California Real Estate Practice Final Exam Answers

Section: California Real Estate Exams • **Total Questions:** 10 • **Format:** Verified Q&A

1. Bernard bought the classic 'worst house on the best block.' Every home around his is bigger, newer, and worth more. This makes the value of his home higher than it would be otherwise. What principle of value is at work here?

(A) Principle of progression
(B) Principle of regression
(C) Principle of contribution
(D) Principle of substitution

2. During the option period, Kat, the buyer, decides that she wants to change the closing date so that the seller has enough time to make repairs. She should request:

(A) a financing contingency to the contract
(B) an appraisal contingency to the contract
(C) an addendum to the contract
(D) an amendment to the contract

3. Which of these describes the cost of labor and materials?

(A) plottage
(B) direct cost
(C) investment value
(D) indirect cost

4. What is unique about an exclusive authorization and right-to-sell listing agreement?

(A) The broker represents both the seller and the buyer.
(B) The broker gets compensation regardless of who sells the property.
(C) The broker acts as a general agent for the client in all business dealings.
(D) There are multiple brokers working to sell the same property.

5. Which of the following statements is true regarding the laws governing agency agreement contracts?

- **(A)** They are NOT governed by agency law or contract law.
- **(B)** They are governed by contract law only.
- **(C)** They are governed by both agency law and contract law.
- **(D)** They are governed by agency law only.

---

6. What type of contingency is meant to protect buyers from owning two homes at once?

- **(A)** financing contingency
- **(B)** appraisal contingency
- **(C)** inspection contingency
- **(D)** sale of another property contingency

---

7. Murphy, a seller, has not yet delivered notice of offer acceptance to the buyer. What does this mean?

- **(A)** The buyer can no longer rescind the offer.
- **(B)** As long as the offer was verbal, the buyer can still rescind the offer.
- **(C)** As long as it's still before the offer expiration date, the buyer can no longer rescind the offer.
- **(D)** The buyer can still rescind the offer.

---

8. Which principle says values are highest when the houses in a neighborhood look roughly the same?

- **(A)** principle of conformity
- **(B)** principle of contribution
- **(C)** principle of competition
- **(D)** principle of highest and best use

---

9. Under the NAR Code of Ethics, the following are all listed as protected classes EXCEPT:

- **(A)** national origin
- **(B)** age
- **(C)** familial status
- **(D)** color

---

10. Agent Lianne fails to notice large cracks in the foundation during her visual inspection. She tells Buyer Todd that there are no issues with the foundation. This is an example of:

- **(A)** concealment
- **(B)** fraud
- **(C)** negligent misrepresentation
- **(D)** intentional misrepresentation
