



CALIFORNIA SALESPERSON EXAM / FOCUSED REFERENCE

Contracts and buyer representation

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.

Void / Voidable

Void means no legal effect. Voidable means the agreement operates unless the protected party elects to avoid it.

Valid / Enforceable

Validity concerns formation. Enforceability asks whether the requested legal remedy is available.

Executed / Executory

Executed means performance is complete. Executory means duties remain, even if every signature is present.

Assignment / Novation

Assignment transfers a right without automatic release. Novation substitutes and releases by agreement.

Option / Right of first refusal

An option can compel sale through exercise. A first-refusal right arises only after the owner decides to sell.

Counteroffer / Acceptance

Acceptance agrees to material terms. A counteroffer changes one, rejects the original, and proposes a new bargain.

Protection clause / Automatic renewal

A fixed protection clause covers qualifying post-expiration buyers. Automatic renewal continues employment without a new agreement.



Note / Deed of trust

The note evidences the debt. The deed of trust secures that obligation with real property.

Deposit / Liquidated damages

A deposit is transaction money. Retention as liquidated damages requires contractual and legal support.

Work through the facts

A buyer offers \$820,000 with acceptance required to be delivered by 5 p.m. Friday. On Thursday the seller signs but changes the close from 30 to 45 days. The seller's agent emails the changed document Friday morning. The buyer rejects it at noon. At 2 p.m. the seller signs the untouched original terms and says the first signature already created a contract.

- The Thursday change: Changing the closing date altered a material term. The seller made a counteroffer and rejected the buyer's original offer.
- The Friday rejection: The buyer was free to reject the seller's counteroffer. Once rejected, that proposal no longer gave the buyer a power of acceptance.
- The attempted return to 30 days: The seller could not revive the buyer's original offer unilaterally after rejecting it. Signing the old terms at 2 p.m. did not create a contract.

Check the distinction

A signature is not conclusive when the signer changes a material term. Trace each offer, counteroffer, rejection, and deadline in order.

Recall without notes

- General: identify formation, consent, capacity, consideration, validity, enforceability, and statute-of-frauds issues
- Listing Agreements: distinguish listing types, compensation, termination, residential term limits, renewal, recording, and protection clauses
- Buyer Broker Agreements: apply the signing deadline, 90-day limit, pre-showing presumption, required terms, renewal, and agency disclosure
- Offers/Purchase Contracts: trace offer, acceptance, counteroffer, revocation, contingencies, deposits, and residential liquidated damages
- Agreements: distinguish execution, assignment, delegation, novation, amendment, discharge, breach, interpretation, and remedies



- Promissory Notes/Securities: separate the note from its security and identify transfer, endorsement, holder-in-due-course, and securities issues
- Purchase/Lease Options: explain consideration, strict exercise, lease credits, renewal options, and rights of first refusal
- Advanced Fee: state the submission and no-objection sequence, required terms, trust handling, accountings, and loan-modification ban

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/contracts>



Controlling sources and further reading

Family Code 6701(b), minors and real-property contracts

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=FAM§ionNum=6701.

Family Code 7050(e), emancipated minor capacity

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=FAM§ionNum=7050.

Civil Code 1550, essential elements of a contract

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=1550.

Civil Code 1624, statute of frauds

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

Civil Code 1675, liquidated damages

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=1675.

Civil Code 1677, separate signature requirement

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=1677.

Business and Professions Code 10176, grounds for discipline

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

DRE, Reference Book, listing agreements

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

AB 2992, buyer-broker representation agreements

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

2026 DRE Regulations, sections 2970 and 2972

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



Civil Code 2079.14, agency disclosure timing

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

Civil Code 1580, consent must be communicated

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV§ionNum=1580.

California Civil Code excerpts, real property contracts

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

DRE Reference Book, Chapter 6, contracts

<https://www.dre.ca.gov/files/pdf/refbook/ref06.pdf>

2026 Real Estate Law, advance fees and trust funds

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

DRE Reference Book, real estate finance

<https://www.dre.ca.gov/files/pdf/refbook/ref12.pdf>

DRE Reference Book, landlord and tenant

<https://www.dre.ca.gov/files/pdf/refbook/ref09.pdf>

DRE August 2026 advance-fee guidance

https://www.dre.ca.gov/Newsroom/DRE_Updates/2026_08_04_Essential_Elements_Advance_Fee_Agreement.html