

Alabama Real Estate Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

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1. What is a deed?

- A. A legal claim against a property**
- B. A written legal document proving ownership of a property**
- C. An oral agreement on property ownership**
- D. A temporary lease agreement**

2. What can lead to the loss of a deed restriction?

- A. Failure to enforce the restriction**
- B. Changing property ownership**
- C. A court judgment**
- D. Public petition**

3. What does the Real Estate Settlement Procedures Act (RESPA) require lenders to provide to borrowers?

- A. A maximum interest rate**
- B. A list of approved properties**
- C. A good-faith estimate of closing costs**
- D. Pre-approval for mortgages**

4. What determines the assessed value of a property?

- A. Its market value**
- B. Its investment value**
- C. Value placed on the property by the government for taxes**
- D. Appraisal by a professional appraiser**

5. What do sellers and their agents need to be honest about regarding property stigmas?

- A. The commission rates**
- B. Any history that could hinder the sale, such as criminal acts or deaths**
- C. The personal information of previous owners**
- D. Future development plans for the surrounding area**

6. For a use variance, what must the applicant demonstrate?

- A. That the variance will increase property values**
- B. That the use is inherently beneficial or peculiarly fitted to the property**
- C. That the variance will result in economic benefits**
- D. That the variance will not cause any public opposition**

7. What is the role of the secondary market?

- A. Originate new mortgages**
- B. Insure mortgages**
- C. Buy existing mortgages**
- D. Provide legal advice on mortgages**

8. Which estate does not require a legal process for reversion to the grantor upon a condition violation?

- A. Fee Simple**
- B. Qualified Fee Determinable**
- C. Life Estate**
- D. Qualified Fee Conditional**

9. In a general partnership, partners must agree on which of the following?

- A. Only selling the property**
- B. All activities related to the property**
- C. Paying taxes only**
- D. Limited liability amounts**

10. What does the Community Reinvestment Act require banks to do?

- A. Invest in foreign markets**
- B. Provide low-income lending programs**
- C. Increase their interest rates**
- D. Sell off non-performing assets**

Answers

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

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Explanations

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1. What is a deed?

- A. A legal claim against a property
- B. A written legal document proving ownership of a property**
- C. An oral agreement on property ownership
- D. A temporary lease agreement

A A legal claim against a property is incorrect because a deed does not imply a claim, but rather proof of ownership. C: An oral agreement on property ownership is incorrect because a deed must be a written document. D: A temporary lease agreement is incorrect because a deed grants permanent ownership, not temporary permission to use a property.

2. What can lead to the loss of a deed restriction?

- A. Failure to enforce the restriction**
- B. Changing property ownership
- C. A court judgment
- D. Public petition

Deed restrictions are agreements that limit the use or development of a property in certain ways. They are typically put in place to protect the value of a property or to maintain a certain aesthetic or standard within a community. The loss of a deed restriction means that the restriction is no longer enforceable and the property owner is free to use or develop their property in ways that were previously restricted. Failure to enforce the restriction means that the party responsible for enforcing the restriction (such as a homeowners association or government agency) has not taken action to ensure that the restriction is being followed. This could happen for a variety of reasons, such as lack of funding or resources, or simply neglect. The other options listed, changing property ownership, a court judgment, and public petition, do not necessarily lead to the loss of a deed restriction. While a change in property ownership could potentially result in a new owner.

3. What does the Real Estate Settlement Procedures Act (RESPA) require lenders to provide to borrowers?

- A. A maximum interest rate
- B. A list of approved properties
- C. A good-faith estimate of closing costs**
- D. Pre-approval for mortgages

RESPA requires lenders to provide borrowers with a good-faith estimate of closing costs, which includes an itemized list of all expenses related to the mortgage loan. Options A, B, and D do not pertain to the requirements set forth by RESPA. Option A deals with interest rates, which may be subject to fluctuation and not necessarily a fixed maximum. Option B, while beneficial, is not required by RESPA. Option D refers to pre-approval for mortgages, which is a separate process not regulated by RESPA. Therefore, the most accurate option is C.

