



CALIFORNIA SALESPERSON EXAM / FOCUSED REFERENCE

20-question California practice worksheet

A mixed paper set with calculations and scenarios. Answers and explanations are collected after the questions.

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

Before you begin

Allow 24 minutes if you want to practice the official average pace. Answer without notes and mark guesses. This original 20-item worksheet is not a full exam or a pass prediction.

Question 1

How many acres are in the NW 1/4 of the SE 1/4 of a standard section?

- A. 40 acres
- B. 80 acres
- C. 10 acres
- D. 160 acres

Question 2

A comparable sold for \$700,000 and is otherwise equivalent to the subject, except that it has one extra bathroom with a supported \$20,000 contribution. What subject value does this comparable indicate?

- A. \$700,000
- B. \$680,000
- C. Cannot be determined
- D. \$720,000



Question 3

A building has a replacement cost of \$600,000, an effective age of 12 years and a total economic life of 60 years. The land is worth \$400,000. What is the value by the cost approach using straight-line depreciation?

- A. \$1,000,000
- B. \$920,000
- C. \$880,000
- D. \$600,000

Question 4

A property has an NOI of \$84,000 and comparable properties sell at a 7% capitalization rate. What is the indicated value?

- A. \$840,000
- B. \$1,050,000
- C. \$1,200,000
- D. \$588,000

Question 5

Gross scheduled income is \$150,000, vacancy is 6%, and operating expenses are \$47,000. What is the NOI?

- A. \$103,000
- B. \$85,000
- C. \$141,000
- D. \$94,000

Question 6

A property sells for \$960,000 and produces \$80,000 in annual gross income. What is the gross income multiplier?

- A. 120
- B. 144
- C. 0.083
- D. 12



Question 7

An investor pays \$1,500,000 for a property with \$105,000 annual NOI and \$72,000 annual debt service. If the \$400,000 down payment is the entire cash investment and there are no other cash-flow adjustments, what is the annual before-tax cash-on-cash return?

- A. 7%
- B. 18%
- C. 8.25%
- D. 26.25%

Question 8

A salesperson receives a \$5,000 good-faith deposit check made payable to the seller. What must happen to it?

- A. It must be deposited into the salesperson's own account and transferred later
- B. It may be held by the salesperson if the check is not endorsed
- C. The salesperson may hold it until the offer is accepted
- D. Immediately deliver it as the broker directs to a lawful destination

Question 9

Under the ordinary trust-fund handling rule, by when must a broker place funds in a permitted destination, absent a valid exception?

- A. Within three business days
- B. Within 24 hours
- C. Before the close of escrow
- D. Within five business days

Question 10

A seller-only agent meets an unrepresented buyer at an open house. Which statement correctly distinguishes the agent's duties?

- A. Loyalty to the seller; honest dealing and required disclosure to the buyer
- B. Fiduciary loyalty to the buyer because attending the open house creates buyer agency
- C. Nothing to the buyer, who has no relationship with the agent
- D. Equal duties to both, because the buyer is now a customer



Question 11

A seller's agent knows the foundation has significant unrepaired damage. An unrepresented buyer makes a full-price offer. What must the agent do?

- A. Disclose it only if the buyer asks a direct question about the foundation
- B. Disclose the foundation damage to the buyer, because it is a known material fact affecting value
- C. Advise the seller to disclose it after the offer is accepted
- D. Nothing, the buyer is not the agent's client and bears the risk of inspection

Question 12

Two unmarried people buy a house as joint tenants. One dies leaving a will giving her entire estate to her brother. What happens to her interest?

- A. It is divided equally between her brother and the survivor
- B. It goes through probate and is sold
- C. It passes to the surviving joint tenant by right of survivorship
- D. It passes to her brother under the will

Question 13

Which four traditional unities are remembered by TTIP in joint-tenancy study?

- A. Time, price, interest, possession
- B. Time, title, interest, purpose
- C. Title, interest, possession, intent
- D. Time, title, interest, possession

Question 14

An appraiser values a 40-year-old owner-occupied single-family home in an established neighborhood with many recent similar sales. Which approach would usually carry the most weight?

