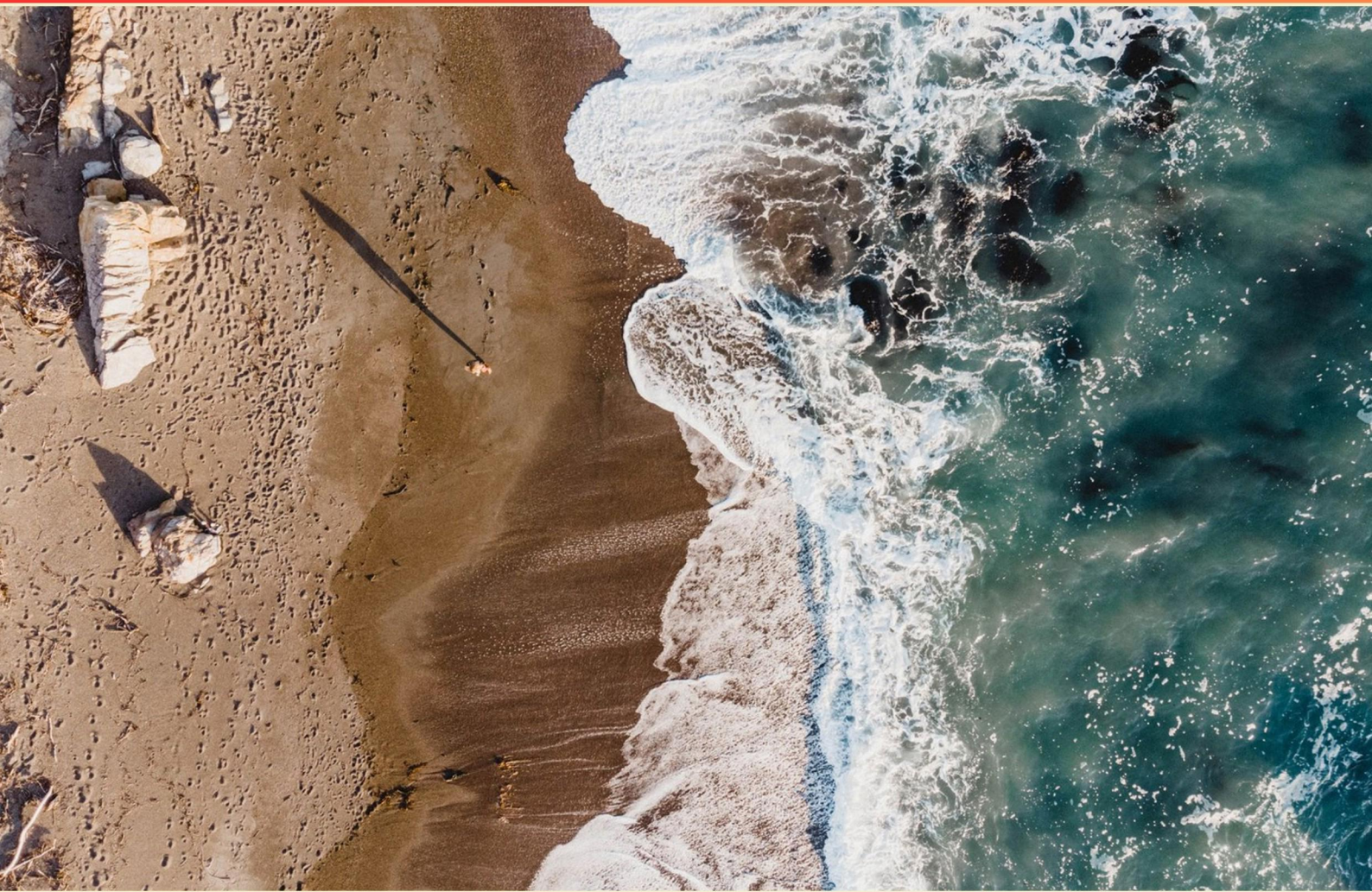


CALIFORNIA ESCROW PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Zoning is an example of**
 - A. eminent domain.
 - B. police power.
 - C. liens.
 - D. easements.
- 2. In a deed of trust foreclosure, who initiates the filing of the notice of default?**
 - A. The borrower
 - B. The lender
 - C. The trustee
 - D. The county recorder
- 3. Conditions that would NOT be covered under the CLTA policy include**
 - A. defects such as liens created by the insured.
 - B. defects known to the insured but not specified in writing to the underwriter.
 - C. defects, but no loss or damage is suffered by the insured.
 - D. all of these.
- 4. Public records impart which type of notice that title policies rely on?**
 - A. Actual Notice
 - B. Confidential Notice
 - C. Explicit Notice
 - D. Constructive Notice
- 5. Which of the following is a position at an escrow company?**
 - A. Escrow advisor
 - B. Junior escrow officer
 - C. Escrow facilitator
 - D. None of these

