THE STATE EXAM TRAINING GUIDE

WELCOME TO GUIDANCE FOR YOUR PREPARATION TO TAKE THE STATE EXAM

- State Exam questions are allocated between each of seven real estate topics
- Study links for each of the seven topics reference the Realtipedia Library

STATE EXAM FACTS

Length: 150 multiple choice questions  
Time Limit: 3 Hours
Format: Taken on a computer at exam site  
Passing Score: 70%
Exam Locations: Fresno, San Diego, Los Angeles, Oakland and Sacramento

PRACTICE OF REAL ESTATE AND DISCLOSURES

Approximately 25% of exam covers

Agency Supervision  
California Real Estate Recovery Fund  
Commercial/Industrial/Income Properties  
DRE Jurisdiction and Disciplinary Actions, Licensing, and Continuing Education Requirements and Procedures  
Disclosure of Material Facts Affecting Property Value  
Disclosure Statements  
Fair Housing Laws  
General Ethics  
Natural Hazard  
Need for Inspection and Obtaining/Verifying Information  
Permitted Activities of Unlicensed Sales Assistants  
Property Management  
Record Keeping Requirements  
Reports  
Specialty Areas  
Servicing Diverse Populations  
Technology  
Transfer Disclosure Statement  
Trust Account Management  
Truth in Advertising

Study the following first tuesday material

- **Real Estate Principles** — “Real estate licensing and endorsement”, Agency Section, Fair Housing section, Property Disclosures section, Property Management section

LAWS OF AGENCY AND FIDUCIARY DUTIES

Approximately 17% of exam covers

Agency Supervision  
Creation of Agency and Agency Agreements  
Commission and Fees  
Definition and Nature of Agency Relationships  
Disclosure of Acting as Principal or Other Interest  
Disclosure of Agency Law  
Responsibilities of Agent to Non-Client Third Parties  
Responsibilities of Agent to Seller/Buyer as Principal  
Termination of Agency  
Types of Agencies and Agents

Study the following first tuesday material

- **Real Estate Principles** — “Agency: authority to represent others”, “The agency law disclosure”, “Conflict of interest”, “Dual agency and subagency”
PROPERTY OWNERSHIP AND LAND USE CONTROLS
Approximately 15% of exam covers
Classes of Property Encumbrances Public Controls
Descriptions of Property Government Rights in Land Special Categories of Land
Environmental Hazards and Private Controls Types of Ownership
Regulations Property Characteristics Water Rights

Study the following first tuesday material
• Real Estate Principles — Ownership Concepts section, “Easements: running or personal”, “Creating an easement”, “Termination of easements”, “Mechanic’s liens and foreclosures”
• Legal Aspects of Real Estate — Liens/Lis Pendens section

PROPERTY VALUATION AND FINANCIAL ANALYSIS
Approximately 14% of exam covers
Financial Analysis Methods of Estimating Value Value

Study the following first tuesday material
• Real Estate Principles — “The appraisal report”, “Construction concepts”

CONTRACTS
Approximately 12% of exam covers
Advanced Fee Agreements Listing Agreements Promissory Notes/Securities
Buyer Broker Agreements Offers/Purchase Contracts Purchase/Lease Options

Study the following first tuesday material
• Real Estate Finance — Lender Financing section
• Real Estate Practice — Contract Law section

FINANCING
Approximately 9% of exam covers
Government Programs Loan Brokerage Mortgages/ Sources of Financing
Financing/Credit Laws Deeds of Trust/Notes Types of Loans and Originators

Study the following first tuesday material
• Mortgage Brokering and Lending — Licensing and Management section, Types of Mortgages section, Consumer Protection section
• Real Estate Finance — Notes and Their Provisions section, Lenders section

TRANSFER OF PROPERTY
Approximately 8% of exam covers
Deeds Tax Aspects Transfer by Court Order
Escrow Title Insurance Vesting

Study the following first tuesday material
• Legal Aspects of Real Estate — Title and Vesting section
• Real Estate Principles — “Escrow, the time for performance”, “Home mortgage interest deductions”
STUDY TIPS

BEFORE THE EXAM

Use the State Exam Study Guide in this booklet to prepare
The Study Guide contains the DRE’s list of topics which appear on the State Exam. Review the first tuesday book chapters listed for each topic. All first tuesday books are available online except Appraisal, under the Realltipedia Library link in your Licensing Courses page.

