

# Arizona Real Estate License 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. How much time are buyers generally allowed to conduct a lead-paint investigation on a property?**
  - A. 5 days**
  - B. 10 days**
  - C. 15 days**
  - D. 20 days**
- 2. What type of contract is formed when both the buyer and seller sign the purchase contract?**
  - A. A. Unilateral contract**
  - B. Expressed contract**
  - C. Implied contract**
  - D. Contract by estoppel**
- 3. For whom is the mortgage insurance premium on an FHA-insured loan least beneficial?**
  - A. borrower**
  - B. lender**
  - C. FHA**
  - D. HUD**
- 4. The right of the government to take private property for public use is called:**
  - A. eminent domain**
  - B. adverse possession**
  - C. foreclosure**
  - D. escheat**
- 5. How long can you contact a former client after a transaction closes, even if they are on the National Do Not Call Registry?**
  - A. 9 months**
  - B. 12 months**
  - C. 18 months**
  - D. 24 months**

**6. For a fully amortized fixed-rate mortgage of \$50,000 at 12% over 30 years with monthly payments of \$514.31, what is the principal portion of the first payment?**

- A. \$14.31
- B. \$17.14
- C. \$19.45
- D. \$61.72

**7. What type of note has an interest rate that varies based on an index?**

- A. Adjustable rate note
- B. Fully amortized installment note
- C. Installment note
- D. Straight note

**8. How is the price of a more expensive lot calculated if its value is 50% higher than a smaller lot selling for \$15,000?**

- A. \$20,000
- B. \$22,500
- C. \$23,000
- D. \$25,000

**9. How often is a correction line made to keep range lines nearly six miles apart?**

- A. 3 miles
- B. 6 miles
- C. 12 miles
- D. 24 miles

**10. If Jenny purchased a small office building for \$245,000 with a net operating income of \$35,750, what is her cash-on-cash return?**

- A. 7.0%
- B. 7.6%
- C. 8.9%
- D. 14.6%

## **Answers**

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

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## **Explanations**

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**1. How much time are buyers generally allowed to conduct a lead-paint investigation on a property?**

- A. 5 days**
- B. 10 days**
- C. 15 days**
- D. 20 days**

Buyers are generally allowed a period of 10 days to conduct a lead-paint investigation on a property. This time frame is part of the provisions set forth by the federal Disclosure Rule regarding lead-based paint, which applies to homes built before 1978. During this period, buyers have the opportunity to inspect the property for lead-based paint hazards and to decide whether they want to proceed with the purchase or negotiate necessary repairs based on the findings. This is an essential protective measure, as lead exposure can pose significant health risks, especially to children. The 10-day window is intended to give buyers a reasonable amount of time to adequately assess their potential risks associated with lead paint before finalizing their decision to purchase the property.

**2. What type of contract is formed when both the buyer and seller sign the purchase contract?**

- A. A. Unilateral contract**
- B. B. Expressed contract**
- C. C. Implied contract**
- D. D. Contract by estoppel**

When both the buyer and seller sign the purchase contract, it results in an expressed contract. An expressed contract is one where the terms and intentions of both parties are clearly stated, either orally or in writing. In the context of real estate, a signed purchase contract explicitly outlines the agreement between the parties involved, detailing the rights and obligations they are committing to. This type of contract is essential in real estate transactions because it provides a clear framework under which the buyer is obligated to purchase the property, and the seller is obligated to transfer the property to the buyer. The signed document serves as tangible evidence of the agreement and includes critical details such as the purchase price, property description, and any contingencies. In contrast, other types of contracts mentioned in the question serve different purposes. A unilateral contract involves one party making a promise in exchange for an action from the other party, which is not applicable when both parties sign a contract. An implied contract arises from the actions or conduct of the parties rather than written or spoken words. Finally, a contract by estoppel is not a formal contract; it arises from the actions or statements of one party that leads another party to believe a contract exists, typically preventing that party from denying its validity.

