

# Arizona School of Real Estate and Business (ASREB) Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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**SAMPLE**

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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. A valid contract must have**
  - A. offer and acceptance**
  - B. street address**
  - C. earnest money**
  - D. escrow instructions**
- 2. Which of the following is NOT a participant in the secondary mortgage market?**
  - A. FNMA**
  - B. FHA**
  - C. FHLMC**
  - D. GNMA**
- 3. What is a primary purpose of a purchase agreement?**
  - A. To assign a property to a new owner**
  - B. To outline the terms and conditions of a sale**
  - C. To establish property boundaries**
  - D. To decide on financing options**
- 4. In a purchase contract, what term should be used for a buyer who wishes to remain anonymous?**
  - A. Or Nominor**
  - B. Or Nominee**
  - C. Or Principal**
  - D. Or Assignor**
- 5. To avoid additional fees to licensees, what must the real estate recovery fund maintain as of June 30th each year?**
  - A. \$200,000**
  - B. \$250,000**
  - C. \$300,000**
  - D. \$600,000**

- 6. What event marks the beginning of recordation for a property deed?**
- A. Signature of both parties**
  - B. Notarization of the document**
  - C. Assignment of docket and page number**
  - D. Approval by local authorities**
- 7. Which statement best describes a short sale?**
- A. A sale where the property is sold above mortgage value**
  - B. A transaction requiring lender approval**
  - C. A sale that eliminates homeowner's debt**
  - D. A sale that has no mortgage obligations**
- 8. What is the main consequence of physical depreciation?**
- A. Increased rental income**
  - B. Higher maintenance costs**
  - C. Reduction in market value**
  - D. Enhanced curb appeal**
- 9. What is the name of the federal rent subsidy program?**
- A. Pathway to Purchase**
  - B. Section 8**
  - C. Landlord Tenant Act**
  - D. Protecting Tenants in Foreclosure Act**
- 10. On what basis are property taxes assessed?**
- A. Capital gains on the property**
  - B. Value of the property**
  - C. Amount paid for the property**
  - D. Assessment on the property**



## **Answers**

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

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## **Explanations**

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## 1. A valid contract must have

**A. offer and acceptance**

**B. street address**

**C. earnest money**

**D. escrow instructions**

A valid contract must include both an offer and acceptance, which establishes mutual agreement between the parties involved. Offer refers to one party's proposal to enter into an agreement, while acceptance refers to the other party's agreement to those terms. This mutual consent is critical in contract law as it signifies that both parties understand and agree to the stipulations laid out in the contract. Without this fundamental element, there can be no enforceable contract, as the lack of agreement means the parties have not legally entered into an obligation towards one another. Regarding the other choices, while a street address might provide clarity about the subject of the contract, it is not essential for the validity of the contract itself. Earnest money, which represents a deposit made to demonstrate commitment, is also not a requirement for a contract to be valid. Similarly, escrow instructions pertain to handling the transaction after the agreement is in place but are not necessary to form the contract itself. Thus, the primary requirement for a valid contract remains the presence of offer and acceptance.

## 2. Which of the following is NOT a participant in the secondary mortgage market?

**A. FNMA**

**B. FHA**

**C. FHLMC**

**D. GNMA**

The Federal Housing Administration (FHA) is not a participant in the secondary mortgage market. Instead, the FHA plays a critical role in the primary mortgage market by insuring loans. This insurance protects lenders against losses if a borrower defaults on a mortgage loan, thereby encouraging lenders to offer loans to borrowers who may not qualify for conventional financing. In contrast, organizations like the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Government National Mortgage Association (GNMA) are all active in the secondary mortgage market. They buy loans from primary lenders, package them into mortgage-backed securities, and sell these securities to investors. This process provides liquidity to the mortgage market, allowing lenders to continue issuing new loans. Understanding the distinct roles played by these entities in the mortgage market is crucial for anyone studying real estate finance, as it helps clarify how various institutions contribute to loan availability and the overall health of the housing market.

### 3. What is a primary purpose of a purchase agreement?

- A. To assign a property to a new owner
- B. To outline the terms and conditions of a sale**
- C. To establish property boundaries
- D. To decide on financing options

A purchase agreement serves as a crucial document in a real estate transaction, primarily outlining the terms and conditions of the sale. This includes not only the purchase price but also key details such as the closing date, contingencies, and any specific requirements from either the buyer or seller. By clearly defining these aspects, the purchase agreement provides both parties with a mutual understanding of their commitments and protections within the transaction. The clarity and specificity of the terms help prevent misunderstandings and disputes later on, ensuring a smooth process towards closing the deal. In essence, this essential contract lays the foundation for the successful transfer of property ownership by delineating the rights and responsibilities of each party involved.

### 4. In a purchase contract, what term should be used for a buyer who wishes to remain anonymous?

- A. Or Nominor
- B. Or Nominee**
- C. Or Principal
- D. Or Assignor

When a buyer wishes to remain anonymous in a purchase contract, the term "or nominee" is appropriate because it allows the buyer to designate an intermediary or another party without revealing their identity. This term is commonly used in various legal and real estate contexts to signify that the rights of the person entering the contract can be assigned or transferred to another individual or entity. The use of "or nominee" specifically clarifies that the listed buyer is acting on behalf of another party, thus maintaining the original buyer's anonymity while still binding the nominee to the terms of the contract. This option effectively aligns with the principle of anonymity, as it keeps the identity of the principal buyer out of direct disclosure in the transaction, which can be beneficial for various reasons, such as privacy or strategic business considerations.

