

**OFFICIAL 2026 CALIFORNIA REAL ESTATE EXAM
PRACTICE QUESTIONS**
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- **Pro Tip:** For the best results, treat this as a timed simulation. Do not look at the answers until you have completed all 50 questions.

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Part 1: The Essentials

1. A broker who represents both the buyer and the seller in the same transaction with their written consent is known as a:

- (A) Single Agent
- (B) Dual Agent
- (C) Subagent
- (D) Secret Agent
- **Answer: (B)** In California, dual agency is legal but requires full written disclosure and consent from both parties.

2. Which of the following is the most difficult type of depreciation to correct?

- (A) Physical Deterioration
- (B) Functional Obsolescence
- (C) Economic Obsolescence
- (D) Deferred Maintenance
- **Answer: (C)** Also known as "Social Obsolescence," this occurs outside the property lines (like a new freeway nearby) and is considered incurable.

3. The "Right of Survivorship" is the distinguishing feature of which form of ownership?

- (A) Tenancy in Common
- (B) Community Property
- (C) Joint Tenancy
- (D) Partnership
- **Answer: (C)** Upon the death of one joint tenant, their interest passes immediately to the surviving tenants without going through probate.

4. A "Cloud on Title" is usually discovered through a:

- (A) Building Inspection
- (B) Title Search
- (C) Appraisal
- (D) Zoning Report
- **Answer: (B)** A title search reveals liens, encumbrances, or claims that must be cleared before a clean transfer of title can occur.

5. A contract that is binding and enforceable on all parties is called:

- (A) Void
- (B) Voidable
- (C) Valid
- (D) Unenforceable
- **Answer: (C)** A valid contract contains all essential elements: capable parties, mutual consent, lawful object, and consideration.

6. Which of the following constitutes "Constructive Eviction" by a landlord?

- (A) Giving the tenant a 3-day notice to pay or quit
- (B) Failing to make the property habitable (e.g., cutting off water or heat)
- (C) Increasing the rent with proper legal notice
- (D) Selling the building to a new owner
- **Answer: (B)** Constructive eviction occurs when a landlord's actions (or lack thereof) make the premises unusable for the tenant.

7. In a standard "Net Lease," the tenant pays for which of the following in addition to rent?

- (A) The landlord's personal income taxes
- (B) Property taxes, insurance, and maintenance
- (C) Only the utilities and water
- (D) A percentage of their monthly gross sales
- **Answer: (B)** A net lease shifts the operating expenses (the "nets") from the landlord to the tenant.

8. An "Emancipated Minor" under California law has the legal capacity to:

- (A) Enter into a binding contract to buy or sell real estate
- (B) Only lease property, not purchase it
- (C) Sell property only with a legal guardian's signature
- (D) Vote in a federal election
- **Answer: (A)** An emancipated minor is treated as an adult for the purposes of entering into binding contracts.

9. The most common way to create an agency relationship in real estate is by:

- (A) Oral agreement
- (B) Ratification
- (C) Written listing contract
- (D) Estoppel
- **Answer: (C)** While other methods exist, a written agreement is required to ensure the broker can legally collect a commission.

10. When a person acquires title to real property by "Adverse Possession," they must occupy the property for a minimum of:

- (A) 2 years
- (B) 5 years
- (C) 10 years
- (D) 20 years
- **Answer: (B)** In California, the requirements for adverse possession include open and notorious occupation and payment of property taxes for 5 continuous years.

Part 2: Property Ownership & Land Use Controls

11. Which of the following is considered "Real Property"?

- (A) Trade fixtures
- (B) Stock in a mutual water company
- (C) Crops harvested under a sharecrop agreement
- (D) A copy of a recorded deed
- **Answer: (B)** Stock in a mutual water company is "appurtenant" to the land and is considered real property.

12. The highest form of ownership interest one can hold in real estate is:

- (A) Life Estate
- (B) Fee Simple Absolute
- (C) Estate at Will
- (D) Leasehold Estate
- **Answer: (B)** Fee Simple Absolute is the most complete form of ownership.

13. A "Life Estate" is based on:

- (A) A period of 99 years
- (B) The duration of a specific person's life
- (C) The discretion of the lender
- (D) The local zoning ordinances
- **Answer: (B)** A life estate ends upon the death of the designated person.

14. The right of the government to take private property for public use is called:

- (A) Escheat
- (B) Police Power
- (C) Eminent Domain
- (D) Adverse Possession
- **Answer: (C)** Eminent Domain is the power; the process is called "Condemnation."

15. If a property owner dies "intestate" (without a will) and has no heirs, the property reverts to the state through:

- (A) Eminent Domain
- (B) Escheat
- (C) Estoppel
- (D) Execution
- **Answer: (B)** Escheat ensures property doesn't remain "ownerless."

