CALIFORNIA REAL ESTATE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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.

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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!

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Questions

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1. **In appraising a three unit dwelling to analyze its income, which approach is used?**

   A. Income approach

   B. Gross rent multiplier approach

   C. Cost approach

   D. Sales comparison approach

2. **The seller of a one-family house is required to disclose to buyers?**

   A. the structural and mechanical condition of the property

   B. the neighbors' names and occupations

   C. their reason for moving

   D. the property's decoration history

3. **What can the penalty for a Real Estate License Law violation include?**

   A. A fine, suspension or revocation of the license or requiring the licensee to complete educational courses

   B. Jail time

   C. A public apology

   D. Community service

4. **Under the California Environmental Quality Act of 1970, what requires an environmental impact report?**

   A. All properties for sale

   B. All subdivisions with substantial environmental impact

   C. Any new construction

   D. Projects under a certain budget

5. **What can happen to an offer before it is accepted?**

   A. It must be ratified

   B. It can be revoked

   C. It automatically expires after 48 hours

   D. It becomes irrevocable

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6. What is the term for a government document that addresses future physical development, transportation, housing, and other issues?

A. Strategic Plan

B. General Plan

C. Development Guide

D. Municipal Forecast

7. A private deed restriction that places a restraint on alienation is?

A. mandatory for all residential sales

B. seen as a beneficial practice

C. void, restricts the sale of property and is unenforceable

D. only applicable to commercial properties

8. For a $280,000 house financed at 100%, after how many years of paying off $10,000 annually can PMI be dropped, assuming no appreciation in value?

A. 5

B. 7

C. 10

D. 12

9. Which of the following actions would not be considered a rejection of an offer to purchase a property?

A. Making a counteroffer

B. Accepting another offer

C. Ignoring the offer

D. Revoking the offer by the buyer

10. When a payment is made on behalf of a licensee from the recovery account, what must occur before the licensee's license can be reinstated?

A. The licensee must complete additional education

B. The licensee must serve a probationary period

C. The licensee must pass a test

D. The licensee must reimburse the trust fund the full amount paid

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Answers

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

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Explanations

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1. In appraising a three unit dwelling to analyze its income, which approach is used?

A. Income approach

B. Gross rent multiplier approach

C. Cost approach

D. Sales comparison approach

The gross rent multiplier approach is particularly relevant when appraising income-generating properties like a three-unit dwelling. This method involves determining the value of the property based on its rental income potential. It is calculated by taking the property's sale price and dividing it by its gross annual rental income, resulting in a multiplier. This figure can then be applied to similar properties to estimate value based on their income, making it a practical tool for investors looking at potential cash flow. In the context of a three-unit dwelling, this approach is effective because it directly relates to the income the property can generate from its tenants. This emphasizes the investment potential of the property rather than just its market value or construction costs. While other appraisal methods, such as the income approach and the cost approach, may also evaluate income-generating properties, the gross rent multiplier is specifically tailored for quick comparison based on income. The sales comparison approach, on the other hand, would lean more towards comparing sales of similar properties rather than focusing on the income potential, which is the primary interest in this scenario.

2. The seller of a one-family house is required to disclose to buyers?

A. the structural and mechanical condition of the property

B. the neighbors' names and occupations

C. their reason for moving

D. the property's decoration history

The seller of a one-family house is required to disclose to buyers the structural and mechanical condition of the property. This information is important for buyers to know in order to make an informed decision about purchasing the property. Knowing the condition of the structure and mechanical systems can help buyers anticipate potential repairs or maintenance costs. Options B, C, and D are incorrect because they do not pertain to the physical condition of the property and are not required for disclosure by the seller. Option B is also considered an invasion of privacy for the neighbors. Option C may be a personal reason and not relevant to the property. Option D is not necessary for the buyer's decision-making process and does not affect the value or condition of the property.

3. What can the penalty for a Real Estate License Law violation include?

A. A fine, suspension or revocation of the license or requiring the licensee to complete educational courses

B. Jail time

C. A public apology

D. Community service

Possible explanation A violation of the Real Estate License Law can result in penalties such as a fine, suspension or revocation of the licensee's license, or a requirement to complete educational courses. Option B, jail time, is not typically a consequence for this type of violation. Similarly, options C and D, a public apology or community service, are not usual penalties for a Real Estate License Law violation.

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4. Under the California Environmental Quality Act of 1970, what requires an environmental impact report?

A. All properties for sale

B. All subdivisions with substantial environmental impact

C. Any new construction

D. Projects under a certain budget

Under the California Environmental Quality Act of 1970, an environmental impact report is required for all subdivisions with substantial environmental impact. This means that any construction that has a significant impact on the environment, such as an increase in pollution or a disturbance of habitat, must have an environmental impact report. This is to ensure that the potential environmental effects of the project are fully considered and addressed before the project is approved. The other options, including all properties for sale, any new construction, and projects under a certain budget, are incorrect because they do not reflect the specific criteria for when an environmental impact report is required under this law.

