

Alabama Real Estate Post-License Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Questions

- 1. Matt Bower, a developer, conditions the sale of a lot on Will Jones agreeing to list the property with him after construction. This action violates?**
 - A. The Clayton Act**
 - B. The Sherman Act**
 - C. The Equal Opportunity Act**
 - D. The Real Estate Settlement Procedures Act**
- 2. What is the term for a penalty imposed when a loan is paid before it is due?**
 - A. Prepayment penalty**
 - B. Late fee**
 - C. Foreclosure fee**
 - D. Default penalty**
- 3. What type of agency relationship is established when the same brokerage firm represents both the seller and the buyer in the same real estate transaction?**
 - A. Single agency**
 - B. Dual agency**
 - C. Transaction brokerage**
 - D. Limited agency**
- 4. What term describes the number of persons employed in businesses that represent the economic foundation of an area?**
 - A. Gross Employment**
 - B. Base Employment**
 - C. Net Employment**
 - D. Standard Employment**
- 5. What are construction blueprints that reflect marked changes called?**
 - A. Revised prints**
 - B. Blueprints**
 - C. Red lined prints**
 - D. Updated plans**

- 6. What is another term for a land lease?**
- A. Ground lease**
 - B. Urban lease**
 - C. Residential lease**
 - D. Standard lease**
- 7. What aspect does a boundary survey primarily focus on?**
- A. Land elevation changes**
 - B. Property boundaries**
 - C. Utility lines**
 - D. Environmental considerations**
- 8. What automated software feature allows the user to retrieve data in a form basically the same as it is stored in the database or in a new form altering or combining existing data?**
- A. Retrieval**
 - B. Input**
 - C. Storage**
 - D. Analysis**
- 9. Which of the following best describes speculative development?**
- A. Enhancing existing properties**
 - B. Purchasing land with the hope of increasing value through development**
 - C. Buying fully developed commercial buildings**
 - D. Investing in residential rental properties**
- 10. Under Regulation Z, when is consummation defined to occur?**
- A. When the loan is funded**
 - B. When a consumer becomes contractually obligated on a credit transaction**
 - C. When the agreement is verbally accepted**
 - D. When the property deed is transferred**

Answers

SAMPLE

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

SAMPLE

Explanations

1. Matt Bower, a developer, conditions the sale of a lot on Will Jones agreeing to list the property with him after construction. This action violates?

A. The Clayton Act

B. The Sherman Act

C. The Equal Opportunity Act

D. The Real Estate Settlement Procedures Act

The correct answer to this question involves understanding the implications of anti-competitive practices in real estate transactions, specifically as they relate to the Sherman Act. The Sherman Act is a federal statute that prohibits monopolistic behavior and contracts, combinations, or conspiracies that restrain trade or commerce. In the scenario, Matt Bower's condition of the sale, which mandates that Will Jones must agree to list the property with him after construction, can be viewed as a form of tying arrangement. This occurs when a seller requires the buyer to purchase an additional product or service as a condition of the sale. Such practices can limit competition by forcing the buyer into a relationship with one provider and can inflate costs or reduce choices for consumers. Therefore, by conditioning the sale of the lot on Will Jones's agreement to list the property exclusively with him, Matt Bower is engaging in a practice that could be interpreted as a restraint of trade, consequently violating the Sherman Act. This understanding of the act's purpose helps clarify the reason for selecting this answer as the correct one.

2. What is the term for a penalty imposed when a loan is paid before it is due?

A. Prepayment penalty

B. Late fee

C. Foreclosure fee

D. Default penalty

The term for a penalty imposed when a loan is paid before it is due is called a prepayment penalty. This type of fee is designed to protect lenders from the loss of interest income that occurs when a borrower pays off a loan early. Lenders often include this provision in loan agreements, particularly in mortgage and commercial loans, to recoup some of the costs associated with the loan issuance and to incentivize borrowers to maintain the loan term. Prepayment penalties serve as a deterrent for borrowers who might otherwise refinance or pay off loans sooner than originally agreed upon, which interrupts the lender's anticipated cash flow. These penalties can vary in amount and may depend on how early the loan is paid off. In contrast, a late fee is a charge applied when a borrower fails to make a payment on time, which serves a different purpose. A foreclosure fee is associated with the costs a lender incurs when they need to repossess a property due to default. A default penalty typically relates to the consequences of failing to adhere to the terms of a loan agreement, which also does not involve early payment. By understanding these distinctions, it becomes clear why the prepayment penalty is the correct term for this specific scenario.