- 6. Under the general education requirements for a California real estate salesperson license, an applicant must:**
- A. Possess a high school diploma or GED.
 - B. Complete eight college-level courses as indicated by BRE.
 - C. Complete three college-level courses as specified by BRE.
 - D. Possess a degree from a four-year university.
- 7. The California Association of REALTORS Purchase Agreement requires loan contingency to be removed in how many days?**
- A. In 7 days.
 - B. In 17 days.
 - C. In 30 days.
 - D. As specified under specific California law.
- 8. The government agency responsible today for promoting adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination is which entity?**
- A. Department of Housing and Urban Development
 - B. National Housing Act
 - C. Home Owners' Loan Corporation
 - D. Federal Housing Finance Agency
- 9. The borrower obtaining an FHA loan cannot pay which of the following?**
- A. the lender's closing costs, such as processing and underwriting
 - B. the escrow and title insurance
 - C. discount points to obtain a lower interest rate
 - D. the tax service
- 10. Southern California escrow practices usually focus on**
- A. The loan aspect of the transaction.
 - B. The title aspect of the transaction.
 - C. The inspections aspect of the transaction.
 - D. None of these.

Answers

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1. B
2. C
3. D
4. D
5. B
6. C
7. B
8. A
9. D
10. A

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Explanations

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1. Zoning is an example of

- A. eminent domain.
- B. police power.**
- C. liens.
- D. easements.

Zoning is an expression of local government police power to regulate land use for the health, safety, and welfare of the community. Through zoning ordinances, a city or county designates what kinds of uses are allowed in different areas and sets standards like density, setbacks, and building height. It is not eminent domain, which involves taking private property for public use with compensation, nor is it a lien (a financial claim against property) or an easement (a right to use someone else's land).

2. In a deed of trust foreclosure, who initiates the filing of the notice of default?

- A. The borrower
- B. The lender
- C. The trustee**
- D. The county recorder

In a deed of trust foreclosure, the trustee initiates the process by recording a Notice of Default. The lender (beneficiary) directs the trustee to start foreclosure, and the trustee's action to file the NOD begins the non-judicial foreclosure timeline. The county recorder simply records documents; they don't initiate foreclosure. The borrower doesn't file the NOD themselves. After the NOD is recorded, there's typically a cure period before the next step, the Notice of Trustee's Sale, is issued.

3. Conditions that would NOT be covered under the CLTA policy include

- A. defects such as liens created by the insured.
- B. defects known to the insured but not specified in writing to the underwriter.
- C. defects, but no loss or damage is suffered by the insured.
- D. all of these.**

When a CLTA title insurance policy is issued, it protects the insured from monetary loss caused by defects in title or encumbrances, but it excludes certain situations. First, defects or encumbrances created by the insured themselves are not covered, because the policy addresses risks affecting the title that originate outside the insured's own actions. Second, if the insured knows about a defect but fails to disclose that knowledge in writing to the underwriter, that defect is not covered—the policy relies on accurate disclosure to assess and insure the title risk. Third, coverage is triggered by actual loss or damage resulting from a covered defect; if a defect exists but causes no loss to the insured, there isn't a covered claim. Since each of these scenarios would fall outside what the CLTA policy covers, the correct choice is that all of these conditions would NOT be covered.

4. Public records impart which type of notice that title policies rely on?

- A. Actual Notice
- B. Confidential Notice
- C. Explicit Notice
- D. Constructive Notice**

Public records impart constructive notice, and title policies rely on that principle. Constructive notice means that information recorded in public records is treated as if everyone knows it, even if a person hasn't actually learned of it. In real estate, recordings of deeds, liens, encumbrances, and other interests put the world on notice about the current state of title. Buyers and lenders are charged with this information simply because it's publicly accessible, which is why title insurance uses constructive notice to determine insurability and the scope of the risk. Actual notice would require you to have real, direct knowledge, while constructive notice comes from the availability of the records.