4. What determines the assessed value of a property?

- A. Its market value
- B. Its investment value
- C. Value placed on the property by the government for taxes**
- D. Appraisal by a professional appraiser

The assessed value of a property refers to the value placed on it by the government for taxation purposes. This value is not necessarily the same as the market value or investment value of the property. The market value is the price that the property would likely sell for in the current market, while the investment value takes into account potential returns on the property. The assessment by a professional appraiser is often used to determine market value, but it is not the same as the government's assessed value. Therefore, the government's assessment is the most accurate option for determining the assessed value of a property.

5. What do sellers and their agents need to be honest about regarding property stigmas?

- A. The commission rates
- B. Any history that could hinder the sale, such as criminal acts or deaths**
- C. The personal information of previous owners
- D. Future development plans for the surrounding area

Sellers and their agents are required to be honest about any history that could negatively impact the sale of a property, such as criminal acts or deaths. This is because these stigmas could potentially affect a buyer's decision to purchase the property. The other options, commission rates, personal information of previous owners, and future development plans, are not required to be disclosed and do not directly relate to stigmas surrounding a property. Therefore, they are incorrect choices.

6. For a use variance, what must the applicant demonstrate?

- A. That the variance will increase property values
- B. That the use is inherently beneficial or peculiarly fitted to the property**
- C. That the variance will result in economic benefits
- D. That the variance will not cause any public opposition

A use variance is granted when the property owner wants to use their land in a way that is not permitted by local zoning laws. In order to obtain this variance, the applicant must demonstrate that the proposed use is inherently beneficial or peculiarly fitted to the property. This means that the use will bring a special benefit to the property or that the property is uniquely suited for the proposed use. Options A, C, and D are incorrect because they do not address the specific requirement of demonstrating the special nature of the proposed use in relation to the property itself.

7. What is the role of the secondary market?

- A. Originate new mortgages
- B. Insure mortgages
- C. Buy existing mortgages**
- D. Provide legal advice on mortgages

Secondary market refers to a market where existing mortgages are bought and sold by financial institutions such as banks and investment firms. The incorrect options, A and B, are examples of tasks performed in the primary market - where new loans are originated and insured. Option D, providing legal advice on mortgages, is unrelated to the role of the secondary market, which mainly deals with the trading of existing mortgages.

8. Which estate does not require a legal process for reversion to the grantor upon a condition violation?

- A. Fee Simple
- B. Qualified Fee Determinable**
- C. Life Estate
- D. Qualified Fee Conditional

A Fee Simple estate is absolute ownership and does not require a legal process for reversion. A Life Estate is a limited estate and does not include a reversionary interest. A Qualified Fee Conditional estate is subject to a condition, and if the condition occurs, the estate will terminate and revert back to the grantor. Therefore, the only estate that does not require a legal process for reversion upon a condition violation is the Qualified Fee Determinable.

9. In a general partnership, partners must agree on which of the following?

- A. Only selling the property
- B. All activities related to the property**
- C. Paying taxes only
- D. Limited liability amounts

In a general partnership, partners have equal say in the decision-making process and are responsible for all activities and decisions related to the property. This means that they must agree on all matters, including but not limited to selling the property, paying taxes, and managing liabilities. Option A is incorrect because partners must also agree on purchasing and managing the property, not just selling it. Option C is incorrect because partners must also agree on other financial matters, including but not limited to budgeting and allocating profits. Option D is incorrect because general partners are not afforded the same limited liability protections as partners in a limited partnership. Therefore, they must agree on all activities and decisions related to the property, making option B the correct answer.

10. What does the Community Reinvestment Act require banks to do?

- A. Invest in foreign markets**
- B. Provide low-income lending programs**
- C. Increase their interest rates**
- D. Sell off non-performing assets**

The Community Reinvestment Act requires banks to provide low-income lending programs in order to provide opportunities for low-income individuals and communities to obtain credit and secure properties in their local area. Options A, C, and D are incorrect because they do not align with the purpose of the Community Reinvestment Act. Option A suggests investing in foreign markets, which is not in line with the Act's focus on local communities. Option C suggests increasing interest rates, which would make it harder for low-income individuals to access credit. Option D suggests selling off non-performing assets, which would reduce the availability of lending opportunities for low-income individuals.

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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://alabamarealestate.examzify.com>

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

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