

# California Real Estate Broker Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of questions,**

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**SAMPLE**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

**Remember:** successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Don't worry about getting everything right, your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations, and take breaks to retain information better.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning.**

## **7. Use Other Tools**

**Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly — adapt the tips above to fit your pace and learning style. You've got this!**

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## **Questions**

- 1. Which fixture would a person correctly assume he can take with him when he moves?**
  - A. Built-in kitchen cabinets**
  - B. Attached display cases in a jewelry business**
  - C. Shutters on windows**
  - D. Central air conditioning unit**
- 2. What is the main risk of a broker not maintaining proper transaction records?**
  - A. Loss of business reputation**
  - B. Legal penalties**
  - C. Increased operational costs**
  - D. Difficulty in future transactions**
- 3. Which entity typically provides a mortgage loan?**
  - A. Title company**
  - B. Real estate agent**
  - C. Bank or financial institution**
  - D. Homeowners association**
- 4. What is the estimated cost to build a house using modern materials that is currently 200 years old called?**
  - A. Reproduction Cost**
  - B. Replacement Cost**
  - C. Market Value**
  - D. Historic Cost**
- 5. Which question may a salesperson answer for a buyer?**
  - A. Is the property currently under contract?**
  - B. What is the average income of the residents of this community?**
  - C. What is the final sale price of similar properties?**
  - D. What are the tax implications of purchasing the house?**



- 6. What is required for the creation of an escrow?**
- A. Completion of a property appraisal**
  - B. Execution of a binding contract**
  - C. Payment of initial deposit**
  - D. Acceptance of sales offer**
- 7. In a judicial foreclosure process, which entity initiates the court proceeding?**
- A. Trustee**
  - B. Borrower**
  - C. Beneficiary**
  - D. Homeowner**
- 8. If Buyer A purchases a house for \$300,000 with a \$60,000 down payment, what is his profit after a 25% appreciation when sold?**
- A. \$50,000**
  - B. \$75,000**
  - C. \$100,000**
  - D. \$125,000**
- 9. What is the primary purpose of the Coastal Act in California?**
- A. To promote economic development in coastal areas**
  - B. To protect coastal resources and regulate development**
  - C. To establish public access to beaches**
  - D. To enhance tourism along the coast**
- 10. What must accompany an application for a real estate salesperson license?**
- A. A background check**
  - B. A credit report**
  - C. Proof of education**
  - D. Payment of fees**

## **Answers**

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1. B
2. B
3. C
4. B
5. B
6. B
7. C
8. B
9. B
10. D

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## **Explanations**

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**1. Which fixture would a person correctly assume he can take with him when he moves?**

- A. Built-in kitchen cabinets**
- B. Attached display cases in a jewelry business**
- C. Shutters on windows**
- D. Central air conditioning unit**

The reasoning behind selecting the attached display cases in a jewelry business as something a person can take when they move relates to the distinction between real property and personal property. Fixtures, which are items that are attached to real estate and generally considered part of the property, typically remain with the property when it is sold or the tenant moves out. Attached display cases in a jewelry business are specialized fixtures that are specifically designed for that particular business use. Since they are not typically considered a permanent addition to the physical structure in the same way that built-in kitchen cabinets or central air conditioning units would be, a business owner can reasonably take these display cases with them upon relocation to a different business environment. In contrast, built-in kitchen cabinets and a central air conditioning unit are almost always considered permanent fixtures, as they are typically attached to the structure and are essential to the function of the home. Shutters on windows are usually also considered fixtures because they are affixed to the property and intended to remain. Thus, the ability to remove the jewelry display cases is grounded in their nature as personal property rather than real property fixtures.

