

# Alabama 60-Hour Real Estate Course 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. A buyer and seller reach an agreement via email, but the seller sends the contract by postal mail and it takes a week to arrive. What is the result for the buyer?**
  - A. The agreement is valid upon email receipt**
  - B. The buyer's offer is automatically void**
  - C. The seller cannot force the buyer to sign the mailed contract**
  - D. The contract is enforceable despite delivery issues**
- 2. An apartment building has an effective income of \$150,000. Given expenses of \$64,000 and depreciation of \$12,000, what is the property's pre-tax cash flow if interest payments total \$40,000 and principal payments are \$5,000?**
  - A. \$20,000**
  - B. \$34,000**
  - C. \$41,000**
  - D. \$46,000**
- 3. What action did an agent take when advising a pregnant working woman that a neighborhood is not safe for single women working late hours?**
  - A. Practiced blockbusting**
  - B. Engaged in steering**
  - C. Committed negligent misrepresentation**
  - D. Nothing**
- 4. Which of the following is often a result of setting a too-high asking price for a property?**
  - A. The property will sell above market value**
  - B. Increased buyer interest in the property**
  - C. Delayed sales due to higher property taxes**
  - D. Inability to meet client's sales expectations**
- 5. How often must a real estate licensee complete continuing education to maintain their license?**
  - A. Every year**
  - B. Every two years**
  - C. Every five years**
  - D. Only once after obtaining the license**

- 6. What aspect of professional conduct does the Alabama Real Estate Commission emphasize?**
- A. Competition among agents**
  - B. Maximizing commissions**
  - C. Protecting consumers**
  - D. Encouraging non-disclosure**
- 7. Which statement is true regarding maintaining a real estate license in Alabama?**
- A. Must be a US citizen**
  - B. Must be trustworthy and competent**
  - C. Must not have had the license suspended in any state prior**
  - D. Must be an AL resident**
- 8. What is a key strength of the sales comparison approach to value?**
- A. Old as well as new sales data may be used**
  - B. The approach is based on the principles of substitution**
  - C. The approach is accurate with unique special purpose properties**
  - D. Sale prices can be compared in a neighborhood since all enjoy the same approximate rate of appreciation**
- 9. Which of the following items are paid in arrears?**
- A. Interest and taxes**
  - B. Rents and interest**
  - C. Insurance and interest**
  - D. Rents and taxes**
- 10. In which scenario would Fair Housing Laws permit discrimination?**
- A. The developer of a subdivision refuses to sell to families with children**
  - B. A retirement community with residents over 62 refuses families with children**
  - C. A condominium community refuses to allow married couples to buy a unit**
  - D. A property owner rents only to married couples**



## **Answers**

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

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## **Explanations**

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1. A buyer and seller reach an agreement via email, but the seller sends the contract by postal mail and it takes a week to arrive. What is the result for the buyer?
- A. The agreement is valid upon email receipt
  - B. The buyer's offer is automatically void
  - C. The seller cannot force the buyer to sign the mailed contract
  - D. The contract is enforceable despite delivery issues**

The agreement between the buyer and seller is generally considered valid and enforceable from the moment the parties have mutually agreed to the terms, which in this case occurred via email. However, the physical delivery of the contract can impact how the agreement is executed, particularly in terms of formalities. Even though the seller sent the contract by postal mail and there is a delay in delivery, the fundamental principle in contract law is that once both parties have agreed to the terms (in this scenario, through email), the contract can be enforced. The actual enforcement of the contract does not hinge on the immediate receipt of the signed document but rather on the mutual consent that has been established. In contract law, communications can sometimes be deemed as binding once sent, depending on the terms of the agreement and the method of communication used. Since the buyer and seller reached an agreement via email, the contract is enforceable even with the delay in receiving the physical contract. The buyer's acceptance via email indicates intent to be bound by the agreement, making option D the correct interpretation in this scenario.

