



Real Estate License Practice Test

Instructions

This practice test is designed to simulate the real estate license exam.

Please read each question carefully and select the best answer from the options provided.

After completing all 20 questions, check your answers against the answer key at the end of the test.

Questions

1. Which of the following is NOT a type of real estate?
 - a) Residential
 - b) Commercial
 - c) Industrial
 - d) Hypothetical
2. What is the primary purpose of a real estate appraisal?
 - a) To determine the market value of a property
 - b) To assess the structural integrity of a building
 - c) To negotiate the sale price of a home
 - d) To provide legal advice to buyers and sellers
3. A listing agreement is a contract between:
 - a) The buyer and the seller
 - b) The real estate agent and the seller
 - c) The buyer and the real estate agent
 - d) The lender and the borrower
4. What does 'escrow' generally refer to in a real estate transaction?
 - a) A type of loan
 - b) A neutral third party holding funds or documents

- c) A government agency overseeing real estate transactions
- d) A clause in a contract that allows for cancellation

5. Which of the following is a fiduciary duty of a real estate agent to their client?

- a) Always recommending the highest offer
- b) Maintaining confidentiality
- c) Guaranteeing a profit on the sale
- d) Disclosing personal financial information

6. What is the difference between real and personal property?

- a) Real property is movable; personal property is not.
- b) Real property is land and anything permanently attached to it; personal property is movable.
- c) Real property is always more valuable than personal property.
- d) There is no difference; the terms are interchangeable.

7. What is a 'lien' on a property?

- a) A type of insurance policy
- b) A claim or encumbrance against the property
- c) A government tax assessment
- d) A legal description of the property boundaries

8. What is the purpose of title insurance?

- a) To protect against fire and other hazards
- b) To protect the lender against borrower default
- c) To protect the buyer from defects in the title
- d) To ensure the property is up to code

9. Which of the following is an example of a legal description of property?

- a) 123 Main Street
- b) The house with the blue door
- c) Lot 4, Block C, Subdivision X
- d) The property next to the park

10. What is zoning?

- a) A type of financing
- b) Government regulations on land use
- c) A marketing strategy for selling homes
- d) A method of property appraisal

11. What is the role of the Federal Housing Administration (FHA)?
- a) To directly provide mortgages to homebuyers
 - b) To ensure mortgages made by private lenders
 - c) To regulate the real estate industry
 - d) To provide housing assistance to low-income families.
12. Which of the following is generally the largest expense associated with purchasing a home?
- a) Homeowner's insurance
 - b) Property taxes
 - c) Mortgage payments
 - d) Closing costs
13. What is earnest money?
- a) A fee paid to the real estate agent
 - b) A deposit made by the buyer to show their serious intent
 - c) Money used to pay for the appraisal
 - d) Funds held in escrow
14. What does 'amortization' mean in the context of a mortgage?
- a) The process of selling a property quickly
 - b) The gradual repayment of a loan principal over time
 - c) The process of refinancing a loan
 - d) The insurance premium paid on a mortgage
15. What is a comparative market analysis (CMA)?
- a) A legal document outlining property boundaries
 - b) An estimate of a property's value based on recent sales of comparable properties
 - c) A detailed inspection report of a property's condition
 - d) A marketing plan for selling a property
16. What is the purpose of a property inspection?
- a) To determine the market value of the property
 - b) To identify potential defects or problems with the property
 - c) To negotiate the sale price
 - d) To ensure the property meets zoning regulations
17. What is the difference between a fixed-rate mortgage and an adjustable-rate mortgage (ARM)?
- a) A fixed-rate mortgage has a fluctuating interest rate; an ARM has a constant rate.
 - b) A fixed-rate mortgage has a constant interest rate; an ARM has a fluctuating rate.

- c) A fixed-rate mortgage is only for first-time homebuyers; an ARM is for experienced investors.
- d) There is no difference; the terms are interchangeable.

18. What is the role of the real estate broker?

- a) To represent buyers in real estate transactions.
- b) To manage a real estate company and oversee agents.
- c) To provide legal advice to clients.
- d) To appraise properties for lenders.

19. Which of the following is a protected class under the Fair Housing Act?

- a) Occupation
- b) Age
- c) Familial status
- d) Credit score

20. What is a short sale?

- a) A sale that closes quickly
- b) A sale where the lender agrees to accept less than the outstanding mortgage balance
- c) A sale that involves only a small amount of earnest money
- d) A sale where the buyer pays all cash

Answer Key

- 1. d) Hypothetical
- 2. a) To determine the market value of a property
- 3. b) The real estate agent and the seller
- 4. b) A neutral third party holding funds or documents
- 5. b) Maintaining confidentiality
- 6. b) Real property is land and anything permanently attached to it; personal property is movable.
- 7. b) A claim or encumbrance against the property
- 8. c) To protect the buyer from defects in the title
- 9. c) Lot 4, Block C, Subdivision X
- 10. b) Government regulations on land use
- 11. b) To ensure mortgages made by private lenders
- 12. c) Mortgage payments
- 13. b) A deposit made by the buyer to show their serious intent
- 14. b) The gradual repayment of a loan principal over time
- 15. b) An estimate of a property's value based on recent sales of comparable properties
- 16. b) To identify potential defects or problems with the property
- 17. b) A fixed-rate mortgage has a constant interest rate; an ARM has a fluctuating rate.
- 18. b) To manage a real estate company and oversee agents.
- 19. c) Familial status

20. b) A sale where the lender agrees to accept less than the outstanding mortgage balance

Next Steps

Review the questions you missed and focus on those areas in your study.

Consider taking additional practice tests and consulting with a real estate professional for further guidance.