**2. What is the main risk of a broker not maintaining proper transaction records?**

- A. Loss of business reputation**
- B. Legal penalties**
- C. Increased operational costs**
- D. Difficulty in future transactions**

The main risk associated with a broker not maintaining proper transaction records is the potential for legal penalties. In the real estate industry, brokers are required to adhere to various regulations, including maintaining accurate records of all transactions. These records serve as proof of compliance with laws and regulations governing real estate practices. Failure to keep proper documentation can result in legal scrutiny, fines, and disciplinary actions from regulatory bodies. For instance, if a dispute arises regarding a transaction, having well-maintained records is essential to validate claims and protect the broker's interests. Inadequate record-keeping can lead to misunderstandings, misrepresentations, and even allegations of fraud, all of which can invite legal repercussions. Moreover, regulatory agencies may impose penalties on brokers who fail to provide necessary documentation during audits or investigations. While loss of business reputation, increased operational costs, and difficulty in future transactions can be consequences of poor record-keeping, they often stem from the primary risk of facing legal penalties, which can ultimately be detrimental to a broker's ability to operate within the industry. Thus, maintaining proper transaction records is critical not only for compliance purposes but also for safeguarding a broker's professional standing and business viability.

### 3. Which entity typically provides a mortgage loan?

- A. Title company
- B. Real estate agent
- C. Bank or financial institution**
- D. Homeowners association

A mortgage loan is typically provided by a bank or a financial institution because these entities are specifically structured to offer various types of loans, including mortgages. They have the requisite resources and financial expertise to assess a borrower's creditworthiness, establish terms and conditions for the loan, and manage the loan servicing process. Banks and financial institutions have the capacity to fund large sums of money, which is essential for a mortgage since it generally involves a significant amount that allows buyers to purchase property. They also provide different mortgage products, such as fixed-rate, adjustable-rate, and government-insured loans, catering to diverse borrower needs. In contrast, while a title company plays a crucial role in the property transaction process, ensuring that the title is valid and can be transferred, it does not provide loans. Real estate agents are primarily responsible for facilitating property buying and selling and do not typically involve themselves in lending. Homeowners associations (HOAs) manage communal aspects of residential communities but have no function in the mortgage lending process either.

### 4. What is the estimated cost to build a house using modern materials that is currently 200 years old called?

- A. Reproduction Cost
- B. Replacement Cost**
- C. Market Value
- D. Historic Cost

The term that refers to the estimated cost to build a house using modern materials that is currently 200 years old is known as Replacement Cost. This concept focuses specifically on the cost of constructing a similar structure using current materials and building standards, rather than replicating the original design and materials. Replacement Cost is especially important in real estate and insurance contexts as it provides an updated valuation of a property based on how much it would cost to replace it with a modern equivalent, reflecting current material costs and construction methods. This ensures that the valuation takes into account advancements in building technology and safety standards that have occurred since the original construction. In contrast, Reproduction Cost refers specifically to the cost of constructing an exact replica of the original structure using the same materials and craftsmanship as the original, which wouldn't apply when considering modern materials. Market Value relates to what a property would likely sell for on the open market, taking into account various factors, including location and market demand, while Historic Cost refers to the original cost incurred to build the structure when it was first constructed, and thus it does not reflect current costs or standards.

**5. Which question may a salesperson answer for a buyer?**

- A. Is the property currently under contract?**
- B. What is the average income of the residents of this community?**
- C. What is the final sale price of similar properties?**
- D. What are the tax implications of purchasing the house?**

A salesperson can provide information about the average income of residents in a community because this type of data is generally considered public information and does not require specialized legal or professional advice. It helps the buyer gauge the demographics and economic status of the area, which can be important for their purchasing decision. The other questions are more complex and often require in-depth knowledge or professional expertise. Questions about whether a property is under contract or the final sale price of similar properties involve specifics that may only be accurately disclosed by the listing agent or require access to proprietary market data. The inquiry regarding tax implications involves legal and financial expertise that typically falls outside the scope of a salesperson's training and responsibilities, making it imperative that a buyer consults with an appropriate professional in that field.

**6. What is required for the creation of an escrow?**

- A. Completion of a property appraisal**
- B. Execution of a binding contract**
- C. Payment of initial deposit**
- D. Acceptance of sales offer**

The creation of an escrow is primarily contingent upon the execution of a binding contract between the parties involved in the transaction. This contract outlines the terms of the agreement, detailing what is expected from each party. Once this binding contract is in place, it authorizes the escrow agent to manage the transaction, ensuring that the terms of the agreement are fulfilled before the escrow can be closed and the transfer of property occurs. While aspects such as payment of an initial deposit or acceptance of a sales offer may play significant roles in the escrow process, they are not the foundational requirement for creating an escrow. An escrow cannot be officially established without a binding agreement that clearly outlines the transaction details and the responsibilities of each party. Therefore, having a binding contract is essential for the initiation of escrow services.

