

AREC Arkansas Broker 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. What is the term for the legal process used to transfer ownership or title of real property?**
 - A. Title transfer**
 - B. Conveyance**
 - C. Easement**
 - D. Endorsement**
- 2. What is a key characteristic of an agency relationship?**
 - A. The agent acts as a friend to the client**
 - B. The client has full control over the agent's actions**
 - C. The agent acts on behalf of the client**
 - D. There is no legal obligation between agents and clients**
- 3. What is a listing agreement in real estate?**
 - A. A document that secures a buyer's financing**
 - B. A contract between a property owner and a broker**
 - C. A lease agreement for rental property**
 - D. A report on market trends**
- 4. What is the fee for a salesperson to transfer from one broker to another for the second time during a renewal period?**
 - A. \$10.00**
 - B. \$30.00**
 - C. \$100.00**
 - D. \$25.00**
- 5. What is the potential fine the Arkansas Real Estate Commission may impose on Bob and Mary for not including their principal broker's name in their advertising?**
 - A. Up to \$5,000 fine and return all commissions earned**
 - B. Up to \$1,000 per violation of the Law**
 - C. Not more than \$100 citation imposed by the executive director**
 - D. Not more than \$250 citation imposed by the executive director**

- 6. What is the legal status of the rules and regulations of the Arkansas Real Estate Commission?**
- A. They are created by the Arkansas Legislature.**
 - B. They are part of the Arkansas Revised Statutes.**
 - C. They apply only to licensed real estate brokers.**
 - D. They have the full force and effect of the law.**
- 7. What is an essential condition for a broker's action regarding tenant representation?**
- A. The broker must present timely written disclosures.**
 - B. Oral disclosures are acceptable without written consent.**
 - C. Agent representation does not require any disclosures.**
 - D. The agent can operate independently without consent.**
- 8. What should a broker do when an offeror makes a lower offer after an initial offer has been made?**
- A. Ignore it.**
 - B. Present it to the offeree.**
 - C. Wait three days then present to the offeree.**
 - D. Get the two offerors together and auction to the highest bidder.**
- 9. In the context of real estate, what is the role of an escrow account?**
- A. To hold buyer's funds until closing**
 - B. To store personal funds of the broker**
 - C. To secure commission payments for realtors**
 - D. To provide operating capital for the firm**
- 10. What type of education is generally exempt for real estate licensees after a certain age?**
- A. Continuing education for those over 70**
 - B. Continuing education for those over 65**
 - C. Post-license education**
 - D. No education required after 30 years in the field**

Answers

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

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Explanations

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1. What is the term for the legal process used to transfer ownership or title of real property?

- A. Title transfer**
- B. Conveyance**
- C. Easement**
- D. Endorsement**

The legal process used to transfer ownership or title of real property is known as conveyance. This term encompasses all the methods and processes involved in the transfer of real estate from one party to another. Conveyance usually includes the preparation of a deed, which is a legal document that conveys the title to the property and must be executed according to specific legal requirements to be valid. Conveyance is essential in real estate transactions, providing a clear framework for how ownership is officially recorded and transferred. It ensures that the rights to the property are fully transferred from the seller to the buyer, safeguarding both parties and providing a legal basis for ownership. The other options represent different concepts that do not specifically refer to the overall process of transferring real property ownership. Title transfer might seem relevant but is not the formal term used in legal contexts. An easement refers to a right to use another person's land for a specific purpose, rather than transferring ownership. Endorsement typically relates to signing a document to confirm approval rather than a process of conveyance. Thus, conveyance is the most accurate term for this legal process.

2. What is a key characteristic of an agency relationship?

- A. The agent acts as a friend to the client**
- B. The client has full control over the agent's actions**
- C. The agent acts on behalf of the client**
- D. There is no legal obligation between agents and clients**

A key characteristic of an agency relationship is that the agent acts on behalf of the client. This means that the agent is empowered to make decisions and take actions that are intended to benefit the client, who is often referred to as the principal. In this relationship, the agent has a fiduciary duty to act in the best interests of the client, which establishes a bond of trust and responsibility. This principle underscores the trust placed in the agent by the client and emphasizes the agent's role as a representative who is tasked with carrying out specific responsibilities, such as negotiating and making decisions related to real estate transactions. The actions taken by the agent should align with the client's goals and directives, ensuring that the client's needs and best interests are prioritized. Moreover, the agency relationship is built on legal obligations that require the agent to act competently, loyally, and in good faith toward the client, thereby reinforcing why this option accurately captures a core aspect of agency relationships.