5. Which of the following is a position at an escrow company?

- A. Escrow advisor
- B. Junior escrow officer**
- C. Escrow facilitator
- D. None of these

A junior escrow officer is a real, named position within many escrow firms, typically assisting the escrow officer with document preparation, file management, coordinating with lenders and title, and moving the file toward closing. This reflects the actual staffing structure you'd encounter in an escrow company. Escrow advisor and escrow facilitator aren't standard formal titles you'd usually see on an escrow company's organizational chart; they're more generic or external-sounding terms rather than defined internal roles. That's why the junior escrow officer best fits as a position at an escrow company.

6. Under the general education requirements for a California real estate salesperson license, an applicant must:

- A. Possess a high school diploma or GED.
- B. Complete eight college-level courses as indicated by BRE.
- C. Complete three college-level courses as specified by BRE.**
- D. Possess a degree from a four-year university.

California requires a basic level of general education beyond a high school diploma, demonstrated by completing college-level coursework that the Bureau of Real Estate approves. Specifically, applicants must complete three college-level courses as specified by the BRE. This shows a foundation in general education without needing a full degree. The other options don't fit because simply having a high school diploma or GED isn't the required general education credential, eight college courses go beyond what BRE specifies, and a four-year degree isn't required to qualify.

7. The California Association of REALTORS Purchase Agreement requires loan contingency to be removed in how many days?

- A. In 7 days.
- B. In 17 days.**
- C. In 30 days.
- D. As specified under specific California law.

The loan contingency must be removed within 17 days after acceptance in the standard California Association of REALTORS Purchase Agreement. This 17-day window is a default period built into the form to give the buyer a concrete timeframe to apply for and secure financing while keeping the transaction moving. It's not set by a statute; it's a contract provision that can be shortened or lengthened only if the parties add an amendment or otherwise agree to a different deadline. If the loan contingency isn't removed by that date, the contingency remains in effect, and the contract handling (including possibilities to extend or terminate) follows the terms laid out in the agreement.

8. The government agency responsible today for promoting adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination is which entity?

- A. Department of Housing and Urban Development**
- B. National Housing Act
- C. Home Owners' Loan Corporation
- D. Federal Housing Finance Agency

HUD is the federal department dedicated to promoting adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination. It carries out this mission through affordable housing programs, community development initiatives, and enforcement of the Fair Housing Act to prevent discrimination in housing. The other options don't fit because they're either laws or former/other agencies: the National Housing Act is a statute, not an agency; the Home Owners' Loan Corporation was a Depression-era program that no longer exists; and the Federal Housing Finance Agency regulates Fannie Mae and Freddie Mac rather than running broad housing and fair-housing programs.

9. The borrower obtaining an FHA loan cannot pay which of the following?

- A. the lender's closing costs, such as processing and underwriting
- B. the escrow and title insurance
- C. discount points to obtain a lower interest rate
- D. the tax service**

FHA closing costs involve who can pay which items, since there are rules about concessions and lender-related fees. The tax service charge is a lender-related service used to verify property tax information, and under FHA guidelines this particular fee is not charged to the borrower. Instead, it is typically paid by the seller or covered by the lender through concessions or the loan terms. The other items listed—lender processing and underwriting fees, escrow and title insurance, and discount points to lower the rate—are standard closing costs that a borrower may pay or receive concessions for, depending on negotiations. So the tax service is the one fee that the borrower cannot pay in an FHA transaction.

10. Southern California escrow practices usually focus on

- A. The loan aspect of the transaction.**
- B. The title aspect of the transaction.**
- C. The inspections aspect of the transaction.**
- D. None of these.**

In Southern California, escrow work revolves around financing and getting the loan funded. The lender's requirements and timing largely drive when and how the deal closes, so the escrow officer coordinates all loan-related tasks: receiving and securing loan funds, ensuring all lender conditions are met before funding, collecting the buyer's funds, and disbursing money to the seller, payoffs, and closing costs. The escrow also prepares the final settlement statements so that the loan proceeds, purchase price, credits, and fees balance correctly and the deed can be recorded once title conditions are satisfied. While title clearance and inspections are important parts of a transaction, they are generally secondary to coordinating the loan process, which sets the pace for closing in Southern California.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://caescrow.examzify.com>

We wish you the very best on your exam journey. You've got this!

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