5. What can happen to an offer before it is accepted?

A. It must be ratified

B. It can be revoked

C. It automatically expires after 48 hours

D. It becomes irrevocable

An offer can be revoked before it is accepted, meaning that the person who made the offer can take it back and it no longer stands. This can occur for a variety of reasons, such as the offeror changing their mind or receiving a better offer from someone else. It is important to note that an offer must be accepted within the time limit specified by the offeror, or it will automatically expire. Additionally, an offer does not become irrevocable until it is accepted by the offeree. Option A, ratification, refers to the acceptance of an unauthorized contract or agreement by a party after the fact. Option C is incorrect because an offer does not expire automatically after 48 hours, the time limit for acceptance is determined by the offeror. And option D is incorrect because an offer does not become irrevocable until it is accepted by the offeree.

6. What is the term for a government document that addresses future physical development, transportation, housing, and other issues?

A. Strategic Plan

B. General Plan

C. Development Guide

D. Municipal Forecast

A Strategic Plan is a document that outlines an organization's goals and strategies for achieving those goals. While it may include elements related to physical development, transportation, and housing, it is not specific to a government entity. A Development Guide typically refers to a document that provides guidelines and regulations for developers or architects designing and building within a specific jurisdiction. It is not a comprehensive document addressing all aspects of future development. A Municipal Forecast is a report that provides estimates of revenue, expenditures, and other critical financial factors for a government entity. It does not contain information related to physical development, transportation, and housing. The correct term for a government document that addresses future physical development, transportation, housing, and other issues is a General Plan. This type of plan is typically created by local governments and outlines their goals and policies for the future development of the community. It includes elements such as land use, transportation, housing

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7. A private deed restriction that places a restraint on alienation is?

A. mandatory for all residential sales

B. seen as a beneficial practice

C. void, restricts the sale of property and is unenforceable

D. only applicable to commercial properties

A private deed restriction that places a restraint on alienation is void. This means that it is unenforceable and restricts the sale of the property. It is not mandatory for all residential sales or beneficial, and it is not limited to only commercial properties. Private deed restrictions can limit the use or transfer of property, but they must not be overly restrictive or violate any laws.

8. For a $280,000 house financed at 100%, after how many years of paying off $10,000 annually can PMI be dropped, assuming no appreciation in value?

A. 5

B. 7

C. 10

D. 12

Paying off $10,000 annually for 7 years will result in a total paid amount of $70,000. This means that the remaining loan balance will be $210,000. This remaining balance constitutes 75% of the original value of the house, which is usually the threshold for PMI to be dropped. Hence, after 7 years of annual payments, PMI can be dropped. Option A is incorrect because paying off $10,000 annually for 5 years only results in a total paid amount of $50,000, which is less than 20% of the original value of the house. Option C is incorrect because paying off $10,000 annually for 10 years results in a total paid amount of $100,000, which is still less than 40% of the original value of the house. Option D is incorrect because paying off $10,000 annually for 12 years results in a total paid amount of $120,000, which is still less than 50% of the original value of the house. It is important to note that this explanation assumes no appreciation in value of the house. If the house does appreciate in value, the remaining loan balance may become

9. Which of the following actions would not be considered a rejection of an offer to purchase a property?

A. Making a counteroffer

B. Accepting another offer

C. Ignoring the offer

D. Revoking the offer by the buyer

Revoking the offer by the buyer would not be considered a rejection of an offer to purchase a property because the buyer originally made the offer and therefore has the right to revoke it. A rejection typically comes from the seller as they are the ones receiving offers. Options A, B, and C all involve some form of response or action to the offer, either by proposing a different offer (counteroffer), accepting a different offer (accepting another offer), or not responding at all (ignoring the offer).

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10. When a payment is made on behalf of a licensee from the recovery account, what must occur before the licensee's license can be reinstated?

A. The licensee must complete additional education

B. The licensee must serve a probationary period

C. The licensee must pass a test

D. The licensee must reimburse the trust fund the full amount paid

When a payment is made on behalf of a licensee from the recovery account, it means that the licensee used money from the trust fund to cover a consumer complaint or action against them. Therefore, in order to ensure that the trust fund remains sufficiently funded and able to cover claims, the licensee must reimburse the trust fund the full amount paid before their license can be reinstated. This is the only option that directly relates to the use of the trust fund, while the other options are potential requirements that could be implemented as part of the reinstatement process, but are not directly related to the trust fund. These options could potentially be additional consequences or steps for the licensee to complete, but they do not address the specific issue of reimbursing the trust fund.

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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://californiarealestate.examzify.com

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

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