3. What is a listing agreement in real estate?

- A. A document that secures a buyer's financing
- B. A contract between a property owner and a broker**
- C. A lease agreement for rental property
- D. A report on market trends

A listing agreement in real estate is a contract between a property owner and a broker that authorizes the broker to represent the owner in the sale of the property. This agreement outlines the terms of the relationship, including the broker's responsibilities, the duration of the agreement, the listing price, and the commission structure. By signing this agreement, the property owner grants the broker the right to market the property, find potential buyers, and negotiate the sale on their behalf. This arrangement is critical in real estate transactions as it provides a legal framework that protects both the broker and the property owner. It ensures that the broker gets compensated for their services while providing the property owner with professional assistance in the sales process. Understanding the nature of a listing agreement is essential for anyone involved in real estate transactions, as it forms the basis of the broker-client relationship.

4. What is the fee for a salesperson to transfer from one broker to another for the second time during a renewal period?

- A. \$10.00
- B. \$30.00**
- C. \$100.00
- D. \$25.00

In Arkansas, when a salesperson seeks to transfer from one broker to another for the second time during a renewal period, the associated fee is indeed \$30. This fee structure is established to regulate the transfer process and ensure that the real estate commission maintains accurate records of licensed salespersons and their affiliations. The fee for the first transfer is typically lower, which reflects the additional administrative work involved when a salesperson changes their broker multiple times. By setting a specific fee for the second transfer, it encourages consistency and accountability within the industry, as frequent changes can complicate brokerage management and client relationships. Understanding this fee structure is crucial for salespersons who are planning their career moves and budgeting for such changes during their renewal periods.

5. What is the potential fine the Arkansas Real Estate Commission may impose on Bob and Mary for not including their principal broker's name in their advertising?

- A. Up to \$5,000 fine and return all commissions earned**
- B. Up to \$1,000 per violation of the Law**
- C. Not more than \$100 citation imposed by the executive director**
- D. Not more than \$250 citation imposed by the executive director**

The Arkansas Real Estate Commission has specific regulations regarding advertising practices in real estate, which include ensuring that the principal broker's name is included in any promotional materials. This requirement is put in place to maintain transparency and uphold professional standards within the industry. The potential fine of "up to \$1,000 per violation of the Law" is aligned with the regulatory framework that seeks to penalize violations appropriately. This tiered fine structure serves as a deterrent against non-compliance and emphasizes the importance of adhering to advertising standards. When determining the implications of advertising violations, the commission considers factors such as the nature of the violation, the frequency, and the intent behind the omission. The fine per violation encourages agents and brokers to be diligent about their advertising practices and ensures that clients can easily identify the responsible party in a real estate transaction. Thus, the correct answer reflects the serious nature of the violation while promoting adherence to the established laws governing real estate advertising in Arkansas.

6. What is the legal status of the rules and regulations of the Arkansas Real Estate Commission?

- A. They are created by the Arkansas Legislature.**
- B. They are part of the Arkansas Revised Statutes.**
- C. They apply only to licensed real estate brokers.**
- D. They have the full force and effect of the law.**

The legal status of the rules and regulations of the Arkansas Real Estate Commission is that they have the full force and effect of the law. This means that these rules are not simply guidelines or recommendations; they are enforceable regulations that must be followed by all individuals and entities involved in real estate transactions within the state. The Arkansas Real Estate Commission is empowered by the state legislature to create these regulations to ensure professionalism, protect the public, and maintain high standards in the real estate industry. These regulations carry legal weight, just like laws enacted by the legislature, and violations can lead to penalties, including fines, suspension, or revocation of one's real estate license. Understanding this concept is crucial for anyone involved in real estate in Arkansas, as adherence to these rules is mandatory for compliance with state laws governing the profession.

