

California Real Estate Exam Questions and answers 2023/2024 Study Guide

An appraiser's definition of "Value" would be:

- a. present worth of all rights to future benefits arising out of ownership.
- b. the ability of one commodity to command other commodities in exchange. c. relationship between the thing desired and the potential purchaser.
- d. all of the above. -CORRECT ANSWERd. all of the above.

These are elements of value.

Which of the following abbreviations is associated with the FHA?

- a. NAR
- b. CPM
- c. MIP/MMI
- d. MBA -CORRECT ANSWERc. MIP/MMI

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MIP - Mortgage Insurance Premium/Mutual Mortgage Insurance.

An investor group recently sold a parcel of land for \$217,500, which was 45% more than they paid for it. The land is described as follows: N $\frac{1}{2}$ of the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 13 plus the W $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Section 13. What was the original price they paid per acre for the property?

- a. \$1,500

- b. \$1,200
- c. \$1,000
- d. \$750 -CORRECT ANSWERa. \$1,500

$\$217,500 \div 145\% (1.45) = \$150,000$ original price

Acreage: $N\frac{1}{2}$ of the $NW\frac{1}{4}$ of the $SE\frac{1}{4} = 20$ acres

$W\frac{1}{2}$ of the $NE\frac{1}{4} = 80$ acres

Therefore, price per acre = $\$150,000 \div 100 = \$1,500$.

Which of the following is NOT a lien?

- a. Encumbrance
- b. Homestead
- c. Zoning
- d. All of the above -CORRECT ANSWERd. All of the above

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A lien is a charge against property, whereby the property is made security for payment of the debt, i.e., attachment.

A property sells for \$121,000. The purchaser gives \$10,000 down payment, agrees to place an additional \$5,000 down, and take over an existing VA first loan of \$100,000, with the remainder to be in the form of a 2nd note and trust deed. For these conditions, how much would the documentary tax stamps be?

- a. \$1.10
- b. \$5.50
- c. \$133.10

d. \$23.10 -CORRECT ANSWERd. \$23.10

Do NOT pay on old existing loan being taken over. Therefore, $(\$121,000 - 100,000) \div 1,000 \times (\$1.10) = 21.0 \times \$1.10 = \23.10 .

If an appraiser were called upon to evaluate a public building, which had unique and distinctive architecture, he would employ which of the following methods of valuation?

- a. Replacement (cost approach)
- b. Comparison
- c. Capitalization
- d. None of the above -CORRECT ANSWERa. Replacement (cost approach)

Since there is no income for capitalization and no means for comparing sales, replacement cost is the only approach available.

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The members of the National Association of Real Estate Brokers are called:

- a. Realtors®.
- b. Consolidated Brokers.
- c. Realtists.
- d. None of the above. -CORRECT ANSWERc. Realtists.

If the taxes on a newly acquired property will amount to 1.25% of the purchase price, what will the first installment (6 months) bill for a home costing \$125,500 be?

- a. \$765.35
- b. \$742.51
- c. \$784.38
- d. \$795.97 -CORRECT ANSWERc. \$784.38

$$\$125,500 \times (.0125) \div 2 = \$784.38.$$

The best source for establishing the age of a home would be the:

- a. county tax assessor.
- b. building and safety department.
- c. county recorder's office.
- d. either a or b. -CORRECT ANSWERa. county tax assessor.

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The county tax assessor is the best source for establishing the age of a home.

"Gross multiplier" is used to determine value of certain types of income properties. It is determined by:

- a. dividing the gross rental income by the appraised value. b. multiplying the market price by the capitalization rate.
- c. dividing the sales price by the gross monthly rental.
- d. multiplying the gross monthly rental by a reasonable cap rate. -CORRECT ANSWERc. dividing the sales price by the gross monthly rental.

Gross Rent Multiplier is a rough, quick way of converting gross rent into market value.