

AFFILIATE BROKER TENNESSEE (TN PSI) NATIONAL PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

<https://affiliatebroker-tennessee.examzify.com>



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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. What typically must a real estate agent disclose when they know of a material condition affecting a property?**
 - A. Only conditions specified in the sales contract
 - B. Nothing, unless legally required
 - C. All known material defects
 - D. Only issues the seller refuses to disclose
- 2. What does the term "due diligence" refer to in real estate transactions?**
 - A. The process of investigating a property before purchase
 - B. The final negotiation stage between buyer and seller
 - C. The completion of all required paperwork before closing
 - D. The payment of all closing costs
- 3. What action must a broker take if they receive an offer on a property?**
 - A. Forward it to the seller immediately
 - B. Decline it without consultation
 - C. Wait for a better offer
 - D. Consult with their legal counsel first
- 4. What must sellers provide to potential buyers according to Tennessee law?**
 - A. A property appraisal document
 - B. A comparative market analysis
 - C. A property disclosure statement
 - D. A list of agent connections and references
- 5. What is the primary function of a real estate broker?**
 - A. To evaluate property market values
 - B. To facilitate transactions between buyers and sellers
 - C. To provide financial advice
 - D. To develop real estate projects

6. What is the loan-to-value ratio if Shalonda has a \$325,000 home and a \$49,000 down payment?
- A. The ratio is less than 80%
 - B. The ratio equals 80%
 - C. The ratio exceeds 80%
 - D. The ratio is irrelevant
7. What does RESPA stand for in real estate transactions?
- A. Real Estate Sales Professional Association.
 - B. Real Estate Settlement Procedures Act.
 - C. Residential Estate Sales Protection Act.
 - D. Real Estate Security Procedures Act.
8. What is a "special assessment"?
- A. A charge levied on property owners to fund specific public improvements
 - B. A fee for common area maintenance in condos
 - C. A tax imposed on new developments
 - D. A surcharge for late property tax payments
9. What is the minimum age requirement to become a licensed affiliate broker in Tennessee?
- A. 16 years old
 - B. 18 years old
 - C. 21 years old
 - D. 25 years old
10. Which factors does the underwriter consider when reviewing a mortgage loan application?
- A. Income, qualifications, and equity
 - B. Credit, capacity, and collateral
 - C. Employment history, credit score, and assets
 - D. Age, job stability, and market trends

Answers

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

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Explanations

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1. What typically must a real estate agent disclose when they know of a material condition affecting a property?

- A. Only conditions specified in the sales contract
- B. Nothing, unless legally required
- C. All known material defects**
- D. Only issues the seller refuses to disclose

A real estate agent is obligated to disclose all known material defects affecting a property. Material defects refer to significant issues that could impact the value or desirability of a property, such as structural problems, water damage, or pest infestations. This requirement stems from the agent's duty of honesty and fair dealing with all parties involved in a real estate transaction. In the context of real estate transactions, transparency is crucial. Disclosing material defects allows potential buyers to make informed decisions, and it protects the agent and the seller from potential legal repercussions later on. By being upfront about any known issues, the agent builds trust and helps ensure a smoother transaction process. Other options suggest limitations on what must be disclosed. However, only disclosing conditions specified in the sales contract, expecting no disclosure unless legally mandated, or only focusing on issues that the seller is unwilling to disclose do not align with the comprehensive approach required by ethical and legal standards in real estate practices.

2. What does the term "due diligence" refer to in real estate transactions?

- A. The process of investigating a property before purchase**
- B. The final negotiation stage between buyer and seller
- C. The completion of all required paperwork before closing
- D. The payment of all closing costs

The term "due diligence" in real estate transactions specifically refers to the process of investigating a property before purchase. This comprehensive phase allows potential buyers to assess various important aspects of the property, including its physical condition, legal status, financial implications, and any other factors that might influence the investment decision. During this stage, buyers commonly conduct inspections, review property documents, assess zoning regulations, and ensure there are no liens or other encumbrances on the title. While the final negotiation stage, completion of paperwork, and payment of closing costs are all critical components of real estate transactions, they do not encapsulate the proactive and investigative nature of due diligence. This term highlights the importance of thoroughly evaluating a property to make an informed decision, ultimately aimed at protecting the buyer's interests and ensuring satisfaction with the acquisition.

