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PRACTICE QUESTIONS

CA PROFESSIONAL FIDUCIARIES BUREAU

DLPT2PQL

CA Professional Fiduciary Examination

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

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Before you begin

What this is

9 practice questions for CA PROFESSIONAL FIDUCIARIES BUREAU `DLPT2PQL`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, `DLPT2PQL`
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1 MULTIPLE CHOICE

Under the California Professional Fiduciaries Act, which of the following categories of fiduciary services require licensure by the Professional Fiduciaries Bureau? (Choose two.)

- **A** **Acting as a trustee under a trust**
- B Serving as executor of a will
- C Acting as a private attorney retained under a durable power of attorney for healthcare
- **D** **Acting as a conservator appointed by the court**

ANSWER **A** · **D**

WHY The Professional Fiduciaries Act (Business and Professions Code §6500 et seq.) defines a 'professional fiduciary' as a person who, for compensation, acts as a trustee, conservator, guardian, personal representative, or agent under a power of attorney. Serving as executor and serving as trustee are both within the statutory definition. A private attorney-in-fact for healthcare and an executor appointed under a will but acting without compensation would not necessarily require licensure, but the clearest two licensed categories presented are trustee and conservator.

QUESTION 2 MULTIPLE CHOICE

A licensed professional fiduciary serves as conservator of the person and estate of an elderly client. Which of the following actions are required by the fiduciary's duty of loyalty? (Choose two.)

A **Disclosing all material conflicts of interest and obtaining court approval before engaging in self-dealing transactions**

B Investing conservatorship assets solely to maximize short-term returns regardless of the conservatee's income needs

C **Maintaining separate accounting of conservatorship funds from the fiduciary's personal funds**

D Purchering assets from a relative without disclosure when the price appears fair

ANSWER **A · C**

WHY The duty of loyalty requires the fiduciary to avoid conflicts of interest and self-dealing, which is satisfied by full disclosure and seeking court approval before any self-dealing transaction. It also requires strict segregation (separate accounting) of the conservatee's funds from the fiduciary's own. Maximizing short-term returns ignores the prudent investor standard and duty of care, and purchasing assets from a relative without disclosure is a prohibited self-dealing transaction.

QUESTION 3 SINGLE CHOICE

Which of the following is a prerequisite for an individual to qualify for the California Professional Fiduciary license examination?

- A Completion of a four-year college degree in law or accounting
- B **At least two years of qualifying work experience or education in a fiduciary-related field within the past five years**
- C Current licensure as a California attorney or certified public accountant
- D A master's degree in social work

ANSWER **B**

WHY The Bureau requires applicants to demonstrate qualifying experience or education in fiduciary matters before sitting for the examination. The specific pathway allows applicants to substitute qualifying education for some of the two-year experience requirement, but they are not required to hold a specific degree or be a licensed attorney or CPA.

QUESTION 4 SINGLE CHOICE

How often must a licensed California professional fiduciary renew their license, and what is the consequence of failing to do so?

- A License must be renewed annually, and failure to renew within 30 days results in automatic license revocation.
- B **License must be renewed every two years; failure to renew results in the license being suspended or canceled by the Bureau.**
- C License must be renewed every five years; failure to renew results in mandatory re-examination.
- D License renewal is optional, and the license remains active for the fiduciary's lifetime once issued.

ANSWER **B**

WHY Professional fiduciary licenses issued by the Bureau are renewed on a biennial basis. Failure to complete the renewal process, including payment of fees and attestation of completed continuing education, results in the license being placed into a delinquent, suspended, or canceled status, after which reinstatement procedures apply.

QUESTION 5 SINGLE CHOICE

When serving as conservator of the estate, a professional fiduciary must file an accounting with the court. Under the Probate Code, this accounting must include all of the following EXCEPT:

A A schedule of all assets at the beginning and end of the accounting period

B A statement of all receipts and disbursements during the accounting period

C A personal narrative describing the fiduciary's daily activities on behalf of the conservatee

D A proposed budget for the conservatee's ongoing care

ANSWER **C**

WHY Probate Code accounting requirements focus on assets, receipts, disbursements, and proposed budgets—not on a personal narrative of daily activities. Items A, B, and D are statutorily required components of a conservator's accounting, while a personal narrative is not.

QUESTION 6 SINGLE CHOICE

Which of the following actions by a licensed professional fiduciary would most clearly constitute unprofessional conduct subject to Bureau discipline?

A Declining to accept a new client whose needs fall outside the fiduciary's expertise

B Documenting all client communications and decisions in the fiduciary file

C Commingling client funds with the fiduciary's personal operating account

D Asking the court for guidance on an ambiguous provision of a trust

ANSWER **C**

WHY Commingling client funds with personal or business funds is a classic violation of fiduciary duty and is identified as unprofessional conduct under the Professional Fiduciaries Act. The other actions—declining an unsuitable client, careful documentation, and seeking judicial guidance—are all appropriate fiduciary practices.

QUESTION 7 SINGLE CHOICE

A court appoints a professional fiduciary as conservator of the person only for an adult with cognitive impairment. Which responsibility falls within this appointment?

A Managing the conservatee's investment portfolio and paying the conservatee's bills

B Making decisions about the conservatee's personal care, residence, and medical treatment

C Filing the conservatee's federal and state income tax returns

D Selling the conservatee's real property without prior court approval

ANSWER **B**

WHY A conservator of the person is responsible for personal care decisions, including residence, medical care, and daily living arrangements. Financial and asset-management duties belong to a conservator of the estate. Options A, C, and D describe estate-conservator functions, not person-conservator functions.

QUESTION 8 SINGLE CHOICE

Under California's prudent investor rule, when investing trust or conservatorship assets, the fiduciary must:

A Invest exclusively in U.S. Treasury bonds to avoid all risk of loss

B Consider the entire portfolio as a whole, balancing risk and return consistent with the beneficiary's needs

C Avoid all investments in publicly traded stock mutual funds

D Seek to replicate the performance of a specific market index at all costs

ANSWER **B**

WHY California's prudent investor rule (Probate Code §16045 et seq.) requires the fiduciary to invest and manage trust assets as a prudent investor would, considering the portfolio as a whole, the needs of the beneficiaries, and reasonable diversification. Options A and C are overly restrictive, and option D misstates the standard by elevating index-tracking above prudence and the beneficiary's needs.

QUESTION 9 SINGLE CHOICE

A professional fiduciary discovers that a personal family member stands to benefit financially from a transaction involving the conservatorship estate. Before proceeding, the fiduciary must:

A Proceed with the transaction because the family member offered a fair price

B Fully disclose the relationship and obtain court approval before completing the transaction

C Resign the conservatorship and allow the family member to proceed independently

D Refer the matter to the conservatee's attorney and proceed without further action

ANSWER **B**

WHY Self-dealing and conflicts of interest require full disclosure to the court and judicial approval before a fiduciary may engage in a transaction in which the fiduciary or a family member has a beneficial interest. Proceeding without disclosure violates the duty of loyalty, and resignation is not required when the conflict can be properly managed through disclosure and court approval.