

75-HOUR BROKER PRE-LICENSE MIDPOINT PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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. 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.

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. 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!

Questions

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- 1. A "friendly foreclosure" can be accomplished by what means to prevent the mortgagee from taking the property?**
 - A. Short sale
 - B. Power of sale
 - C. Deed in lieu of foreclosure
 - D. Equitable redemption
- 2. Which situation does NOT typically lead to the creation of an easement?**
 - A. Access to a landlocked property
 - B. Agreement between two parties
 - C. Adverse possession
 - D. Natural right of way
- 3. What is typically a feature of a bridge loan?**
 - A. Used for purchasing investment properties
 - B. Short-term financing for real estate transactions
 - C. Requires collateral in the form of commercial property
 - D. Lower interest rates compared to conventional loans
- 4. What is a key outcome required under the Truth in Lending Act?**
 - A. Disclosure of buyer understanding of terms
 - B. Standardization in property appraisals
 - C. Transparency in borrowing costs to borrowers
 - D. Regulation of rental agreements
- 5. Why is location often cited as a factor in property value?**
 - A. It is difficult to change
 - B. It affects the architecture of the property
 - C. It has no impact on buyer appeal
 - D. It is solely determined by local governments
- 6. Which situation is an example of encroachment?**
 - A. A neighbor's tree shading your property
 - B. A fence that extends over the property line
 - C. A building constructed too close to the road
 - D. A power line passing through your yard

7. What is included in a closing statement?

- A. A summary of real estate tax assessments
- B. A document outlining financial aspects of the transaction
- C. A list of potential property buyers
- D. A future investment projection

8. What is meant by foreclosure in real estate?

- A. The process of inspecting a property for sale
- B. The legal process where a lender takes possession of a property
- C. The agreement to sell a property at a fixed price
- D. The method of evaluating a property's marketability

9. What is the primary purpose of property staging?

- A. To devalue the property before the sale
- B. To help the property sell quicker and at a better price by appealing to buyers
- C. To comply with legal regulations
- D. To ensure the property is sold as-is

10. What is a real estate investment trust (REIT)?

- A. A company that handles property management only
- B. A firm that provides real estate appraisals
- C. A cooperative establishing new home developments
- D. A company that owns and finances income-producing real estate

Answers

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

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Explanations

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1. A "friendly foreclosure" can be accomplished by what means to prevent the mortgagee from taking the property?

- A. Short sale
- B. Power of sale
- C. Deed in lieu of foreclosure**
- D. Equitable redemption

A "friendly foreclosure" specifically refers to a situation where a homeowner voluntarily gives the property back to the lender to avoid a more formal foreclosure process. This is typically done through a deed in lieu of foreclosure. In a deed in lieu of foreclosure, the homeowner transfers the title of the property to the lender, who agrees to release the homeowner from the mortgage obligations. This process allows the homeowner to avoid the negative aspects of a foreclosure, such as the potential damage to their credit score and the lengthy legal proceedings often involved. It also allows the lender to take possession of the property without having to go through the traditional foreclosure process. In contrast, a short sale involves selling the property for less than the amount owed on the mortgage with the lender's approval, which does not necessarily prevent the mortgagee from taking the property. The power of sale refers to a clause in a mortgage that allows the lender to sell the property without court intervention, and equitable redemption involves the homeowner trying to reclaim the property after defaulting, which can still lead to foreclosure. Thus, the deed in lieu of foreclosure is the most straightforward and efficient means for a homeowner to voluntarily surrender the property to the lender while avoiding the complication of a traditional foreclosure.

2. Which situation does NOT typically lead to the creation of an easement?

- A. Access to a landlocked property
- B. Agreement between two parties
- C. Adverse possession**
- D. Natural right of way

The situation that does not typically lead to the creation of an easement is adverse possession. An easement is a legal right to use another person's property for a specific purpose and generally requires some form of agreed-upon arrangement or acknowledgment between the involved parties. Adverse possession, on the other hand, is a legal doctrine that allows a person to claim ownership of land under certain conditions, typically by using it in a manner that is open, notorious, continuous, and hostile to the true owner's interests over a statutory period. It does not establish a right of use (easement) based on an agreement, but rather it grants ownership rights after fulfilling specific criteria. In contrast, scenarios like access to a landlocked property or a natural right of way arise to facilitate the necessary use of land, often highlighting the need for easements. An agreement between two parties can explicitly create an easement, showing that the usage was consented to. Therefore, adverse possession stands out as a situation that pertains to claiming ownership rather than merely the right to use the property of another.

