a non-client scenario

Continue with the full lesson or practice

Read the complete lesson

Scan to keep studying, or open the address below.

<https://www.passcaliforniarealestate.com/content-areas/agency>



Controlling sources and further reading

Civil Code 2079.13, agency definitions

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=2079.13.

Civil Code 2295, agency generally

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=2295.

Horiike v. Coldwell Banker Residential Brokerage (2016)

<https://law.justia.com/cases/california/supreme-court/2016/s218734.html>



DRE, Reference Book, agency

<https://www.dre.ca.gov/files/pdf/refbook/ref10.pdf>

AB 2992, compensation notice

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB2992

DRE regulations implementing AB 2992

<https://www.dre.ca.gov/files/pdf/relaw/regs.pdf>

Civil Code 1624, statute of frauds

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=1624.

Business and Professions Code 10176(f), definite termination date

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=BPC§ionNum=10176.

Civil Code 2079.16, duties to buyer and seller

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=2079.16.

Civil Code 2079.14, timing of the disclosure

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=2079.14.

Civil Code 2079.17, confirmation

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=2079.17.

RESPA Section 8, kickbacks and unearned fees

<https://www.consumerfinance.gov/compliance/compliance-resources/mortgage-resources/real-estate-settlement-procedures-act/>

Civil Code 2355 and following, termination of agency

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=2355.

Business and Professions Code 10137, compensation

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=BPC§ionNum=10137

Business and Professions Code 10085, advance fees

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=BPC§ionNum=10085

Civil Code 2079, duty to prospective purchaser

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=2079.