

Aceable Agent - Finance Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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. Non-fiduciary duties are best described as which of the following?**
 - A. Honesty & Fairness**
 - B. Loyalty & Obedience**
 - C. Confidentiality & Accountability**
 - D. Reasonable Care**

- 2. Which arrangement involves a seller extending a mortgage to the buyer while continuing to pay the original loan and receiving payments from the buyer?**
 - A. Wraparound Mortgage**
 - B. Subject to Loan**
 - C. Non-Recourse Clause**
 - D. Agency by Estoppel**

- 3. The FHA 203(b) program insures fixed-rate loans for which type of property?**
 - A. Owner-occupied, one-to-four family properties**
 - B. Investment properties**
 - C. Vacation homes**
 - D. Commercial properties**

- 4. What is the term for a form of agency where the agent is given power to act for the principal in a broad range of matters?**
 - A. Special Agency**
 - B. General Agency**
 - C. Universal Agency**
 - D. Limited Agency**

- 5. In a short sale, which statement is most accurate regarding lender involvement?**
 - A. It never involves the lender.**
 - B. It requires no approval from the lender.**
 - C. It is always completed within a week.**
 - D. It typically requires lender approval and can affect financing terms and timing.**

- 6. What is the escrow cushion, and why might lenders require it?**
- A. Escrow cushion is a penalty for late tax payments.**
 - B. An escrow cushion is extra funds in escrow to handle increases in taxes or insurance; helps ensure adequate coverage.**
 - C. It is a reserve for borrower's personal expenses.**
 - D. It reduces the loan-to-value ratio.**
- 7. What is the term for refraining from exercising a legal right?**
- A. Abstention**
 - B. Forbearance**
 - C. Reprieve**
 - D. Forfeiture**
- 8. Which acronym represents the Texas department handling housing and community development?**
- A. Texas Department of Housing and Urban Development**
 - B. Texas Department of Rural Development**
 - C. Texas Department of Health and Community Affairs**
 - D. Texas Department of Housing and Community Affairs (TDHCA)**
- 9. Which agency concept involves a license holder's personal interest in a transaction, either for themselves, a family member, or a business interest?**
- A. Agency by Actual Authority**
 - B. Agency by Ratification**
 - C. Agency Coupled With Interest**
 - D. Ostensible Agency**
- 10. When a third party purchases at foreclosure auction, are they encumbered by the debt?**
- A. Yes**
 - B. No**
 - C. Only If Liens Exist**
 - D. Depends On Bid**

Answers

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

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Explanations

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1. Non-fiduciary duties are best described as which of the following?

- A. Honesty & Fairness**
- B. Loyalty & Obedience**
- C. Confidentiality & Accountability**
- D. Reasonable Care**

Non-fiduciary duties are the basic ethical obligations that apply in all real estate dealings, even when there isn't a fiduciary relationship. Being honest means you don't misrepresent facts or conceal important information, and fairness means you treat all parties in the transaction with integrity and avoid taking advantage of others. These duties establish a trustworthy standard that applies broadly, not just to the specific client you represent. The other options describe duties that arise from a fiduciary relationship—loyalty and obedience to a client, confidentiality and accountability, or acting with reasonable care and diligence for a client—so they are not the non-fiduciary baseline.

2. Which arrangement involves a seller extending a mortgage to the buyer while continuing to pay the original loan and receiving payments from the buyer?

- A. Wraparound Mortgage**
- B. Subject to Loan**
- C. Non-Recourse Clause**
- D. Agency by Estoppel**

Wraparound mortgage is a seller-financing method where the seller extends a new loan to the buyer that "wraps" around the existing mortgage. The seller keeps paying the original loan to the lender, while the buyer makes payments to the seller on the new, larger loan. The seller uses those payments to cover the old loan and pockets the difference as profit. In essence, the underlying loan stays in place, but a new loan is created for the buyer that the seller administers. This setup fits the described scenario precisely: the seller extends financing to the buyer, continues to pay the original loan, and receives payments from the buyer.

3. The FHA 203(b) program insures fixed-rate loans for which type of property?

- A. Owner-occupied, one-to-four family properties**
- B. Investment properties**
- C. Vacation homes**
- D. Commercial properties**

The FHA 203(b) is the standard FHA loan designed for purchasing a primary residence, and it provides insured fixed-rate financing for properties that the borrower will occupy as their home. It specifically applies to owner-occupied homes with one to four housing units, meaning single-family through fourplex properties. Because of this primary-residence focus, investment properties, vacation homes, and commercial properties aren't eligible for this program. If the goal is a primary residence with a fixed-rate loan, this is the correct fit, whereas the other property types require different loan programs.

4. What is the term for a form of agency where the agent is given power to act for the principal in a broad range of matters?