2. An apartment building has an effective income of \$150,000. Given expenses of \$64,000 and depreciation of \$12,000, what is the property's pre-tax cash flow if interest payments total \$40,000 and principal payments are \$5,000?
- A. \$20,000
  - B. \$34,000
  - C. \$41,000**
  - D. \$46,000

To determine the property's pre-tax cash flow, we need to start with the effective income and subtract both the expenses and the interest payments, while also accounting for depreciation. Here's how the calculation works: 1. Begin with the effective income: \$150,000. 2. Subtract the total expenses: \$64,000. - This gives us  $\$150,000 - \$64,000 = \$86,000$ . 3. From the remaining amount, we also subtract the interest payments of \$40,000. - Now we have  $\$86,000 - \$40,000 = \$46,000$ . 4. It is important to clarify that while depreciation is a non-cash expense affecting net income on tax returns, it does not impact cash flow calculations directly when assessing cash positions. Therefore, the cash flow after these calculations is the effective income remaining after all necessary payments and expenses which leads us to the pre-tax cash flow of \$46,000. Since the property's pre-tax cash flow is defined as the net cash generated before tax implications, the correct consideration of expenses and interest payments reveals that the answer is indeed \$46,000.

**3. What action did an agent take when advising a pregnant working woman that a neighborhood is not safe for single women working late hours?**

- A. Practiced blockbusting**
- B. Engaged in steering**
- C. Committed negligent misrepresentation**
- D. Nothing**

When an agent advises a pregnant working woman that a neighborhood is not safe for single women working late hours, this action can be classified as engaging in steering. Steering refers to the practice of guiding prospective homebuyers or renters towards or away from certain neighborhoods based on their demographic characteristics, such as gender, race, or familial status. In this case, the agent's advice implies a bias against a particular neighborhood based on the fact that the woman is a single working mother, which reflects a presumption about safety that may not be substantiated. This can create a discriminatory practice, as it contributes to perpetuating certain stereotypes about neighborhoods and the people who inhabit them. The advice could potentially limit the woman's options unfairly and may discourage her from considering suitable housing opportunities in that area. By understanding this concept, real estate professionals can better navigate ethical considerations and ensure that their advice promotes equal opportunity in housing, rather than inadvertently contributing to discriminatory practices.

**4. Which of the following is often a result of setting a too-high asking price for a property?**

- A. The property will sell above market value**
- B. Increased buyer interest in the property**
- C. Delayed sales due to higher property taxes**
- D. Inability to meet client's sales expectations**

Setting a too-high asking price for a property can lead to an inability to meet client sales expectations because the property may remain on the market for an extended period. When a property is priced above its fair market value, potential buyers might overlook it, believing it does not provide sufficient value for their investment. This can result in stagnant interest, fewer offers, or no offers at all, which then frustrates both the seller and the real estate agent trying to achieve a successful sale. The seller's expectations may be based on initial enthusiasm or market assumptions, and prolonged market presence can create disappointment as they may not receive the offers they anticipated. Ultimately, a property priced too high can lead to a necessity for price reductions later, further signaling to buyers that the property may be undesirable or overrated, compounding the original issue of unmet sales expectations.

**5. How often must a real estate licensee complete continuing education to maintain their license?**

- A. Every year**
- B. Every two years**
- C. Every five years**
- D. Only once after obtaining the license**

In Alabama, a real estate licensee is required to complete continuing education every two years in order to maintain their license. This requirement is established to ensure that real estate professionals remain knowledgeable about current laws, market trends, and best practices in the industry. Continuing education is crucial as it helps licensees stay updated on changes in regulations and enhances their skills and understanding, which ultimately benefits consumers. By mandating this education every two years, the state ensures that licensees engage in lifelong learning and maintain a high standard of professionalism in their practice.

**6. What aspect of professional conduct does the Alabama Real Estate Commission emphasize?**

- A. Competition among agents**
- B. Maximizing commissions**
- C. Protecting consumers**
- D. Encouraging non-disclosure**

The emphasis on protecting consumers is a fundamental principle outlined by the Alabama Real Estate Commission. This focus is rooted in ensuring that individuals engaging in real estate transactions are treated fairly and ethically throughout the process. The Commission aims to maintain the integrity of the real estate profession by requiring agents to prioritize client interests, provide full disclosure, and operate transparently. Protecting consumers entails a commitment to honesty, professionalism, and accountability from real estate professionals. This includes adhering to laws and regulations aimed at safeguarding clients from fraud and misrepresentation. By fostering a consumer-centric approach, the Commission not only enhances public trust in the real estate industry but also upholds the standards necessary for a fair and competitive marketplace. In contrast, approaches centered on competition among agents or maximizing commissions may not always align with the best interest of consumers. Encouraging non-disclosure can lead to a lack of transparency that undermines the consumer's ability to make informed decisions, further emphasizing the importance of consumer protection as a guiding principle in real estate practices.