3. What action must a broker take if they receive an offer on a property?

- A. Forward it to the seller immediately**
- B. Decline it without consultation
- C. Wait for a better offer
- D. Consult with their legal counsel first

When a broker receives an offer on a property, the appropriate action is to forward it to the seller immediately. This is a fundamental duty of a broker, as they are acting as an intermediary between the buyer and seller. In real estate transactions, it is essential for the seller to be informed of all offers so they can make an informed decision about their options. By forwarding the offer promptly, the broker demonstrates professionalism and compliance with their fiduciary responsibilities to the seller. This process ensures that the seller can evaluate the offer, consider negotiation strategies, or decide whether to accept or reject it based on their personal or financial goals. Timeliness in communication is a critical aspect of successful negotiations in real estate, and the broker plays a vital role in facilitating this.

4. What must sellers provide to potential buyers according to Tennessee law?

- A. A property appraisal document
- B. A comparative market analysis
- C. A property disclosure statement**
- D. A list of agent connections and references

In Tennessee, it is a legal requirement for sellers to provide a property disclosure statement to potential buyers. This document ensures transparency by informing buyers of the property's condition and any known issues that may affect its value or livability. The purpose of the disclosure statement is to protect both the seller and the buyer by promoting full disclosure, which can help prevent disputes after the sale. The property disclosure statement typically includes information about the condition of major systems like plumbing, electrical, and HVAC, as well as any past or present issues such as flooding or pest infestations. By providing this information, sellers comply with the law and foster trust in the transaction, allowing buyers to make informed decisions. Other options, such as a property appraisal document or a comparative market analysis, are not mandated by law. While these documents may be beneficial in assessing property value, they are not required to be provided to buyers. A list of agent connections and references, although potentially useful in other contexts, does not fulfill the legal obligations set forth in Tennessee real estate law.

5. What is the primary function of a real estate broker?

- A. To evaluate property market values
- B. To facilitate transactions between buyers and sellers**
- C. To provide financial advice
- D. To develop real estate projects

The primary function of a real estate broker is to facilitate transactions between buyers and sellers. This role involves acting as an intermediary, guiding clients through the entire process of buying or selling property. Brokers leverage their market knowledge, negotiation skills, and understanding of legal and procedural requirements to ensure that the transaction runs smoothly. While evaluating property market values, providing financial advice, and developing real estate projects are important tasks associated with the real estate industry, they are not the core responsibility of a broker. Brokers primarily focus on the transaction aspect, ensuring that both parties reach a mutually satisfying agreement and that all necessary documentation is completed. This central role in facilitating deals is what distinguishes brokers from other professionals in the real estate field.

6. What is the loan-to-value ratio if Shalonda has a \$325,000 home and a \$49,000 down payment?

- A. The ratio is less than 80%
- B. The ratio equals 80%
- C. The ratio exceeds 80%**
- D. The ratio is irrelevant

To determine the loan-to-value (LTV) ratio, you first need to calculate the amount of the loan that will be taken out against the property and then divide that by the total value of the property. In this case, Shalonda's home is valued at \$325,000, and she is making a down payment of \$49,000. The loan amount, therefore, can be calculated as follows: 1. Calculate the loan amount: - Loan Amount = Home Value - Down Payment - Loan Amount = \$325,000 - \$49,000 = \$276,000 2. Now, calculate the loan-to-value ratio: - LTV Ratio = Loan Amount / Home Value - LTV Ratio = \$276,000 / \$325,000 3. Converting that to a percentage: - LTV Ratio = $276,000 \div 325,000 \approx 0.848$ or 84.8% Now, since the LTV ratio is approximately 84.8%, it clearly exceeds 80%. This is significant because many lenders consider a higher LTV ratio as higher risk, which could influence loan terms such as interest rates and mortgage insurance requirements. Therefore,

7. What does RESPA stand for in real estate transactions?

- A. Real Estate Sales Professional Association.
- B. Real Estate Settlement Procedures Act.**
- C. Residential Estate Sales Protection Act.
- D. Real Estate Security Procedures Act.

