



# 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

Disclosure of Material Facts

Property Management

California Real Estate Recovery Fund

Affecting Property Value

Record Keeping Requirements

Commercial/Industrial/Income Properties

Disclosure Statements

Reports

DRE Jurisdiction and

Fair Housing Laws

Specialty Areas

Disciplinary Actions, Licensing, and Continuing Education

General Ethics

Servicing Diverse Populations

Requirements and Procedures

Natural Hazard

Technology

Need for Inspection and

Obtaining/Verifying Information

Transfer Disclosure Statement

Permitted Activities of

Unlicensed Sales Assistants

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

Disclosure of Acting as Principal or Other Interest

Responsibilities of Agent to Seller/Buyer as Principal

Creation of Agency and Agency Agreements

Disclosure of Agency Law

Termination of Agency

Commission and Fees

Responsibilities of Agent to

Types of Agencies and Agents

Definition and Nature of Agency Relationships

Non-Client Third Parties

### 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”
- **Real Estate Practice** —“Brokerage activities: agent of the agent”, “An agent’s perception of riches”, “Human resources: low-level management by brokers”, Listings: Employment by the public section

# 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 Regulations	Private Controls	Types of Ownership
	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
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### 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 Principles** — “Listing as employment”, “Operating under a buyer’s listing”, “Finders: a nonlicensee referral service”, “The purchase agreement”, “The promissory note”, The Trust Deed section
- **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 **Realtipedia 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](http://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.