Have a solid grasp of real estate vocabulary
State Exam questions test your mastery of real estate terms. Review our dictionary at firsttuesdayjournal.com. Also, first tuesday’s mobile flash card app trains you to retain — on the go. The app’s learning modes use memorized-sorting slideshows to teach you terms you need to know (part of the California State Exam training package).

Practice makes perfect
Retake the practice quizzes for your licensing courses multiple times until you consistently receive a score of 80% or greater. The quizzes highlight key topics covered on the State Exam.

Consider a State Exam prep book and crash courses
first tuesday offers the California State Exam training package which includes a Prep Book, State Exam practice questions, flash cards and online videos as well as a separate live Crash Course. These tools help you zero in on important concepts. If you go for the live crash course, schedule it for the weekend before your State Exam for optimum retention.

Cut the distractions and get down to work
Study in a quiet place, free from distraction. That means no Facebook, Twitter, texting, family TV, computer, radio, cell phone or anything else which competes for your attention.

Study often, in short bursts
Take breaks so you don’t overload. Review online videos or flash cards anytime you have a couple of free minutes.

Use mnemonic devices and acronyms
Use easy-to-remember mnemonic devices and acronyms to help concepts stick.

Write it down
Take notes. The physical act of writing information down helps you retain it.

Practice with a timer
Time yourself when you take practice quizzes or exams. Try to finish them in less time than is provided for the actual licensing exam.

Solicit input from new licensees
Ask new licensees what subjects were heavily represented on the State Exam, and what topics they found challenging. Mine them for pragmatic test-taking tips.

Be well rested and ready to go
Don’t party or drink alcohol or caffeine the night before your test. Sleep!
EXAM DAY TIPS

The early bird passes the exam
Arrive early so you aren’t hurried. This gives you more time to get situated and do your last minute studying.

Carefully read what is written
Read the exam questions and answers slowly and carefully. Read what is written; don’t assume you know what the question is asking before you finish reading it. It may be asking you for an exception, rather than the rule.

Answer what is written – do not assume any facts outside of the question
Answer the questions exactly as they are written. Every question is its own self-contained universe, and everything you need to answer it will be contained in the question itself. If you find yourself arguing with the question, you’re over-thinking.

Skip the hard questions, then go back to them
All questions on the exam are given the exact same weight and importance, so don’t get hung up on one question. Just move on, and return to it before you submit the exam.

Partially incorrect = incorrect
Keep an eye out for absolute wording such as “always”, “never”, “every”, “only” and “must.” If any part of the answer is incorrect, the entire answer is incorrect. There are no shades of gray on the exam.

Are two answers correct?
Some answer selections provided are, “All of the above”, “None of the above” and “Both a. and b.” If you’re reviewing the answer selections and multiple seem correct, check all of your answer selection options to determine whether an “All of the above” or “Both a. and b.” response is available. Remember, you’re looking for the best answer.

The greater the consumer protection, the better
For questions concerning state or federal regulatory controls, the answer that provides the greatest protection to consumers is likely correct.

If all else fails, take an educated guess
If you don’t know what the correct answer selection is, make an educated guess. Eliminate as many wrong answers you can. Generally, if three selections are similar and one is different, the dissimilar selection is correct. If one answer selection is longer than the others, it is likely correct.

Make a note of it
You are provided a small white board, marker and eraser when taking the exam. This comes in handy for making notes, such as specific questions you’d like to return to and review, or helpful mnemonic devices or acronyms you used during your study.

Look for clues
If you are stuck on a question, review the exam for other questions covering a similar subject matter to see whether these questions provide any clues regarding the answer of the question causing you trouble.

Use every second to your advantage
Use the full time allotted to take the exam. After you complete it, don’t immediately submit it. Go back and review the exam as many times as the clock allows. Don’t change your answers without a good reason.