**7. In a judicial foreclosure process, which entity initiates the court proceeding?**

- A. Trustee**
- B. Borrower**
- C. Beneficiary**
- D. Homeowner**

In a judicial foreclosure process, the beneficiary, often the lender or mortgage holder, is the entity that initiates the court proceedings. The judicial foreclosure is a legal process that requires the lender to file a lawsuit against the borrower to obtain a court order permitting the foreclosure. This process allows the lender to secure a judgment, which is necessary to proceed with the sale of the property in question if the borrower defaults on the mortgage. The borrower, or homeowner, does not typically initiate the judicial foreclosure process; instead, they are the party being sued by the lender. While both the borrower and homeowner refer to the same individual in this context, they serve different roles in the foreclosure transaction. The trustee is involved in non-judicial foreclosures, where the process does not require court intervention, and is typically appointed to handle the sale of the property when a borrower defaults. Therefore, in judicial foreclosures, it is the beneficiary who has the standing and responsibility to initiate the court action to reclaim the property due to nonpayment.

**8. If Buyer A purchases a house for \$300,000 with a \$60,000 down payment, what is his profit after a 25% appreciation when sold?**

- A. \$50,000**
- B. \$75,000**
- C. \$100,000**
- D. \$125,000**

To determine the profit Buyer A realizes after selling the house following a 25% appreciation, it's essential to understand both the initial investment and how the appreciation affects the property's value. Initially, Buyer A purchases the house for \$300,000 and makes a down payment of \$60,000. The appreciation means the house's value increases by 25%. To calculate the new value after appreciation, you multiply the original price of the house by 1.25:  $\$300,000 \times 1.25 = \$375,000$ . This means that after the appreciation, the house can be sold for \$375,000. Next, to calculate the profit, we consider how much Buyer A initially invested. The profit can be understood as the selling price minus the original purchase price, ignoring any financing or additional costs not mentioned in the scenario:  $\text{Profit} = \text{Selling Price} - \text{Purchase Price}$   $\text{Profit} = \$375,000 - \$300,000 = \$75,000$ . Thus, after selling the property at an appreciated value, the profit for Buyer A is \$75,000, making this the correct answer. This calculation reflects understanding how appreciation affects property value and how to compute profit in real estate transactions.



**9. What is the primary purpose of the Coastal Act in California?**

- A. To promote economic development in coastal areas**
- B. To protect coastal resources and regulate development**
- C. To establish public access to beaches**
- D. To enhance tourism along the coast**

The primary purpose of the Coastal Act in California is to protect coastal resources and regulate development. This legislative framework was established with the intent to ensure that the natural and scenic values of the coastline are preserved, while also managing growth and development in a sustainable manner. The Act takes into account various factors including the conservation of biological resources, the prevention of pollution, and the maintenance of public access to coastal areas. By focusing on protection and regulation, the Coastal Act seeks to balance the interests of development and conservation, ensuring that the rich ecosystems and unique landscapes along California's coast are sustained for future generations. This prioritization is central to the Act's mission, as it emphasizes long-term environmental health and the responsible use of coastal areas rather than just immediate economic benefits or tourist influx.

**10. What must accompany an application for a real estate salesperson license?**

- A. A background check**
- B. A credit report**
- C. Proof of education**
- D. Payment of fees**

To obtain a real estate salesperson license in California, the application must be accompanied by payment of the required fees. This is a critical step in the licensing process, as the fees cover the administrative costs associated with processing the application and ensuring that it is reviewed properly. While other factors such as background checks, credit reports, and proof of education are important components of the overall application process, it is the payment of fees that serves as a prerequisite for processing the application itself. Therefore, submission of the payment is essential for an application to be considered complete and for the applicant to be authorized to take the licensing examination. Understanding this requirement is important not only for prospective real estate agents but also highlights the importance of financial readiness when pursuing licensure in a competitive field like real estate.

## Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://californiarealestatebroker.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**