

Alabama Real Estate 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

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1. What additional payment is required in a Percentage Lease?

- A. A percentage of the tenant's yearly income**
- B. A percentage of the gross sales of their business**
- C. A fixed percentage of the property expenses**
- D. A percentage based on the property value**

2. Is there a prepayment penalty for VA-insured loans?

- A. Yes**
- B. No**
- C. Yes, in the first 5 years**
- D. Only for nonconforming loans**

3. What is an estate at will?

- A. A lease with a specified end date**
- B. A property occupied without a specific end date**
- C. A type of mortgage**
- D. A permanent lease agreement**

4. What is a lien?

- A. A financial claim against property**
- B. A legal document for ownership**
- C. A type of insurance**
- D. An agreement between tenant and landlord**

5. 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**

6. Is a down payment generally required for a VA-insured loan?

- A. Yes**
- B. No**
- C. Only if over \$417,000**
- D. Only if under \$104,500**

7. Which act encompasses the Truth in Lending Act?

- A. Real Estate Settlement Procedures Act**
- B. Consumer Credit Protection Act**
- C. Fair Housing Act**
- D. Mortgage Reform and Anti-Predatory Lending Act**

8. Value in use estimates the value of property based on what?

- A. Its location**
- B. Its use or purpose**
- C. The current market trends**
- D. Its historical significance**

9. Under an exclusive agency buyer agency agreement, when is the broker not entitled to a commission?

- A. If the property is sold by another broker**
- B. If the buyer purchases a property found by the broker**
- C. If the buyer finds the property without the broker's help**
- D. If the buyer decides not to purchase a property**

10. Who must an agent disclose any relationships or fees to?

- A. Only the seller**
- B. Only the buyer**
- C. Both the buyer and the seller**
- D. Neither the buyer nor the seller**

Answers

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

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Explanations

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1. What additional payment is required in a Percentage Lease?

- A. A percentage of the tenant's yearly income
- B. A percentage of the gross sales of their business**
- C. A fixed percentage of the property expenses
- D. A percentage based on the property value

In a Percentage Lease, the tenant pays a percentage of their gross sales as additional payment to the landlord. This is different from option A, where the tenant's yearly income is considered, and option C, where a fixed percentage of the property expenses is paid. Option D, which mentions the property value, is also incorrect as it is not directly related to the tenant's business operations or sales.

2. Is there a prepayment penalty for VA-insured loans?

- A. Yes
- B. No**
- C. Yes, in the first 5 years
- D. Only for nonconforming loans

VA-insured loans do not have prepayment penalties. This is part of the benefits provided by the VA to assist veterans and service members in becoming homeowners. Option A is incorrect because the VA does not require prepayment penalties on their loans. Option C is incorrect because the VA also does not impose a prepayment penalty within the first 5 years of the loan. Option D is incorrect because whether or not the loan is conforming or nonconforming does not have any impact on the prepayment penalty for VA-insured loans.

3. What is an estate at will?

- A. A lease with a specified end date
- B. A property occupied without a specific end date**
- C. A type of mortgage
- D. A permanent lease agreement

An estate at will refers to a property that is occupied without a specific end date. This means that the tenant can stay on the property for an indefinite period of time, as long as they continue to pay rent and follow the terms of the lease. This option is different from the other choices because it does not have a predetermined end date like a lease with a specified end date (option A), and it is not a type of mortgage (option C) or a permanent lease agreement (option D) which are both more specific types of property agreements.

4. What is a lien?

- A. A financial claim against property**
- B. A legal document for ownership**
- C. A type of insurance**
- D. An agreement between tenant and landlord**

A lien is a financial claim held by a creditor against property owned by a debtor. This means that the creditor has a legal right to the property until the debt is paid off. B is incorrect because a lien is not a legal document for ownership, it is a legal claim for repayment. C and D are also incorrect because they are not related to the concept of a lien.

5. 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.

6. Is a down payment generally required for a VA-insured loan?

- A. Yes**
- B. No**
- C. Only if over \$417,000**
- D. Only if under \$104,500**

A VA-insured loan, also known as a VA-guaranteed loan, is a type of mortgage loan provided by private lenders and partially backed or guaranteed by the Department of Veterans Affairs. Unlike conventional loans, VA loans do not require a down payment, meaning that eligible veterans and service members can finance 100% of the home's purchase price. The other options provided are incorrect because they suggest that a down payment may be required for a VA loan, which is not the case. Option C mentions a specific loan limit, but this does not impact the down payment requirement. Option D mentions a specific loan amount, but this also does not determine the down payment requirement for a VA loan. Option A is simply a generalization and is not true for VA loans. Therefore, the correct answer is B.

7. Which act encompasses the Truth in Lending Act?

- A. Real Estate Settlement Procedures Act
- B. Consumer Credit Protection Act**
- C. Fair Housing Act
- D. Mortgage Reform and Anti-Predatory Lending Act

The Truth in Lending Act is part of the Consumer Credit Protection Act, which was enacted to protect consumers from unfair or deceptive practices in the credit industry. The other options listed are not related to the Truth in Lending Act. A is a different law that regulates real estate transactions, C is a law that prohibits discrimination in housing, and D is a law that addresses mortgage lending practices. Therefore, option B is the only one that includes the Truth in Lending Act within its scope.

8. Value in use estimates the value of property based on what?

- A. Its location
- B. Its use or purpose**
- C. The current market trends
- D. Its historical significance

Value in use estimates the value of property by evaluating its specific use or purpose. This method takes into consideration the unique characteristics and potential income generation of the property, rather than just its location or current market trends. A property may have a prime location but if it is not being utilized effectively, its value in use may still be low. Similarly, a property may have historical significance but if it is not being used for its intended purpose, its value in use may not reflect that. Therefore, option B is the most accurate as it directly measures the property's value based on its use and purpose. Options A, C, and D may be factors that contribute to a property's overall value, but they do not specifically measure its value in use.

9. Under an exclusive agency buyer agency agreement, when is the broker not entitled to a commission?

- A. If the property is sold by another broker
- B. If the buyer purchases a property found by the broker
- C. If the buyer finds the property without the broker's help**
- D. If the buyer decides not to purchase a property

Under an exclusive agency buyer agency agreement, the broker is not entitled to a commission if the buyer finds the property without the broker's help. This is because the broker's services were not utilized in finding the property and therefore, they did not contribute to the sale in any way. Options A and B do not apply because in both cases, the broker played a role in the sale process. Option D does not apply as the buyer's decision not to purchase a property does not affect the broker's entitlement to a commission in this scenario.

10. Who must an agent disclose any relationships or fees to?

- A. Only the seller**
- B. Only the buyer**
- C. Both the buyer and the seller**
- D. Neither the buyer nor the seller**

An agent must disclose any relationships or fees to both the buyer and the seller because it is their ethical and legal responsibility to provide transparency in all transactions. This means that they must inform both parties of any potential conflicts of interest or financial arrangements that may impact the transaction. Answer A is incorrect because an agent is not only obligated to inform the seller of this information, but also the buyer. Answer B is incorrect for the same reason. Answer D is incorrect because an agent is required to disclose this information to both parties involved in the transaction.

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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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