The correct answer is that RESPA stands for the Real Estate Settlement Procedures Act. This federal law was enacted to ensure that consumers are informed about the costs associated with their real estate transactions, particularly regarding mortgages and settlement processes. RESPA aims to protect consumers from abusive practices that can arise during these transactions, promoting transparency in the disclosure of settlement costs and fees. By requiring that borrowers receive detailed information about the services required for the closing of a real estate transaction, including the costs associated with those services, RESPA helps consumers make informed decisions. This includes providing a Good Faith Estimate and the HUD-1 Settlement Statement, which outline all estimated costs and actual costs involved. The other options do not accurately reflect the purpose or content of RESPA. The alternative names provided in the incorrect options do not align with the established and recognized terminology used in real estate law. Hence, knowing the full name and intent of RESPA is crucial for anyone working in real estate, particularly in understanding how it affects consumers in real estate transactions.

8. What is a "special assessment"?

- A. A charge levied on property owners to fund specific public improvements**
- B. A fee for common area maintenance in condos
- C. A tax imposed on new developments
- D. A surcharge for late property tax payments

A "special assessment" refers to a charge levied on property owners to fund specific public improvements that benefit their properties. This type of assessment is typically imposed by local governments or municipalities to raise funds for projects such as road repairs, sidewalk installation, or utility installation and upgrades. When a special assessment is enacted, it is specifically earmarked for financing particular improvements rather than being part of the general property tax revenue. This targeted approach ensures that only those properties benefiting from the improvements contribute to the cost. In contrast to other options, a fee for common area maintenance in condos pertains to regular maintenance charges for shared spaces rather than a targeted charge for public improvements. A tax imposed on new developments relates to broader taxation policies, which differ from the specific nature of special assessments. Lastly, a surcharge for late property tax payments involves penalties for delayed payment, not funding public improvements. Therefore, the nature and purpose of a special assessment distinctly set it apart as a method to directly finance specific community enhancements that benefit the involved property owners.

9. What is the minimum age requirement to become a licensed affiliate broker in Tennessee?

- A. 16 years old
- B. 18 years old**
- C. 21 years old
- D. 25 years old

To become a licensed affiliate broker in Tennessee, the minimum age requirement is indeed 18 years old. This age requirement ensures that individuals have reached a level of maturity and responsibility deemed necessary for engaging in real estate transactions, which often involves significant financial and legal implications. By setting the minimum age at 18, the state aligns with other legal age requirements, such as the age of majority, which allows individuals to enter into contracts and fulfill responsibilities associated with property ownership and brokerage. This standard is common across many states to promote professionalism and accountability in the real estate industry.

10. Which factors does the underwriter consider when reviewing a mortgage loan application?

- A. Income, qualifications, and equity
- B. Credit, capacity, and collateral**
- C. Employment history, credit score, and assets
- D. Age, job stability, and market trends

The correct answer emphasizes three critical components that underwriters focus on when reviewing a mortgage loan application: credit, capacity, and collateral. Credit refers to the borrower's credit history and credit score, which are essential indicators of their reliability in repaying debt. A strong credit profile shows the lender that the borrower has managed previous debts responsibly. Capacity examines the borrower's ability to repay the loan, taking into account their income, expenses, and overall financial situation. This assessment helps the lender understand whether the borrower's income can adequately cover monthly payments alongside their other financial obligations. Collateral pertains to the property being financed. The underwriter evaluates its value, which secures the loan for the lender. If the borrower fails to repay the loan, the property can be sold to recover losses, making it a crucial factor in the underwriting process. By analyzing these three elements, underwriters can make informed decisions about the risk involved in approving a mortgage loan application.

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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