



THE STATE EXAM TRAINING GUIDE

The guidance presented on this page informs you about

- the scope of the State Exam variables you will encounter when taking the State Exam
- the ratio of State Exam questions allocated to each of seven real estate topics the exam covers, and
- topical study references available from the Realtipedia Library link on your Licensing Courses page.

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

Study — Agency, Fair Housing, Trust Funds, Ethics and Risk Management, Agency section, Fair Housing section, Trust Funds section; **Real Estate Principles**, “Real estate licensing and endorsement”, Property Disclosures section, Property Management section

LAWS OF AGENCY AND FIDUCIARY DUTIES

Approximately **17% of exam covers** — Law, Definition and Nature of Agency Relationships, Types of Agencies and Agents, Creation of Agency and Agency Agreements, Agency Supervision, Responsibilities of Agent to Seller/Buyer as Principal, Disclosure of Agency, Disclosure of Acting as Principal or Other Interest, Termination of Agency, Commission and Fees, Responsibilities of Agent to Non-Client Third Parties

Study — Real Estate Principles, “Agency: authority to represent others”, “The agency law disclosure”, “Conflict of interest”, “Dual agency and subagency”; **Agency, Fair Housing, Trust Funds, Ethics and Risk Management**, “Agency confirmation provision”, “A broker’s use of supervisors”; **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, Property Characteristics, Encumbrances, Types of Ownership, Descriptions of Property, Government Rights in Land, Public Controls, Environmental Hazards and Regulations, Private Controls, Water Rights, Special Categories of Land

Study — 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% exam covers** — Value, Methods of Estimating Value, Financial Analysis

Study — Real Estate Principles, “The appraisal report”, “Construction concepts”

CONTRACTS

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

Study — 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; **Agency, Fair Housing, Trust Funds, Ethics and Risk Management**, “The borrower and loan broker relationship”, **Real Estate Practice**, Contract Law section

FINANCING

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

Study — 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% exam covers** — Title Insurance, Deeds, Escrow, Tax Aspects, Special Processes, Transfer through Court Supervision, Types of Vesting

Study — Legal Aspects of Real Estate, Title and Vesting section; **Real Estate Principles**, “Escrow, the time for performance”; **Tax Benefits of Ownership**, Property Taxes section





STUDY TIPS

Practical advice for passing the State Exam

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. 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.