**3. For whom is the mortgage insurance premium on an FHA-insured loan least beneficial?**

**A. borrower**

**B. lender**

**C. FHA**

**D. HUD**

The mortgage insurance premium on an FHA-insured loan is considered least beneficial for the borrower. This is primarily due to the fact that the borrower pays this premium as part of their monthly mortgage payments in order to insure the loan. The purpose of mortgage insurance is to protect the lender in the event of default by the borrower. While the premiums may enable borrowers with lower credit scores or less money for a down payment to qualify for a mortgage, the financial burden placed on them through these insurance costs can be significant. Borrowers essentially bear the cost of this insurance, which is required by the FHA to mitigate the risk associated with a low down payment loan. Thus, while they gain access to financing that they might not otherwise have, the added expense of mortgage insurance premiums can make the loans less advantageous relative to a conventional mortgage without such premiums. In contrast, the lender, FHA, and HUD benefit from the mortgage insurance premium as it provides a safety net in case of borrower default, thus highlighting that the premium is fundamentally structured to favor the interests of those institutions rather than the borrowers themselves.

**4. The right of the government to take private property for public use is called:**

**A. eminent domain**

**B. adverse possession**

**C. foreclosure**

**D. escheat**

The correct answer is eminent domain, which refers to the power held by the government to take private property for public use, typically with compensation to the owner. This principle is grounded in the Fifth Amendment of the U.S. Constitution, which states that private property shall not be taken for public use without just compensation. Eminent domain enables governments to acquire land for various public purposes, such as building infrastructure, schools, or parks, thus serving the public good. In contrast, adverse possession deals with acquiring title to land through continuous and open occupation over a statutory period, providing a legal pathway to claim ownership after meeting specific criteria. Foreclosure involves the legal process through which a lender can reclaim property when the borrower defaults on their mortgage, while escheat is the process by which unclaimed property reverts to state ownership when no heirs or claimants can be identified. Each of these terms describes a different legal principle distinct from the government's power to seize property for public benefit.

**5. How long can you contact a former client after a transaction closes, even if they are on the National Do Not Call Registry?**

- A. 9 months**
- B. 12 months**
- C. 18 months**
- D. 24 months**

The correct duration for contacting a former client after a transaction closes, even if they are on the National Do Not Call Registry, is 18 months. This provision allows real estate professionals to maintain a relationship with their former clients and reach out for purposes such as follow-ups or checking in on their satisfaction with the services provided. It recognizes that a prior business relationship exists and provides a window for continued engagement. This time frame is particularly important for fostering ongoing connections and potentially generating future business or referrals from satisfied clients. Real estate agents can remind clients of their services or share relevant market information, ensuring that their familiarity remains intact within a reasonable period after the transaction. Compliance with this regulation is essential as it aligns with both the National Do Not Call policies and the operational procedures within the real estate industry, reflecting a balance between marketing efforts and respect for consumer privacy.

**6. For a fully amortized fixed-rate mortgage of \$50,000 at 12% over 30 years with monthly payments of \$514.31, what is the principal portion of the first payment?**

- A. \$14.31**
- B. \$17.14**
- C. \$19.45**
- D. \$61.72**

To determine the principal portion of the first mortgage payment, it's important first to understand how mortgage payments are structured. Each monthly payment consists of two components: interest and principal. In this case, the mortgage amount is \$50,000 with an annual interest rate of 12%. When calculating the interest for the first payment, you use the outstanding loan balance at that time, which is the full \$50,000 because it is the first payment. The monthly interest rate is calculated by dividing the annual rate by 12, which gives us 1% ( $12\% \div 12 \text{ months}$ ). To find the interest portion of the first payment, multiply the outstanding balance (\$50,000) by the monthly interest rate (0.01):  $\text{Interest for the first month} = \$50,000 \times 0.01 = \$500$ . Since the total monthly payment is \$514.31, the principal portion of the first payment is calculated by taking the total payment and subtracting the interest portion:  $\text{Principal portion} = \text{Total payment} - \text{Interest portion}$   $\text{Principal portion} = \$514.31 - \$500 = \$14.31$ . Thus, the principal portion of the first payment is \$14.31, which is why this choice is correct. Understanding

