

Affiliate Broker Tennessee (TN PSI) National Practice Exam (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

- 1. How does an insurance company typically determine the replacement value of a home?**
 - A. The current market value of the property**
 - B. The amount it would cost to completely replace the home**
 - C. The original purchase price of the home**
 - D. The estimated value of the land alone**
- 2. Why is Simon's attorney arguing against an absolute net lease?**
 - A. It allows for more lease flexibility**
 - B. It has higher potential revenues**
 - C. It provides no legal defenses if rent is unpaid**
 - D. It requires less maintenance**
- 3. Why is Debra mistaken in thinking she can spend the \$4,500 earnest money from an offer on her house?**
 - A. The earnest money is a refund.**
 - B. The earnest money belongs to the buyer.**
 - C. The earnest money will be held in escrow.**
 - D. The earnest money can be withdrawn immediately.**
- 4. Which type of agent is considered an escrow officer?**
 - A. General agent**
 - B. Limited agent**
 - C. Universal agent**
 - D. Seller's agent**
- 5. In which situation would an oral agreement become enforceable?**
 - A. If there are witnesses present**
 - B. When it involves a written contract later**
 - C. If both parties act in accordance as agreed**
 - D. Oral agreements cannot be enforceable**

- 6. If an 800-square-foot rectangular building sells for \$75,000, what is the cost per square foot?**
- A. \$87.50**
 - B. \$93.75**
 - C. \$100.00**
 - D. \$112.50**
- 7. What is the total area in square feet of a property that is 330 feet long and 100 feet wide?**
- A. 3,300**
 - B. 33,000**
 - C. 330,000**
 - D. 1,000**
- 8. Which organization oversees housing finance in the United States?**
- A. Federal Housing Association.**
 - B. Federal Housing Administration.**
 - C. Department of Housing and Urban Development.**
 - D. National Association of Realtors.**
- 9. Who should be referred to for specific advice about income taxes?**
- A. Real estate agent**
 - B. Tax professional**
 - C. Financial advisor**
 - D. Property manager**
- 10. What is the total amount of interest paid on a 30-year, \$500,000 loan at a 6.25% interest rate?**
- A. \$500,000**
 - B. \$608,292.40**
 - C. \$750,000**
 - D. \$1,250,000**

Answers

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

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Explanations

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1. How does an insurance company typically determine the replacement value of a home?

A. The current market value of the property

B. The amount it would cost to completely replace the home

C. The original purchase price of the home

D. The estimated value of the land alone

An insurance company typically determines the replacement value of a home by calculating the amount it would cost to completely replace the home. This evaluation focuses on the cost of materials and labor required to rebuild the home to its original specifications, without accounting for the land value. This approach is essential for homeowners to ensure they have adequate insurance coverage to rebuild their home in the event of a total loss. When the replacement cost is ascertained, it includes factors like current building codes, construction materials, and design features, which may not coincide with the home's market value or its original purchase price. The market value can fluctuate due to various factors, including location and local real estate trends, and the original purchase price may not reflect current rebuilding costs. Therefore, focusing on the cost to rebuild aligns the insurance policy with the actual financial need to restore the property fully if necessary.

2. Why is Simon's attorney arguing against an absolute net lease?

A. It allows for more lease flexibility

B. It has higher potential revenues

C. It provides no legal defenses if rent is unpaid

D. It requires less maintenance

An absolute net lease is a type of lease agreement where the tenant is responsible for all costs associated with the property, including taxes, insurance, and maintenance, in addition to the base rent. This structure benefits the landlord, as it maximizes their income and removes financial burdens associated with property ownership. However, from the tenant's perspective, particularly in Simon's case, one of the significant drawbacks is that there are minimal legal defenses available if the rent is unpaid. If a tenant encounters financial difficulties and cannot pay rent, in an absolute net lease scenario, the landlord retains the right to pursue legal action without having to account for any costs they might incur as a result of the property's upkeep. This leaves the tenant exposed, as there are limited options available to contest the landlord's claims or negotiate the terms of lease compliance. Therefore, the argument against an absolute net lease is centered on the lack of legal protections that could provide relief or defenses in case of non-payment, making the option provided a strong and valid point in Simon's attorney's argument.