Part 3: Agency & Fiduciary Duties

16. A real estate agent's "Fiduciary Duty" is specifically owed to:

- (A) The Mortgage Broker
- (B) The Principal (Client)
- (C) The Escrow Officer
- (D) The Multiple Listing Service
- **Answer: (B)** The agent must act in the best interest of the client at all times.

17. "Commingling" is best defined as:

- (A) Mixing personal funds with client trust funds
- (B) Working for two different brokers at once
- (C) Showing a house to multiple buyers at the same time
- (D) Discussing commissions with a competitor
- **Answer: (A)** This is a major DRE violation.

18. A "Material Fact" is something that:

- (A) Only the seller needs to know
- (B) Would affect a reasonable person's decision to buy or the price they pay
- (C) The agent should keep secret to protect the sale
- (D) Only relates to the color of the paint
- **Answer: (B)** All material facts must be disclosed to all parties.

19. An "Attorney-in-Fact" derives their authority from:

- (A) A Law Degree
- (B) A Power of Attorney
- (C) A Real Estate License
- (D) A Notary Public
- **Answer: (B)** This allows a person to act on behalf of another.

20. Which of the following terminates an agency relationship?

- (A) Death of the Principal
- (B) Expiration of the listing term
- (C) Mutual agreement
- (D) All of the above
- **Answer: (D)** Agency can end via law, performance, or agreement.

Part 4: Contracts & Financing

21. A "Purchase Money" mortgage usually refers to:

- (A) A loan used to buy the property
- (B) A loan used for home repairs
- (C) A second mortgage for vacation
- (D) A payday loan
- **Answer: (A)** It is a mortgage issued to the borrower by the seller or a lender as part of the purchase.

22. "Liquidation Damages" in a purchase contract are usually limited to:

- (A) 10% of the purchase price
- (B) 3% of the purchase price
- (C) The total cost of the repairs
- (D) Whatever the judge decides
- **Answer: (B)** In CA, for 1-4 unit residential, this is the standard limit.

23. A "Balloon Payment" is:

- (A) A small payment at the start of the loan
- (B) A final payment that is significantly larger than the others
- (C) A bonus paid to the real estate agent
- (D) A payment that includes taxes and insurance
- **Answer: (B)** It "pops" at the end of the term.

24. The "Secondary Mortgage Market" is where:

- (A) Buyers get their first loans
- (B) Existing loans are bought and sold (Fannie Mae/Freddie Mac)
- (C) Foreclosed homes are auctioned
- (D) High-interest credit cards are issued
- **Answer: (B)** This provides liquidity to the primary lenders.

25. A "Point" in lending is equal to:

- (A) 1% of the sales price
- (B) 1% of the loan amount
- (C) \$1,000
- (D) The agent's commission percentage
- **Answer: (B)** Points are based on the total loan amount.

Part 5: Valuation & Appraisal

26. The most important factor in determining "Value" is:

- (A) Cost of construction
- (B) Highest and Best Use
- (C) The owner's original purchase price
- (D) The neighborhood's school rating
- **Answer: (B)** An appraiser always looks for the use that yields the highest value.

27. "Market Value" is best described as:

- (A) The price a property actually sells for
- (B) The most probable price a property should bring in a competitive market
- (C) The price listed on Zillow
- (D) The tax assessor's valuation
- **Answer: (B)** It assumes an arm's length transaction.

28. The "Comparison Approach" is most commonly used for:

- (A) Schools and Churches
- (B) Single-Family Residences
- (C) Apartment Complexes
- (D) Industrial Factories
- **Answer: (B)** It relies on "comps" of similar homes sold recently.

29. Which appraisal method is used for an Income-Producing property?

- (A) Cost Approach
- (B) Sales Comparison
- (C) Capitalization (Income) Approach
- (D) Replacement Approach
- **Answer: (C)** It converts income into a value estimate.

30. "Functional Obsolescence" would include:

- (A) A leaky roof
- (B) An outdated floor plan or one bathroom in a 5-bedroom house
- (C) A noisy airport nearby
- (D) Termite damage
- **Answer: (B)** It is a loss in value due to design or utility issues.

Part 6: Escrow & Disclosures

31. The "Transfer Disclosure Statement" (TDS) must be provided by:

- (A) The Buyer
- (B) The Seller
- (C) The Appraiser
- (D) The City Council
- **Answer: (B)** The seller must disclose known conditions of the property.

32. "Escrow" is a neutral third party that:

- (A) Represents only the seller
- (B) Acts as a dual agent for both parties to carry out instructions
- (C) Decides who gets the house in a dispute
- (D) Lends money to the buyer
- **Answer: (B)** Escrow is a "stakeholder" following the contract instructions.

33. Title insurance protects the buyer against:

- (A) Fire damage
- (B) Future changes in zoning
- (C) Recorded and unrecorded "defects" in the title
- (D) The neighbor's dog
- **Answer: (C)** It ensures the title is clear of liens or claims.