3. What type of agency relationship is established when the same brokerage firm represents both the seller and the buyer in the same real estate transaction?

A. Single agency

B. Dual agency

C. Transaction brokerage

D. Limited agency

The type of agency relationship where the same brokerage firm represents both the seller and the buyer in the same real estate transaction is known as dual agency. In this scenario, the brokerage acts on behalf of both parties, which presents unique challenges and considerations. Dual agency requires careful management of the interests of both the seller and the buyer, as the agent must navigate potential conflicts that arise from representing two parties with opposing goals. Because the agent cannot fully advocate for one party without compromising the other, full disclosure and informed consent from both parties are critical components of this relationship. This often involves providing each party with the same level of information while maintaining confidentiality regarding sensitive issues. In contrast, single agency refers to a situation where an agent represents only one party, either the buyer or the seller. Transaction brokerage is a non-agency relationship where the broker facilitates the transaction without advocating for either party. Limited agency can refer to a situation where an agent has limited authority to act, which is not specifically what dual agency entails. Thus, recognizing dual agency is essential for understanding the complexities and obligations it brings to a real estate transaction.

4. What term describes the number of persons employed in businesses that represent the economic foundation of an area?

A. Gross Employment

B. Base Employment

C. Net Employment

D. Standard Employment

Base Employment refers to the number of individuals employed in industries that are fundamental to the economy of a specific area. These industries, often termed "base" or "export" industries, typically produce goods or services that are sold outside the local economy, bringing in revenue and stimulating further economic activity within the area. This employment sector is crucial because it helps sustain other jobs and services in the community, forming the backbone of the local economic structure. Understanding base employment is vital for real estate professionals, as it can significantly influence housing demand, commercial development, and overall market stability. In contrast, the other terms provided do not specifically address the concept of employment tied to the economic foundation of an area. Gross employment may refer to total jobs without considering their economic impact, net employment addresses hires and separations without focusing on foundational industries, and standard employment lacks specific relevance to the foundational aspect of the economy.

5. What are construction blueprints that reflect marked changes called?

- A. Revised prints**
- B. Blueprints**
- C. Red lined prints**
- D. Updated plans**

Construction blueprints that reflect marked changes are typically referred to as red lined prints. This term originates from the practice of using red ink or markers to indicate revisions directly on the original set of blueprints. These revisions can include alterations to dimensions, design adjustments, or modifications in materials that have been proposed or implemented after the initial plans were drawn up. The red lining serves as a clear visual cue for contractors, inspectors, and project managers to recognize and review the significant changes made during the construction process. Other terms related to construction documents, such as revised prints or updated plans, may signify modifications, but they do not specifically imply the use of red ink to denote changes, which is a distinctive feature of red lined prints. Hence, this term is widely accepted in the construction industry for documents that have been altered in this way.

6. What is another term for a land lease?

- A. Ground lease**
- B. Urban lease**
- C. Residential lease**
- D. Standard lease**

A land lease is often referred to as a ground lease. This term specifically describes a long-term lease agreement in which a tenant is allowed to use a piece of land owned by a landlord for a specified period, typically ranging from 20 to 99 years. The tenant may construct improvements on the land, and when the lease term expires, ownership of those improvements typically reverts to the landlord unless a different arrangement is specified in the contract. This arrangement is common in commercial real estate, where the land may be owned by one party while the building or development is constructed and operated by another. The alternative terms listed do not accurately describe the specific nature of a land lease. For example, an urban lease generally refers to leases specific to urban areas and does not directly address the nuances of land leasing. A residential lease specifically pertains to properties intended for housing rather than land use for development or business purposes. A standard lease is a broad term that could apply to any lease agreement and lacks the specificity needed to describe the unique characteristics of a land lease. Therefore, ground lease is clearly the definition that aligns with the concept of a land lease.