3. What is typically a feature of a bridge loan?

- A. Used for purchasing investment properties
- B. Short-term financing for real estate transactions**
- C. Requires collateral in the form of commercial property
- D. Lower interest rates compared to conventional loans

A bridge loan is commonly characterized as a form of short-term financing specifically designed to facilitate real estate transactions. These loans are typically used to "bridge the gap" between a need for immediate capital and the time it might take to secure permanent financing or to sell a property. They allow borrowers to leverage the equity in their existing property to fund a new purchase before the old property has been sold. This type of loan generally comes into play in scenarios where quick access to funds is necessary, such as purchasing a new home before selling the current one. The short-term nature of bridge loans, which often extends from a few months to a year, aligns well with situations requiring immediate financial solutions, making them a practical choice for transitional periods in real estate transactions. The focus on short-term use distinguishes bridge loans from other forms of real estate financing, which might be structured for longer repayment periods. Therefore, the feature of being short-term financing is an essential aspect that accurately defines bridge loans.

4. What is a key outcome required under the Truth in Lending Act?

- A. Disclosure of buyer understanding of terms
- B. Standardization in property appraisals
- C. Transparency in borrowing costs to borrowers**
- D. Regulation of rental agreements

The Truth in Lending Act (TILA) was enacted to promote informed use of consumer credit by requiring disclosures about its terms and costs. A key outcome required under TILA is the transparency in borrowing costs to borrowers. This means lenders must provide clear and comprehensible information regarding the annual percentage rate (APR), total finance charges, payment schedules, and other fees associated with a loan, ensuring that consumers can make informed decisions about borrowing. This emphasis on transparency helps protect consumers from deceptive lending practices and allows them to compare different loan offers effectively. Understanding this focus on transparency is crucial as it underscores the act's purpose of providing consumers with the necessary information to understand the full costs of borrowing, ultimately leading to more responsible borrowing and lending practices. The other options, while relevant to real estate and lending in their own ways, do not capture the primary objective of the Truth in Lending Act in the same manner.

5. Why is location often cited as a factor in property value?

- A. It is difficult to change**
- B. It affects the architecture of the property
- C. It has no impact on buyer appeal
- D. It is solely determined by local governments

Location is often cited as a crucial factor in determining property value primarily because it is inherently difficult to change. The geographical position of a property influences many elements, such as accessibility to schools, businesses, transportation, and recreational facilities. This inherent quality of location means that properties in desirable areas tend to retain or increase their value over time. Furthermore, location significantly shapes the surrounding environment, which includes the quality of the neighborhood and nearby amenities. As these aspects are closely linked to a property's appeal and desirability among buyers, they contribute to the overall market value. The consistent demand for properties in prime locations underlines the relevance of this factor, as people often prioritize location when making purchasing decisions. In contrast, factors such as design and architecture, while important, can be modified or renovated over time, unlike location. Therefore, the immutability of a property's location solidifies its standing as a key determinant of real estate value.

6. Which situation is an example of encroachment?

- A. A neighbor's tree shading your property
- B. A fence that extends over the property line**
- C. A building constructed too close to the road
- D. A power line passing through your yard

Encroachment occurs when a structure, such as a fence or building, intrudes on another property's boundaries. In the given situation, a fence extending over the property line directly demonstrates this principle, as it infringes upon the legal space that belongs to the adjacent property owner. This can result in legal disputes between property owners regarding land use and ownership rights. The other scenarios do not qualify as encroachments. For instance, a neighbor's tree shading your property does not violate any property lines; it simply occurs as a natural outcome of the tree's growth. A building constructed too close to the road may violate zoning regulations or building codes, but it does not necessarily encroach on another property's boundaries. Lastly, a power line passing through your yard may involve easement rights, which are legally granted uses of land but do not constitute encroachment since they typically follow predetermined agreements. Therefore, the correct answer effectively illustrates the definition of encroachment as it involves a physical structure intruding onto another's property.