- A. Special Agency**
- B. General Agency**
- C. Universal Agency**
- D. Limited Agency**

Universal agency is the broadest form of agency, where the agent can act for the principal in essentially all matters the principal could legally handle. This allows the agent to bind the principal in a wide range of personal and business decisions, not just a single task or a narrowly defined area. This differs from special agency, which covers only one transaction or act, and from general agency, which covers all acts within a particular business or field. Because the description specifies power to act across a broad range of matters, universal agency is the best fit.

5. In a short sale, which statement is most accurate regarding lender involvement?

- A. It never involves the lender.**
- B. It requires no approval from the lender.**
- C. It is always completed within a week.**
- D. It typically requires lender approval and can affect financing terms and timing.**

Short sales hinge on the lender's consent because the sale usually involves paying less than the outstanding loan balance, and the lender has to agree to accept that payoff and release the lien. That approval is a necessary step, and the lender's decision can shape the buyer's financing terms—such as what payoff amount is accepted and any conditions tied to the loan payoff—so it directly affects when the deal can close. These approvals often take time, so closings aren't guaranteed to happen quickly; many short sales extend over weeks or months due to lender review and negotiation. In short, lender involvement is typical and influential in both the terms of the payoff and the timing of the sale.

6. What is the escrow cushion, and why might lenders require it?

- A. Escrow cushion is a penalty for late tax payments.**
- B. An escrow cushion is extra funds in escrow to handle increases in taxes or insurance; helps ensure adequate coverage.**
- C. It is a reserve for borrower's personal expenses.**
- D. It reduces the loan-to-value ratio.**

The escrow cushion is extra funds kept in the mortgage escrow account to cover potential increases in property taxes and homeowners insurance, ensuring there are enough funds to pay those bills even if costs rise. Lenders require it to reduce the risk of a shortfall in the escrow account and to keep timely payments on taxes and insurance, protecting the lender's security. The cushion helps absorb increases without immediately forcing a large rise in monthly escrow payments, and it lowers the need for frequent escrow adjustments. It isn't a penalty for late taxes, a personal expense reserve, or a way to alter the loan-to-value ratio.

7. What is the term for refraining from exercising a legal right?

- A. Abstention**
- B. Forbearance**
- C. Reprieve**
- D. Forfeiture**

Refraining from exercising a legal right is forbearance. It means choosing not to enforce or act on a right, often willingly or by agreement for a period of time. In practice, a lender might grant forbearance on a loan, delaying collection or foreclosure to help the borrower get back on track. This is different from abstention, which is simply choosing not to participate in an activity; reprieve, a delay or pardon in punishment in criminal contexts; and forfeiture, the loss of a right or property due to violation or noncompliance.

8. Which acronym represents the Texas department handling housing and community development?

- A. Texas Department of Housing and Urban Development**
- B. Texas Department of Rural Development**
- C. Texas Department of Health and Community Affairs**
- D. Texas Department of Housing and Community Affairs (TDHCA)**

The main idea is identifying the Texas agency that manages housing and community development programs. Texas Department of Housing and Community Affairs, abbreviated TDHCA, is the state agency dedicated to housing initiatives—like affordable housing, homeownership support, and related community development efforts in Texas. The other options point to federal or unrelated departments (HUD is the U.S. Department of Housing and Urban Development; Rural Development relates to a federal program, not a Texas department; Health and Community Affairs isn't the Texas housing agency). So TDHCA is the one that represents Texas's housing and community development work.

9. Which agency concept involves a license holder's personal interest in a transaction, either for themselves, a family member, or a business interest?

- A. Agency by Actual Authority**
- B. Agency by Ratification**
- C. Agency Coupled With Interest**
- D. Ostensible Agency**

Agency coupled with interest is the idea tested here. It happens when the agent has a personal stake in the deal—for example, a broker who stands to gain directly from the transaction or who has an ownership or financial interest tied to the subject of the agency. Because the agent's own interest backs the authority, this arrangement isn't easily terminated by the principal and creates a built-in conflict of interest that must be disclosed and handled carefully. In real estate practice, you might see a broker holding an option to purchase the property or having a secured interest in it, which makes the agency exist to protect the broker's own stake. This differs from agency by Actual Authority, which rests on the principal's explicit or implied permission; from Agency by Ratification, which arises only after the principal approves actions taken without authority; and from Ostensible Agency, which is about a third party's reasonable belief that authority exists due to the principal's conduct. Those concepts rely on authority or perception, not the agent's personal financial stake in the transaction.

10. When a third party purchases at foreclosure auction, are they encumbered by the debt?

- A. Yes**
- B. No**
- C. Only If Liens Exist**
- D. Depends On Bid**

Foreclosure sale extinguishes the specific debt tied to that mortgage. The lender recovers what it can from the sale proceeds, and the debt isn't transferred to or assumed by the person who buys at auction. The buyer takes title, but only subject to other existing liens or encumbrances on the property. So the third-party purchaser is not encumbered by the foreclosed debt itself (any deficiency would typically be a claim against the borrower, not the new owner).

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:

<https://aceableagentfinance.examzify.com>

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

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