7. What aspect does a boundary survey primarily focus on?

- A. Land elevation changes**
- B. Property boundaries**
- C. Utility lines**
- D. Environmental considerations**

A boundary survey primarily focuses on identifying and marking the property boundaries of a piece of land. This survey details the legal boundaries based on property deeds, historical records, and other references, ensuring that the dimensions and limits of the property are accurately determined. This is essential for establishing ownership rights, resolving disputes between adjacent property owners, and complying with zoning regulations. While land elevation changes, utility lines, and environmental considerations are important factors in broader surveying practices, they are not the main focus of a boundary survey. Understanding the precise boundaries is critical for real estate transactions, development planning, and protecting property rights, making it the central aspect of this type of survey.

8. What automated software feature allows the user to retrieve data in a form basically the same as it is stored in the database or in a new form altering or combining existing data?

- A. Retrieval**
- B. Input**
- C. Storage**
- D. Analysis**

The correct answer reflects a fundamental feature of automated software systems known as retrieval. This feature enables users to access and extract data from a database in its original format, or manipulate it to create new outputs through alteration or combination. Retrieval is essential in scenarios where users need to generate reports or analyze datasets without altering the underlying data structure. For example, in a real estate context, an agent might use retrieval to pull up listings in a specific area or filter properties based on various criteria while retaining the data's integrity. The other options, while components of the software's overall functionality, do not accurately describe the capability of accessing and manipulating data as retrieval does. Input pertains to the data entry aspect, focusing on how information gets into the system. Storage concerns the manner in which data is saved within the database. Analysis, on the other hand, relates to interpreting or examining data, often after retrieval has occurred. Thus, retrieval is the correct term for the feature allowing data access and transformation while preserving or altering its original form.

9. Which of the following best describes speculative development?

A. Enhancing existing properties

B. Purchasing land with the hope of increasing value through development

C. Buying fully developed commercial buildings

D. Investing in residential rental properties

Speculative development refers to the practice of purchasing land or properties with the anticipation that their value will increase, typically due to future development. This involves acquiring land without a specific buyer or tenant in place, banking on the idea that once the development occurs, the property can be sold or leased at a higher price. The correct answer conveys this concept accurately, highlighting the aspect of risk and potential reward inherent in speculative development. On the other hand, enhancing existing properties refers to renovations or improvements made to an already developed property, which does not align with the speculative approach of starting from raw land. Buying fully developed commercial buildings and investing in residential rental properties focus on acquiring assets that are already generating income or value, rather than the gamble associated with speculative development. Therefore, the focus on purchasing land with the hope of increasing its value through development directly captures the essence of speculative development.

10. Under Regulation Z, when is consummation defined to occur?

A. When the loan is funded

B. When a consumer becomes contractually obligated on a credit transaction

C. When the agreement is verbally accepted

D. When the property deed is transferred

Consummation, as defined under Regulation Z, occurs when a consumer becomes contractually obligated on a credit transaction. This is a key distinction in real estate financing and consumer credit law. It marks the point at which a borrower has entered into a binding agreement, typically illustrated by signing the loan documents. This definition helps clarify when the various consumer protections under Regulation Z begin, including disclosures related to the terms of credit, the cost of credit, and the borrower's rights. It is essential for ensuring that borrowers are aware of their obligations and the terms of the credit before they become legally bound to them. Understanding that consummation is tied to the contractual obligation rather than the funding of the loan or other events is critical for professionals in real estate and lending, as it has direct implications for the timing of required disclosures and consumer rights. The other definitions provided in the choices relate to different phases of the transaction that do not trigger the regulatory requirements established by Regulation Z.