3. Why is Debra mistaken in thinking she can spend the \$4,500 earnest money from an offer on her house?

- A. The earnest money is a refund.**
- B. The earnest money belongs to the buyer.**
- C. The earnest money will be held in escrow.**
- D. The earnest money can be withdrawn immediately.**

Debra's misunderstanding revolves around the nature and purpose of earnest money in a real estate transaction. Earnest money is typically a deposit made by a buyer to demonstrate their intent to purchase the property. This money is held in escrow, meaning it is entrusted to a third party, such as a real estate broker or an attorney, until the transaction closes or is terminated. The crucial aspect of earnest money being held in escrow means that it is not available for either party to spend at will. Instead, this money is essentially a security deposit that assures the seller that the buyer is serious about the purchase. If the transaction goes through, the earnest money usually gets applied to the buyer's closing costs or down payment. However, if the deal falls apart under certain conditions that are outlined in the purchase agreement, the earnest money may be refundable to the buyer. In short, Debra is mistaken in thinking she can use the \$4,500 earnest money because it is being held in escrow as a form of security for the transaction, not directly available for spending.

4. Which type of agent is considered an escrow officer?

- A. General agent**
- B. Limited agent**
- C. Universal agent**
- D. Seller's agent**

An escrow officer functions as a neutral third party in a real estate transaction, focusing on the handling and management of funds and documents to ensure that all parties meet their contractual obligations. The position of an escrow officer is categorized as a limited agent because their role does not extend to representing any party in a transaction but rather facilitating the process. A limited agent is specific to a defined task or duty, which in the case of an escrow officer is to manage the escrow process. This involves holding the earnest money, preparing documents for closing, and ensuring that all conditions of the sale are met before disbursing any funds. The escrow officer is bound by fiduciary duties of impartiality and confidentiality related to the escrow account but does not act on behalf of either the buyer or the seller in terms of negotiating transaction terms or advocating for their interests. In contrast, a general agent would have broad authority to act on behalf of a principal in various matters, while a universal agent would have representation across all matters concerning the principal. A seller's agent specifically represents the interests of the seller, which does not align with the neutral role of an escrow officer. Therefore, the correct designation of an escrow officer as a limited agent highlights their focused, impartial role in a real estate transaction.

5. In which situation would an oral agreement become enforceable?

- A. If there are witnesses present**
- B. When it involves a written contract later**
- C. If both parties act in accordance as agreed**
- D. Oral agreements cannot be enforceable**

An oral agreement can become enforceable when both parties act in accordance with what has been agreed upon. This is often referred to as performance of the contract, meaning that one or both parties have taken steps to fulfill their obligations as outlined in the oral agreement. When the agreed-upon actions are executed, it demonstrates mutual consent and intention to be bound by the terms of the agreement, making it enforceable in a legal context. The presence of witnesses to an oral agreement might provide some level of support for claims regarding the terms discussed, but it does not inherently make the agreement itself enforceable. Similarly, while an oral agreement may later be incorporated into a written contract, the validity of the oral agreement does not depend on that written documentation and typically does not affect its enforceability as long as performance has occurred. The notion that oral agreements cannot be enforceable is inaccurate; many oral agreements, particularly those simpler in nature, can indeed be enforceable under the right circumstances, especially if backed by performance or actions taken by the parties involved.

6. If an 800-square-foot rectangular building sells for \$75,000, what is the cost per square foot?

- A. \$87.50**
- B. \$93.75**
- C. \$100.00**
- D. \$112.50**

To determine the cost per square foot of the building, you need to divide the total selling price of the building by its total square footage. In this scenario, the building sells for \$75,000 and has an area of 800 square feet. Performing the calculation: $\text{Cost per square foot} = \text{Total Selling Price} / \text{Total Square Footage}$ $\text{Cost per square foot} = \$75,000 / 800$ sq. ft. $\text{Cost per square foot} = \93.75 This calculation clearly shows that the cost per square foot of the building is \$93.75, which is why this answer is the correct choice. The other options represent different calculations and values that do not accurately reflect the division of the total cost by the square footage.