7. Which statement is true regarding maintaining a real estate license in Alabama?
- A. Must be a US citizen**
  - B. Must be trustworthy and competent**
  - C. Must not have had the license suspended in any state prior**
  - D. Must be an AL resident**

In Alabama, maintaining a real estate license primarily centers on the qualifications that ensure that licensees act competently and ethically in their profession. While being a U.S. citizen is often necessary for many professional licenses, Alabama emphasizes the importance of being trustworthy and competent as crucial criteria for maintaining a real estate license. Trustworthiness and an established level of competence ensure that the agent can effectively serve clients and adhere to ethical standards within the industry. This focus is vital in fostering trust in real estate transactions and ensuring that agents provide quality service to the public. Given that options like being a U.S. citizen and state residency might not be strictly required to maintain a license—as long as all legal and ethical standards are met—competence and trustworthiness become the key elements in retaining the right to practice real estate in Alabama.

8. What is a key strength of the sales comparison approach to value?
- A. Old as well as new sales data may be used**
  - B. The approach is based on the principles of substitution**
  - C. The approach is accurate with unique special purpose properties**
  - D. Sale prices can be compared in a neighborhood since all enjoy the same approximate rate of appreciation**

The sales comparison approach to value is grounded in the principle of substitution, which asserts that a buyer will not pay more for a property than what they could pay for a similar property with comparable features. This principle is fundamental because it relies on the idea that if two properties are similar, the price of one will serve as a benchmark for the other. This approach is particularly effective in residential real estate, where there are often many comparable properties in a given neighborhood. By examining recent sales of similar homes and making adjustments for differences in size, location, condition, and features, appraisers derive a range of values that can provide a reliable estimate of market value. While it may be true that older and newer sales data can be considered to a certain extent, or that neighborhood dynamics can influence appreciation rates, the essence of the sales comparison approach remains its reliance on the principle of substitution to determine value. This principle is what allows the method to be broadly applicable and relevant in real estate assessments.

**9. Which of the following items are paid in arrears?**

- A. Interest and taxes**
- B. Rents and interest**
- C. Insurance and interest**
- D. Rents and taxes**

The concept of items being paid in arrears refers to obligations that are paid after the service or usage period has occurred. In real estate, interest and property taxes are typically paid in arrears because they are assessed based on past use or ownership. Interest on a mortgage is calculated based on the outstanding loan balance as of the due date and is paid at the end of the payment period. For example, if your monthly payment is due on the first of the month, you're paying interest for the previous month. Similarly, property taxes are assessed for the prior year of ownership and are generally paid once they become due, directly reflecting the past period when the property was held. Understanding this timeframe is vital in real estate transactions, particularly during the closing process or when calculating prorations between buying and selling parties. The distinction of other options, while involving payments, does not align with this definition of being regularly paid after service usage. For instance, rents are typically collected in advance, and insurance can be paid in different periods but is often paid upfront or annually rather than in arrears.

**10. In which scenario would Fair Housing Laws permit discrimination?**

- A. The developer of a subdivision refuses to sell to families with children**
- B. A retirement community with residents over 62 refuses families with children**
- C. A condominium community refuses to allow married couples to buy a unit**
- D. A property owner rents only to married couples**

Fair Housing Laws are designed to prevent discrimination based on certain protected classes, including race, color, national origin, religion, sex, familial status, and disability. However, there are specific exemptions outlined within these laws. The correct answer represents a scenario where Fair Housing Laws permit discrimination due to the nature of the property. A retirement community that is designated for residents over the age of 62 can legally refuse to rent to families with children. This is permissible because such communities are intended to provide a specialized living environment for older adults, and they are often structured to comply with the Housing for Older Persons Act (HOPA). This law allows for certain age-restricted housing, recognizing the right of these communities to create an environment that caters specifically to seniors. In contrast, the other scenarios involve forms of discrimination that do not align with the allowances outlined by Fair Housing Laws. For instance, refusing to sell to families with children or discriminating against married couples does not fit within any legal exemptions and thus would be considered unlawful discrimination.



## 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](mailto:hello@examzify.com).**

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

**<https://al60hrrealestate.examzify.com>**

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