**7. What type of note has an interest rate that varies based on an index?**

- A. Adjustable rate note**
- B. Fully amortized installment note**
- C. Installment note**
- D. Straight note**

An adjustable rate note features an interest rate that changes over time, typically in relation to a specific index. This index often reflects market conditions, and as it fluctuates, so too does the interest rate applied to the note. This means that the borrower's monthly payments can vary from one period to the next, adjusting to the current rates in line with the index. In contrast, a fully amortized installment note typically has a fixed interest rate that remains the same throughout the life of the loan, providing predictable payments. An installment note usually refers to any loan repaid through regular payments or installments, which may or may not have a fixed or adjustable rate. A straight note, on the other hand, usually involves interest-only payments during its term with the principal due at maturity, and does not involve varying interest rates associated with a market index. Thus, the adjustable rate note is distinct in its mechanism of variable interest adjusting according to prevailing economic indicators.

**8. How is the price of a more expensive lot calculated if its value is 50% higher than a smaller lot selling for \$15,000?**

- A. \$20,000**
- B. \$22,500**
- C. \$23,000**
- D. \$25,000**

To determine the price of the more expensive lot, we start with the value of the smaller lot, which is \$15,000. Since the more expensive lot is valued at 50% higher than this smaller lot, we first calculate 50% of \$15,000. Fifty percent of \$15,000 is calculated as follows:  $0.50 \times \$15,000 = \$7,500$ . Next, to find the total price of the more expensive lot, we add this amount to the original price of the smaller lot:  $\$15,000 + \$7,500 = \$22,500$ . Therefore, the price of the more expensive lot is \$22,500. This calculation process clearly shows how to derive a value that is increased by a certain percentage, reinforcing important concepts related to arithmetic in real estate valuation.

**9. How often is a correction line made to keep range lines nearly six miles apart?**

- A. 3 miles**
- B. 6 miles**
- C. 12 miles**
- D. 24 miles**

A correction line is instituted in land surveying to account for the curvature of the Earth and to ensure that range lines, which are vertical lines in the Public Land Survey System (PLSS), remain nearly six miles apart. This system is vital for maintaining accurate land boundaries and spacing as surveying occurs over large landscapes. The correct interval for a correction line is indeed established at 24 miles. This is because every 24 miles, adjustments are necessary to ensure that the range lines, which theoretically should be six miles apart, remain so despite the earth's curvature. When mandated corrections occur, they effectively prevent the misalignment that naturally arises over greater distances between the survey lines. In contrast, the other options represent distances that do not correspond to the standard correction line intervals used in the PLSS. Using any of those would result in inaccuracies in land surveying over extensive areas, which is why they are not applicable in this context.

**10. If Jenny purchased a small office building for \$245,000 with a net operating income of \$35,750, what is her cash-on-cash return?**

- A. 7.0%**
- B. 7.6%**
- C. 8.9%**
- D. 14.6%**

To determine Jenny's cash-on-cash return, we need to identify the formula used for this calculation. The cash-on-cash return is calculated using the formula: Cash-on-Cash Return = (Net Operating Income / Cash Invested) x 100 In this scenario, the net operating income (NOI) is \$35,750. However, since the purchase price of the office building is \$245,000, and without further details about any financing involved, it's common in basic calculations to consider that the cash invested is the same as the purchase price, especially when assuming there's no mortgage involved in this question. Using the figures provided: - Net Operating Income = \$35,750 - Cash Invested = \$245,000 Now, plug these values into the formula: Cash-on-Cash Return =  $(\$35,750 / \$245,000) \times 100$  Calculating this: 1. Divide \$35,750 by \$245,000, which equals approximately 0.14634. 2. Multiply 0.14634 by 100 to convert to a percentage, resulting in a cash-on-cash return of about 14.63%. Since this rounds to approximately 14.6%, the correct answer

# 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://arizonarealestate.examzify.com>**

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

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