- A. The sales comparison approach, because comparable sales are available
- B. The gross rent multiplier, because it is the fastest
- C. The cost approach, because the building's age is known
- D. The income approach, because all residential property produces potential rent



Question 15

Which four elements must be present for a property to have value?

- A. Cost, price, scarcity, utility
- B. Location, condition, size, age
- C. Supply, demand, cost, benefit
- D. Demand, utility, scarcity, transferability

Question 16

A seller receives an offer and returns it signed, having changed the closing date. What has the seller legally done?

- A. Made a counter-offer, which terminates the original offer
- B. Created a binding contract with a minor amendment
- C. Accepted the offer, since the price was unchanged
- D. Accepted conditionally, leaving the buyer bound

Question 17

Which are the four essential elements of a valid contract?

- A. Capable parties, mutual consent, lawful object, sufficient consideration
- B. Writing, signature, consideration, delivery
- C. Offer, acceptance, notarization, recording
- D. Competence, price, closing date, contingencies

Question 18

A California deed of trust contains a power of sale. What practical difference does that power create after default?

- A. It permits a nonjudicial trustee's sale without first obtaining a foreclosure judgment
- B. A deed of trust requires a jury trial before any sale
- C. A deed of trust transfers title to the lender immediately on default
- D. A deed of trust cannot be foreclosed at all



Question 19

Who are the three parties to a deed of trust?

- A. Borrower, lender, escrow holder
- B. Grantor, grantee, notary
- C. Mortgagor, mortgagee, trustee
- D. Trustor, trustee, and beneficiary

Question 20

What is the essential function of an escrow in a California transaction?

- A. To decide disputes between the parties
- B. To represent the buyer's interests against the seller
- C. To provide title insurance to the lender
- D. To hold funds and documents neutrally until all conditions are met



Answer key and feedback

Review the reasoning, including answers you guessed correctly. Return to the full online item for all option explanations.

1. A (ow-023)

A section contains 640 acres. Read the description from the end backwards and divide: 640 divided by 4 gives the 160-acre SE quarter, and dividing that by 4 gives 40 acres. The trick is always to work right to left through the description, and to multiply the denominators: 4 times 4 is 16, and 640 divided by 16 is 40.

$640 / 4 = 160$, then $160 / 4 = 40$ acres. Or $640 / (4 \times 4) = 40$.

2. B (va-004)

Adjust the comparable, never the subject. The comparable is superior because it has the extra bathroom, so subtract its value: \$700,000 less \$20,000 gives \$680,000. The memory hook is CBS, comparable better subtract.

$\$700,000 - \$20,000 = \$680,000$

3. C (va-005)

Depreciation is effective age divided by total economic life, so 12 over 60 is 20 percent. Twenty percent of \$600,000 is \$120,000, leaving depreciated improvements of \$480,000. Add the land, which is never depreciated, for \$880,000.

$12 / 60 = 20\%$. $\$600,000 \times 20\% = \$120,000$. $\$600,000 - \$120,000 = \$480,000$. $\$480,000 + \$400,000 = \$880,000$

4. C (va-006)

Value equals income divided by rate. \$84,000 divided by 0.07 gives \$1,200,000. The IRV triangle covers all three forms: cover the unknown and the arithmetic falls out.

$\$84,000 / 0.07 = \$1,200,000$

5. D (va-007)

Deduct vacancy from gross scheduled income to reach effective gross income, then deduct operating expenses. Six percent of \$150,000 is \$9,000, so effective gross income is \$141,000, and \$141,000 less \$47,000 gives an NOI of \$94,000.

