



CALIFORNIA SALESPERSON EXAM / FOCUSED REFERENCE

Title, deeds, liens and vesting

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.

Title search / Title insurance

The search investigates recorded title. The policy transfers defined risk under its insuring clauses, exclusions, exceptions, and endorsements.

Preliminary report / Title policy

The report describes proposed coverage and exceptions. The issued policy is the insurance contract.

Owner's policy / Lender's policy

The owner's policy protects the named owner's covered interest. The lender's policy protects the named lender's lien interest.

Delivery / Recording

Delivery with intent and acceptance makes the deed effective. Recording gives notice and affects priority.

Grant deed / Quitclaim deed

A grant deed carries two limited implied covenants. A quitclaim transfers only the grantor's present interest, if any, without those covenants.

Actual notice / Constructive notice

Actual notice is direct knowledge. Constructive notice is imposed by law through recording or facts that reasonable inquiry would reveal.

Proposition 13 / Proposition 8

Proposition 13 creates the factored base-year ceiling. Proposition 8 temporarily enrolls a lower market value while a decline exists.



Section 121 exclusion / Section 1031 exchange

Section 121 can exclude qualifying principal-residence gain. Section 1031 defers gain on qualifying business or investment real property.

Full IAEA authority / Limited IAEA authority

Full authority can permit a noticed sale without confirmation. Limited authority does not permit an independent real-property sale.

Joint tenancy / Tenancy in common

Joint tenancy uses equal interests and survivorship. Tenancy in common permits unequal shares and has no survivorship.

Community property / Community property with right of survivorship

Both are community forms. Only the expressly stated survivorship form automatically passes the deceased owner's interest to the survivor.

Short sale / Deed in lieu

A short sale conveys to a buyer with creditor approval. A deed in lieu conveys from the borrower to the lender under negotiated terms.

Work through the facts

A California home sells for \$1,240,005. The buyer takes title subject to an existing \$400,000 loan that remains on the property. The city imposes an additional transfer tax of 0.45% on the same taxable consideration. The seller signs and acknowledges a grant deed, deposits it in escrow with instructions to deliver after funding, and the buyer accepts the conveyance when escrow closes.

- When title passes: The seller's signature and acknowledgment make the deed executable and recordable, but title passes when the escrow conditions are satisfied and the deed is delivered with the buyer's acceptance. Recording then supplies notice and priority consequences.
- Taxable consideration: The \$400,000 lien remains on the property, so subtract it from \$1,240,005. The documentary-transfer-tax measure is \$840,005.
- County amount: \$840,005 divided by \$500 equals 1,680.01 units. A fraction counts as a full unit, so use 1,681 units. Multiplying by \$0.55 gives \$924.55.
- City amount and total: The additional city tax is 0.45% of \$840,005, or \$3,780.02 when rounded to cents. Adding the county amount produces a combined \$4,704.57 for this scenario.



- What the preliminary report does: The report should identify the existing loan as a title matter and show what the proposed policy will require or except. It does not itself insure the buyer or make the deed effective.

Check the distinction

The three events do different jobs. Delivery and acceptance transfer title, recording affects notice and priority, and title insurance allocates covered risk. None substitutes for the others.

Recall without notes

- Title Insurance: distinguish the search, preliminary report, owner's policy, lender's policy, standard coverage, extended coverage, exclusions, exceptions, and endorsements
- Deeds: identify every validity element and separate execution, acknowledgment, delivery, acceptance, and recording
- Escrow: explain the underlying contract, conditional deposit, written instructions, neutrality, licensing paths, closing, and dispute handling
- Tax Aspects: calculate documentary transfer tax and apply Proposition 13, Proposition 8, Proposition 19, Section 121, and Section 1031 without mixing them
- Special Processes: apply race-notice priority and identify transfer-on-death deeds, land contracts, short sales, deeds in lieu, and involuntary transfers
- Transfer through Court Supervision: distinguish full and limited IAEA authority, notice, appraisal, confirmation, overbids, partition, and execution sales
- Types of Vesting: compare severalty, tenancy in common, joint tenancy, community property, survivorship, trust ownership, and entity ownership

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/transfer>



Controlling sources and further reading

DRE salesperson examination content

<https://www.dre.ca.gov/Examinees/SalesExamContent.html>



DRE Reference Book, forms of title

<https://www.dre.ca.gov/files/pdf/refbook/ref05.pdf>

California Department of Insurance title guide

<https://www.insurance.ca.gov/01-consumers/105-type/95-guides/03-res/Title-Insurance.cfm>

DRE homebuyer guidance on title and closing

<https://www.dre.ca.gov/Consumers/FirstHomeCalifornia.html>

DRE Reference Book, transfer instruments

<https://www.dre.ca.gov/files/pdf/refbook/ref07.pdf>

Current California code excerpts

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

Financial Code 17000, the Escrow Law

https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=FIN&division=6.&title=&part=&chapter=1

Department of Financial Protection and Innovation, escrow

<https://dfpi.ca.gov/regulated-industries/escrow-law/about-the-escrow-law/>

California BOE, property-tax calendar

<https://www.boe.ca.gov/proptaxes/calendar.htm>

FinCEN current court-order notice and residential real estate FAQs

<https://www.fincen.gov/rre-faqs>

DRE Reference Book, transfer and escrow

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

California BOE property-tax overview

<https://www.boe.ca.gov/proptaxes/pdf/pub29.pdf>

California BOE change-in-ownership guidance

<https://www.boe.ca.gov/proptaxes/faqs/changeinownership.htm>

California BOE Proposition 19 guidance

<https://www.boe.ca.gov/prop19/>

California FTB principal-residence sale guidance

<https://www.ftb.ca.gov/file/personal/income-types/income-from-the-sale-of-your-home.html>

IRS Form 8824 instructions for Section 1031

<https://www.irs.gov/instructions/i8824>

California Probate Code, transfer-on-death deeds

https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?article=&chapter=4.&division=5.&lawCode=PROB&part=4.&title=

California Courts probate administration guidance

<https://www.alameda.courts.ca.gov/divisions/probate/property-transfers/administering-estate>



Judicial Council form DE-260 and overbid formula

<https://courts.ca.gov/documents/de260.pdf>

California Courts nonprobate and simplified transfers

<https://selfhelp.courts.ca.gov/probate/simple-transfer>

California BOE ownership and deed-recording guide

https://www.boe.ca.gov/proptaxes/pdf/Ownership_DeedRecording.pdf

IRS Publication 555, community property

<https://www.irs.gov/publications/p555>