7. What is included in a closing statement?

- A. A summary of real estate tax assessments
- B. A document outlining financial aspects of the transaction**
- C. A list of potential property buyers
- D. A future investment projection

A closing statement is a crucial document in a real estate transaction that outlines the financial details of the sale. It summarizes all the costs, fees, and credits associated with the transaction, providing a clear picture of how funds are distributed between the buyer and seller. This includes elements such as the purchase price, prorated taxes, closing costs, real estate commissions, and any other adjustments that may need to be accounted for at the time of closing. The inclusion of detailed financial information allows all parties involved—typically the buyer, seller, and their respective agents—to review and confirm that the financial aspects of the transaction align with their expectations. This transparency is essential for ensuring that there are no surprises at the closing table and that all parties understand their financial obligations and rights. While a summary of tax assessments, a list of potential buyers, or future investment projections might be relevant in different contexts, they do not form part of what a closing statement traditionally encompasses. The closing statement is specifically focused on the financial settlement related to the sale, making the description as a document outlining the financial aspects of the transaction the correct interpretation of what is included in this essential paperwork.

8. What is meant by foreclosure in real estate?

- A. The process of inspecting a property for sale
- B. The legal process where a lender takes possession of a property**
- C. The agreement to sell a property at a fixed price
- D. The method of evaluating a property's marketability

Foreclosure refers to the legal process through which a lender takes possession of a property when the borrower has failed to make mortgage payments. In this scenario, the borrower is typically in default on their loan obligations, prompting the lender to initiate foreclosure proceedings in order to recover the owed funds by selling the property. This process effectively removes the borrower's rights to the property and allows the lender to recoup their investment by selling the house, often at a public auction. The other choices do not accurately describe foreclosure. Inspecting a property for sale relates to property evaluations, while an agreement to sell a property at a fixed price pertains to a purchase contract. Evaluating a property's marketability involves assessing aspects like location and condition rather than the legal implications of foreclosure. Each of these options describes a different aspect of real estate transactions but does not capture the specific legal procedure that foreclosure represents.

9. What is the primary purpose of property staging?

- A. To devalue the property before the sale
- B. To help the property sell quicker and at a better price by appealing to buyers**
- C. To comply with legal regulations
- D. To ensure the property is sold as-is

The primary purpose of property staging is to help the property sell quicker and at a better price by appealing to buyers. Staging involves arranging furniture and decor in a way that showcases the property's best features, creates an inviting atmosphere, and allows potential buyers to visualize themselves living in the space. A well-staged home can highlight the property's strengths, making it more attractive in a competitive market, ultimately leading to a faster sale and potentially a higher selling price. While other activities related to real estate may involve compliance with regulations or selling as-is, those aspects do not capture the essence of property staging. The focus is firmly on enhancing the visual appeal to attract buyers.

10. What is a real estate investment trust (REIT)?

- A. A company that handles property management only
- B. A firm that provides real estate appraisals
- C. A cooperative establishing new home developments
- D. A company that owns and finances income-producing real estate**

A real estate investment trust (REIT) is defined as a company that owns, operates, or finances income-producing real estate. This type of investment vehicle allows individual investors to earn a share of the income produced through commercial real estate ownership without actually having to buy, manage, or finance any properties themselves. REITs provide a way for individuals to invest in large-scale, income-producing real estate, such as shopping malls, office buildings, apartments, and hotels, which they would otherwise be unable to afford. By pooling their resources, investors can benefit from the income generated by the properties owned by the REIT, as well as potentially profit from any increases in property values over time. This structure is especially appealing because REITs are required by law to distribute a significant portion of their taxable income to shareholders in the form of dividends, making them a popular option for those seeking regular income from their investments. Additionally, REITs are traded on major stock exchanges, providing liquidity to investors similar to stocks. The other options do not accurately reflect the comprehensive role of a REIT. Property management companies focus solely on managing properties, appraisal firms specialize in assessing property values, and cooperatives pertain to specific developments rather than encompassing the broader investment strategy of

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.

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

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

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