7. What is an essential condition for a broker's action regarding tenant representation?

- A. The broker must present timely written disclosures.**
- B. Oral disclosures are acceptable without written consent.**
- C. Agent representation does not require any disclosures.**
- D. The agent can operate independently without consent.**

An essential condition for a broker's action regarding tenant representation is that the broker must present timely written disclosures. This requirement underscores the importance of transparency in the relationship between the broker and the tenant. Written disclosures ensure that tenants are fully informed about their rights, the terms of representation, and any potential conflicts of interest. Providing timely written disclosures is crucial for establishing trust and compliance with legal and ethical standards in real estate transactions. It helps protect both the broker and the tenant by clearly outlining expectations and responsibilities. This practice is often mandated by real estate regulations to ensure that all parties have a clear understanding of the terms and conditions of their representation. In contrast, relying solely on oral disclosures lacks the clarity and permanence that written documentation provides, potentially leading to misunderstandings or disputes. Additionally, agent representation requires disclosures to maintain transparency, and operating independently without consent could violate ethical guidelines and legal stipulations set forth for real estate practices.

8. What should a broker do when an offeror makes a lower offer after an initial offer has been made?

- A. Ignore it.**
- B. Present it to the offeree.**
- C. Wait three days then present to the offeree.**
- D. Get the two offerors together and auction to the highest bidder.**

When an offeror submits a lower offer following an initial offer, the broker has an obligation to present this new offer to the offeree. This is important because the offeree needs to be aware of all offers made on their property in order to make informed decisions. Presenting all offers aligns with the broker's fiduciary duty to act in the best interest of the client, promoting transparency and ensuring that the offeree can assess their options effectively. By presenting the lower offer, the broker facilitates communication between the parties involved and supports the offeree in evaluating the current market dynamics and potential negotiation strategies. Ignoring the offer or delaying its presentation can hinder the offeree's ability to negotiate or consider their response adequately, which could result in lost opportunities either for the buyer or the seller. This proactive approach emphasizes the broker's role as an intermediary and ensures that all parties are fully informed of the situation at hand.

9. In the context of real estate, what is the role of an escrow account?

- A. To hold buyer's funds until closing**
- B. To store personal funds of the broker**
- C. To secure commission payments for realtors**
- D. To provide operating capital for the firm**

An escrow account plays a critical role in real estate transactions by serving as a neutral holding place for funds. When a buyer makes an offer on a property, it is common practice for the buyer to deposit earnest money into an escrow account. This deposit indicates the buyer's seriousness about the transaction and provides security to the seller, ensuring that the buyer is committed to completing the purchase. The funds in the escrow account are held until the closing of the transaction, at which point they are applied toward the buyer's costs, such as the down payment or closing costs. This process protects all parties involved by ensuring that money is handled fairly and securely until all contractual obligations are met. In contrast, storing personal funds of the broker, securing commission payments for realtors, or providing operating capital for the firm do not accurately reflect the purpose of an escrow account in real estate transactions. The primary function of the escrow account is specifically to hold buyer's funds until the closing process is complete.

10. What type of education is generally exempt for real estate licensees after a certain age?

- A. Continuing education for those over 70**
- B. Continuing education for those over 65**
- C. Post-license education**
- D. No education required after 30 years in the field**

Continuing education requirements for real estate licensees are typically designed to ensure that professionals stay informed about changes in laws, regulations, and practices within the industry. In many jurisdictions, including Arkansas, real estate licensees who are over a certain age, such as 65, may be exempt from certain continuing education requirements. This exemption recognizes the extensive experience and existing knowledge that seasoned professionals bring to their practice. By allowing exemptions for those over 65, the regulatory body aims to balance the need for ongoing education with the acknowledgment of significant lifelong learning and experience. This exemption does not apply to other categories or to the same extent, as younger or less experienced agents are still expected to complete their educational requirements to maintain their licenses.

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://arecarkansasbroker.examzify.com>

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