$\$150,000 \times 6\% = \$9,000$. $\$150,000 - \$9,000 = \$141,000$. $\$141,000 - \$47,000 = \$94,000$



6. D (va-009)

Divide the sale price by annual gross income: $\$960,000 / \$80,000 = 12$. Income periods must match when applying or comparing multipliers. Using this property's monthly income instead would produce 144, which is a different-period multiplier.

$$\$960,000 / \$80,000 = 12$$

7. C (va-015)

Cash-on-cash divides cash flow before tax by the cash actually invested. NOI of \$105,000 less debt service of \$72,000 leaves \$33,000, and \$33,000 divided by the \$400,000 down payment is 8.25 percent.

$$\$105,000 - \$72,000 = \$33,000. \$33,000 / \$400,000 = 8.25\%$$

8. D (pd-001)

A salesperson who accepts trust funds on the broker's behalf must immediately deliver them to the broker or, if directed by the broker, place them with the broker's principal, a neutral escrow depository, or the broker's trust account. The payee on the check does not authorize the salesperson to invent another holding method, and a personal account is never a lawful destination.

9. A (pd-002)

The standard is no later than three business days after receipt by the broker or salesperson. The broker places the funds in the trust account, into the hands of the owner, or into a neutral escrow depository unless a valid check-holding instruction applies. When a DRE broker acts as an escrow holder in a transaction requiring a real estate license, a next-business-day rule generally applies instead.

10. A (ag-001)

The seller is the client, but the unrepresented buyer still receives the statutory duties of reasonable care, honest and fair dealing, and required material-fact disclosure. Attending a showing does not itself create buyer agency. Civil Code 2079.16 also says an agent is not obligated to reveal the other party's confidential information that does not involve those affirmative duties; non-client status is not a blanket rule that all confidences must be shared.

11. B (ag-002)

A known material fact affecting the value or desirability of the property must be disclosed to a buyer whether or not that buyer is the agent's client. The duty to a non-client third party is a listed DRE topic in its own right and cannot be discharged by waiting to be asked. The buyer's separate right to inspect does not relieve the agent of it.



12. C (ow-001)

Right of survivorship operates outside the will entirely. The surviving joint tenant takes the whole and the will has nothing to give, because the deceased's interest was extinguished at the moment of death rather than becoming part of the estate. This is why a vesting decision made casually at closing can override an estate plan made carefully.

13. D (ow-002)

TTIP means time, title, interest, and possession: the traditional framework describes acquisition at the same time under the same instrument, equal interests, and equal rights to possession. California Civil Code 683 also permits specified direct transfers, including transfers by existing owners to themselves and others as joint tenants. Do not use the mnemonic to rule out those statutory methods. A legally effective severance can end survivorship for the affected interest.

14. A (va-001)

Sales comparison is the strongest approach for an older owner-occupied house when several recent, similar arm's-length sales are available, because it measures what buyers have actually paid. The cost approach suits new or special-purpose improvements where depreciation is small and easy to estimate. The income approach suits property bought for its income stream. Property type and data quality decide the weight.

15. D (va-002)

Demand backed by purchasing power, utility, scarcity, and transferability are the traditional DUST elements of market value. Cost is an expenditure and price is a transaction amount; neither alone establishes market value.

16. A (co-001)

Changing a material closing date makes this a counteroffer, not an acceptance. The buyer may accept the new terms, counter again, or decline. Keeping the price unchanged does not preserve the original offer: the closing date can change financing, possession, and each party's obligations.

17. A (co-002)

Capable parties, mutual consent, a lawful object, and sufficient consideration are the four essentials in California Civil Code section 1550. A writing may be required for enforceability under the statute of frauds, but notarization and recording are not formation elements.



18. A (fi-001)

A power-of-sale clause permits the statutory nonjudicial process without a foreclosure judgment. DRE explains that a mortgage can also contain a power of sale, so the controlling fact is the power and chosen remedy, not the instrument's label alone. Default does not transfer title to the lender.

19. D (fi-002)

The trustor is the borrower, the beneficiary is the creditor protected by the security, and the trustee performs limited statutory and contractual functions such as reconveyance or a power-of-sale foreclosure. Do not call the trustee the lender or assume the trustee has a general fiduciary role.

20. D (tr-001)

Escrow is neutral by definition. It holds funds and documents and performs only what the mutual written instructions authorize, advocating for nobody and adjudicating nothing. Candidates who imagine escrow as an advocate or an arbiter miss several questions in this area, and the neutrality point is also why escrow cannot give legal advice to either side.

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