34. A "Standard" policy of title insurance does NOT cover:

- (A) Forgery
- (B) Lack of capacity of a grantor
- (C) Unrecorded easements or encroachments (found by survey)
- (D) Improperly delivered deeds
- **Answer: (C)** These are covered by an "Extended" (ALTA) policy.

35. A "Tax Deed" is issued after a property is sold for:

- (A) Unpaid mortgage payments
- (B) Unpaid property taxes
- (C) Unpaid utility bills
- (D) Zoning violations
- **Answer: (B)** Usually after a 5-year redemption period in CA.

Part 7: Practice of Real Estate & Fair Housing

36. "Steering" is the illegal practice of:

- (A) Pushing a buyer toward or away from a neighborhood based on their race
- (B) Driving a client to a home in a luxury car
- (C) Choosing the best mortgage for a client
- (D) Negotiating a higher commission
- **Answer: (A)** This is a violation of the Federal Fair Housing Act.

37. "Blockbusting" (Panic Selling) is when an agent:

- (A) Sells every house on a single block
- (B) Tells owners to sell because a certain "protected class" is moving in
- (C) Hosts a block party to find leads
- (D) Renovates a house on a busy street
- **Answer: (B)** This is highly illegal.

38. The "Rumford Act" is a California law that deals with:

- (A) Water rights
- (B) Fair Housing and discrimination
- (C) Property tax limits
- (D) Foreclosure procedures
- **Answer: (B)** Also known as the Fair Employment and Housing Act.

39. A "Net Listing" is one where:

- (A) The agent gets a flat 6% commission
- (B) The agent keeps all money above a certain price set by the seller
- (C) The agent pays for all the advertising
- (D) The sale happens over the internet
- **Answer: (B)** These are legal in CA but discourage because of potential conflict of interest.

40. An "Exclusive Authorization and Right to Sell" listing means:

- (A) The seller can sell it themselves and pay no commission
- (B) The broker gets paid regardless of who finds the buyer
- (C) Only the broker is allowed to enter the house
- (D) The listing never expires
- **Answer: (B)** This is the most common and protective listing for a broker.

Part 8: Advanced Concepts & Specialized Areas

41. "Police Power" is the basis for:

- (A) Zoning and building codes
- (B) Collecting income tax
- (C) Passing property to heirs
- (D) Suing a neighbor
- **Answer: (A)** The state's right to regulate for public health/safety.

42. A "Negative Declaration" in an Environmental Impact Report means:

- (A) The project is canceled
- (B) The project will have no significant negative impact on the environment
- (C) The soil is contaminated
- (D) The developer ran out of money
- **Answer: (B)** This is a "green light" for the project to proceed.

43. The "Subdivided Lands Law" is managed by the:

- (A) Local City Council
- (B) Real Estate Commissioner (DRE)
- (C) Federal Government
- (D) Department of Fish and Wildlife
- **Answer: (B)** It protects buyers from fraud in new subdivisions of 5 or more lots.

44. "Mello-Roos" is a:

- (A) Type of mortgage
- (B) Special assessment/tax to fund local infrastructure (schools, parks)
- (C) Term for a friendly neighbor
- (D) Zoning classification for farms
- **Answer: (B)** These must be disclosed to buyers as they increase the tax bill.

45. A "Grant Deed" carries which two implied warranties?

- (A) The roof doesn't leak and the heater works
- (B) The grantor has not already conveyed the property and there are no undisclosed encumbrances
- (C) The price is fair and the title is perfect
- (D) The neighbors are quiet and the yard is clean
- **Answer: (B)** These are "implied" even if not written in the deed.

46. A "Quitclaim Deed" is most often used to:

- (A) Sell a luxury home
- (B) Clear a "Cloud on Title" or transfer between family members
- (C) Guarantee a perfect title
- (D) Evict a tenant
- **Answer: (B)** It conveys whatever interest the grantor has, with no warranties.

47. "Probate" is the legal process of:

- (A) Buying a house at auction
- (B) Settling a deceased person's estate
- (C) Checking the soil for toxins
- (D) Signing a lease
- **Answer: (B)** It happens in Superior Court.

48. An "Estate for Years" has:

- (A) A duration of at least 10 years
- (B) A fixed beginning and end date (no notice required to terminate)
- (C) To be renewed every year
- (D) No end date
- **Answer: (B)** It could be for 3 days or 30 years—as long as it has a set end date.

49. "Usury" refers to:

- (A) Using someone else's property without permission
- (B) Charging an illegally high interest rate
- (C) Borrowing more than you can afford
- (D) Selling a house for too much profit
- **Answer: (B)** California has specific usury laws for private lenders.

50. The "Real Estate Settlement Procedures Act" (RESPA) prohibits:

- (A) High interest rates
- (B) Kickbacks and unearned referral fees
- (C) Selling to out-of-state buyers
- (D) Advertising on the radio
- **Answer: (B)** This ensures the cost of closing isn't artificially inflated.

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