**5. To avoid additional fees to licensees, what must the real estate recovery fund maintain as of June 30th each year?**

- A. \$200,000**
- B. \$250,000**
- C. \$300,000**
- D. \$600,000**

The real estate recovery fund must maintain a balance of \$600,000 as of June 30th each year to avoid imposing additional fees on licensees. This requirement is established to ensure that there are sufficient funds available to cover claims made against the fund, which protects consumers and enhances the accountability of licensees within the real estate profession. By maintaining this balance, the fund can support its intended purpose without needing to increase fees charged to real estate professionals, thus contributing to a more stable economic environment for those in the industry. This threshold is important for sustaining the integrity of the real estate market and providing a safety net for consumers who may have financial claims against licensees.

**6. What event marks the beginning of recordation for a property deed?**

- A. Signature of both parties**
- B. Notarization of the document**
- C. Assignment of docket and page number**
- D. Approval by local authorities**

The beginning of recordation for a property deed is marked by the assignment of a docket and page number. This process is significant because it formalizes the deed's entry into the public record, allowing it to be searchable and officially recognized by the local jurisdiction. Once the deed has been assigned a docket and page number, it becomes part of the public record, which is essential for providing notice to third parties and protecting the interests of the property owner. While other actions, such as obtaining signatures from both parties and notarization, are important steps in creating a legally binding document, they do not signify that the deed has been officially recorded. Approval by local authorities might be a requirement for certain types of transactions or developments, but it does not directly relate to the actual recordation of a deed. Thus, the assignment of a docket and page number distinctly represents the point at which the deed is recognized in the public record.

## 7. Which statement best describes a short sale?

- A. A sale where the property is sold above mortgage value
- B. A transaction requiring lender approval**
- C. A sale that eliminates homeowner's debt
- D. A sale that has no mortgage obligations

A short sale is characterized as a transaction requiring lender approval. This situation arises when a homeowner sells their property for less than the amount owed on the mortgage. Because the lender will be taking a loss on the loan, their approval is essential for the sale to proceed. The lender needs to agree to accept a reduced payoff, which typically is determined through a negotiation process where the homeowner provides evidence of financial hardship—demonstrating that they cannot afford to continue making mortgage payments. In this context, it's essential to understand how this relates to the overarching aim of the transaction, which is often to help the homeowner avoid foreclosure. The other options do not accurately capture the essence of a short sale; for instance, a sale above mortgage value does not involve a short sale scenario, nor does a short sale inherently eliminate homeowner's debt—there may still be residual debts involved based on the terms negotiated with the lender. Additionally, a sale that has no mortgage obligations does not align with the definition of a short sale, as existing mortgage obligations are central to the transaction.

## 8. What is the main consequence of physical depreciation?

- A. Increased rental income
- B. Higher maintenance costs
- C. Reduction in market value**
- D. Enhanced curb appeal

Physical depreciation refers to the loss of value of a property due to wear and tear or deterioration over time. This can result from factors such as age, neglect, or environmental damage. The main consequence of physical depreciation is a reduction in market value. As properties age and show signs of physical decline, potential buyers or investors often perceive them as less desirable, leading to a lower market price. In contexts where physical depreciation is significant, property owners may find it challenging to command the same listing prices they could have previously achieved when the property was in better condition. This phenomenon can have wider implications, affecting financing options and investment decisions, as lenders and investors typically take the current market value into account when considering a transaction. While factors like increased rental income or enhanced curb appeal could occasionally occur if a property is renovated or well-maintained, these outcomes are typically not direct results of physical depreciation. Similarly, while higher maintenance costs may arise from ongoing repairs due to deterioration, the fundamental impact of physical depreciation primarily manifests as a decline in the property's market value.

**9. What is the name of the federal rent subsidy program?**

- A. Pathway to Purchase**
- B. Section 8**
- C. Landlord Tenant Act**
- D. Protecting Tenants in Foreclosure Act**

The federal rent subsidy program is known as Section 8. This program provides assistance to low-income families, the elderly, and individuals with disabilities to help them afford housing in the private market. Under this program, eligible participants receive vouchers that cover a portion of their rent, allowing them to pay only a small percentage of their income towards housing. The remaining amount is subsidized by the government directly to the landlords. This makes housing more accessible for those who might otherwise struggle to afford it, fostering stability in communities and reducing homelessness. The other choices listed are related to housing but do not refer specifically to a federal rent subsidy program. For instance, Pathway to Purchase is focused on homebuyer assistance, the Landlord Tenant Act pertains to the regulations governing the landlord-tenant relationship, and the Protecting Tenants in Foreclosure Act addresses tenant protections during foreclosure but is not a rent subsidy program. Thus, Section 8 is the correct identification of the federal program aimed at making rent more affordable for eligible renters.

**10. On what basis are property taxes assessed?**

- A. Capital gains on the property**
- B. Value of the property**
- C. Amount paid for the property**
- D. Assessment on the property**

Property taxes are primarily assessed based on the value of the property. This means that local taxing authorities determine the taxation amount through an evaluation of the property's market value, which often takes into account various factors such as location, condition, property type, and current market trends. The assessment process typically includes appraisals to establish a fair market value, from which the tax amount is calculated. The rationale for using property value as the basis for taxation is that it correlates with the owner's ability to contribute to public services funded by taxes. Higher-valued properties contribute more in taxes than lower-valued properties, which helps fund local schools, roads, and other community services. While other options involve aspects related to property ownership or financial transactions, they do not serve as a foundation for tax assessments in the same way that property value does. For instance, capital gains on a property are relevant when the property is sold but do not influence the annual property tax assessment. Similarly, the amount paid for the property may not accurately reflect its current market value, and assessments are not determined by arbitrary reassessments without a valuation process. Thus, basing property taxes on assessed value ensures a consistent and equitable approach to taxation within a jurisdiction.



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

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