7. What is the total area in square feet of a property that is 330 feet long and 100 feet wide?

A. 3,300

B. 33,000

C. 330,000

D. 1,000

To calculate the total area of a rectangular property, you multiply the length by the width. In this case, the property is 330 feet long and 100 feet wide. Performing the calculation: 330 feet (length) x 100 feet (width) = 33,000 square feet. This shows that the total area of the property is indeed 33,000 square feet, validating the choice selected. Understanding this method of calculating area by straightforward multiplication is essential for real estate professionals, as it allows them to determine land sizes and property dimensions accurately.

8. Which organization oversees housing finance in the United States?

A. Federal Housing Association.

B. Federal Housing Administration.

C. Department of Housing and Urban Development.

D. National Association of Realtors.

The Department of Housing and Urban Development (HUD) is the organization that oversees housing finance in the United States. HUD plays a crucial role in implementing federal housing policies, ensuring equal housing opportunities, and regulating various programs that include mortgage insurance and public housing. By promoting access to affordable housing and addressing concerns related to housing finance, HUD impacts the broader housing market and helps stabilize and enhance communities across the nation. This organization collaborates with various stakeholders, including state and local governments, to build a diverse and stable housing environment. The other entities mentioned, while involved in aspects of housing and real estate, do not have the overarching responsibility for overseeing housing finance in the same way that HUD does. The Federal Housing Administration (FHA), for example, is part of HUD, but it specifically focuses on insuring mortgages. The National Association of Realtors is a trade organization representing real estate professionals and does not have regulatory authority. The Federal Housing Association, which is not a recognized entity in the context of U.S. housing finance, further supports the conclusion that HUD is the primary agency responsible for these matters.

9. Who should be referred to for specific advice about income taxes?

- A. Real estate agent
- B. Tax professional**
- C. Financial advisor
- D. Property manager

The best choice for specific advice about income taxes is a tax professional. Tax professionals, such as certified public accountants (CPAs) or enrolled agents, have specialized training and expertise in tax law, regulations, and filing processes. They possess the knowledge necessary to provide personalized tax advice based on an individual's or a business's unique financial situation. While real estate agents can provide assistance with property transactions and may offer general information on tax implications related to real estate, their expertise does not cover the nuanced details of tax laws. Similarly, financial advisors focus on broader financial planning and investment strategies rather than the specific intricacies of tax obligations. Property managers primarily handle the day-to-day operational management of real estate, and while they may be knowledgeable about certain tax aspects related to property management, they are not typically equipped to give comprehensive tax advice. Thus, consulting a tax professional ensures one receives informed and tailored guidance regarding income taxes, making them the most appropriate choice for this inquiry.

10. What is the total amount of interest paid on a 30-year, \$500,000 loan at a 6.25% interest rate?

- A. \$500,000
- B. \$608,292.40**
- C. \$750,000
- D. \$1,250,000

To determine the total amount of interest paid on a 30-year loan of \$500,000 at an interest rate of 6.25%, first, we need to calculate the monthly payment using the loan amount, interest rate, and loan term. The formula for calculating the monthly payment on a fixed-rate mortgage is: $M = P \frac{r(1 + r)^n}{(1 + r)^n - 1}$ where: M is the total monthly payment, P is the loan amount (\$500,000), r is the monthly interest rate (annual interest rate divided by 12), n is the number of payments (loan term in months). First, we convert the annual interest rate from a percentage to a decimal and then to a monthly rate: $6.25\% = 0.0625$ (annual rate) $\Rightarrow r = \frac{0.0625}{12} = 0.00520833$ (monthly rate). The total number of payments over 30 years is: $n = 30 \times 12 = 360$.

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://affiliatebroker-tennessee.examzify.com>

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