

Audit of Construction and Real Estate Industry Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright 1

Table of Contents 2

Introduction 3

How to Use This Guide 4

Questions 5

Answers 8

Explanations 10

Next Steps 16

SAMPLE

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

SAMPLE

- 1. They help in facilitating a transaction between buyers and sellers of property.**
 - A. Lenders**
 - B. Real estate agents**
 - C. Brokerage**
 - D. Sales and marketing**

- 2. The Maceda Law applies to what kind of sale in particular?**
 - A. Real estate sold on installment basis to buyers**
 - B. Leases of real estate**
 - C. Real estate sold in cash**
 - D. Mortgage refinancing agreements**

- 3. The Philippines real estate market is expected to post revenues by 2020 due to which factor?**
 - A. Decreasing urbanization**
 - B. Regulatory restrictions**
 - C. Increasing urbanization and expansion**
 - D. Volatile commodity prices**

- 4. A common category of residential real estate is _____.**
 - A. Commercial properties**
 - B. Industrial warehouses**
 - C. Single-family homes**
 - D. Vacant land**

- 5. Real estate refers to property consisting of land and improvements such as fixtures, buildings, roads, structures, and utility systems.**
 - A. Real estate**
 - B. Construction**
 - C. Urban planning**
 - D. Personal property**

- 6. Which project is identified as a flagship project in the infrastructure plan?**
- A. Metro Manila Subway Project**
 - B. Subic Bay Port Upgrade**
 - C. Pasig River Cleanup Initiative**
 - D. Caloocan Highway Upgrade**
- 7. Which group occupied only 379,000 square meters of office space?**
- A. Other companies not belonging to these categories**
 - B. National Capital Region**
 - C. Philippine Offshore Gaming Operators (POGO)**
 - D. Information technology**
- 8. Which of the following is NOT a typical task of property management firms?**
- A. Collecting rent**
 - B. Managing tenants**
 - C. Ordering construction materials for new builds**
 - D. Fixing deficiencies**
- 9. It refers to any real property consisting of land and improvements such as fixtures, buildings, roads, structures, and even utility systems.**
- A. Real estate**
 - B. Construction**
 - C. Urban planning**
 - D. Personal property**
- 10. Upon modification of a loan, how are existing deferred financing costs generally treated over the term of the modified loan?**
- A. amortize over the term of the modified loan**
 - B. capitalize the new costs incurred and paid directly to the lender**
 - C. expense any new cost in the period of modification**
 - D. write off the existing costs**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. They help in facilitating a transaction between buyers and sellers of property.

A. Lenders

B. Real estate agents

C. Brokerage

D. Sales and marketing

Connecting buyers and sellers through a real estate deal requires someone to bridge communication, negotiate terms, and coordinate the steps to closing. Real estate agents perform this function by representing one or both sides, advising on pricing and market conditions, marketing the property, arranging showings, presenting and negotiating offers, and coordinating with lenders, inspectors, title companies, and attorneys. They manage disclosures, ensure paperwork is accurate, and keep the process moving smoothly toward settlement, while upholding fiduciary duties to their client. Lenders, while essential for financing, focus on funding the purchase rather than facilitating the transaction between buyer and seller. A brokerage is the firm that employs agents; it provides the infrastructure and support but does not directly handle the transaction with the buyer and seller. Sales and marketing help attract interest and generate offers, but the actual facilitation of the deal—negotiation, documentation, and coordination of closing—is carried out by real estate agents.

2. The Maceda Law applies to what kind of sale in particular?

A. Real estate sold on installment basis to buyers

B. Leases of real estate

C. Real estate sold in cash

D. Mortgage refinancing agreements

Maceda Law focuses on protections for buyers in real estate arrangements that are paid for over time, especially long-term leases that are tied to an eventual transfer of ownership (lease with an option to purchase or similar installment-based arrangements). It sets out procedures and remedies when such agreements are terminated, so the buyer isn't left empty-handed after substantial payments. The law often requires notice to the party in default, provides grace periods, and ensures that a portion of payments already made can be recovered or credited when the contract ends, depending on how long the buyer has been in the arrangement. This emphasis on lease-based real estate transactions explains why the law is associated with leases of real estate rather than simple cash sales, mortgage refinancing, or other non-lease financing.

3. The Philippines real estate market is expected to post revenues by 2020 due to which factor?

- A. Decreasing urbanization**
- B. Regulatory restrictions**
- C. Increasing urbanization and expansion**
- D. Volatile commodity prices**

Increasing urbanization and expansion drives real estate demand. When more people move into cities and urban areas grow, there's a ramp-up in the need for housing, offices, and retail space, plus infrastructure to support the expanding urban footprint. This push creates more development opportunities and revenue opportunities for property developers, property managers, and related sectors. The Philippines has been seeing rapid urban growth and city-centered expansion, which naturally boosts real estate activity and revenues. Decreasing urbanization would shrink the market's core demand, regulatory restrictions tend to slow or complicate growth rather than boost it, and volatile commodity prices affect costs and project feasibility rather than directly generating higher revenues.

4. A common category of residential real estate is _____.

- A. Commercial properties**
- B. Industrial warehouses**
- C. Single-family homes**
- D. Vacant land**

Residential real estate covers housing meant for people to live in. The most common form within this category is the single-family home—a stand-alone dwelling designed for one family. It makes up a large portion of the housing stock and is the typical reference point when discussing residential property, ownership, and market dynamics. The other options aren't residential by nature: commercial properties are for business use, industrial warehouses serve manufacturing or storage, and vacant land isn't a dwelling until developed. So, single-family homes are the most common residential category.

5. Real estate refers to property consisting of land and improvements such as fixtures, buildings, roads, structures, and utility systems.

- A. Real estate**
- B. Construction**
- C. Urban planning**
- D. Personal property**

Real estate encompasses land and any permanent improvements attached to it. The key idea is that items fixed to the land—such as buildings, fixtures, roads, structures, and utility systems—are considered part of the property because they are intended to stay with the land. This distinguishes real estate from personal property, which includes movable items not attached to the land, like furniture. Construction describes the act of building rather than the asset category, while urban planning is about organizing land use in a community. Therefore, the description matches real estate.

6. Which project is identified as a flagship project in the infrastructure plan?

- A. Metro Manila Subway Project**
- B. Subic Bay Port Upgrade**
- C. Pasig River Cleanup Initiative**
- D. Caloocan Highway Upgrade**

The concept being tested is identifying the flagship project—a centerpiece that embodies the plan’s ambition and drives funding, attention, and momentum for the entire program. The Metro Manila Subway Project fits this role best because its scale, cost, and strategic impact set the tone for the infrastructure plan. As a long-standards mass transit initiative, it promises transformative changes in travel times, reduces congestion, and unlocks economic corridors across the region. Its visibility, complexity, and potential to attract funding and private participation make it the symbol of modernization and the driving force behind broader development goals outlined in the plan. The other projects, while valuable in their own right, operate in more targeted or supportive roles—such as upgrading port capacity, cleaning waterways, or improving a major highway. They don’t carry the same combination of national significance, transformative potential, and high-profile status that a flagship project does, which is why the Metro Manila Subway Project is identified as the flagship.

7. Which group occupied only 379,000 square meters of office space?

- A. Other companies not belonging to these categories**
- B. National Capital Region**
- C. Philippine Offshore Gaming Operators (POGO)**
- D. Information technology**

When office-space data are shown by tenant type, there’s often a catch-all category for all tenants that don’t fit the major groups. The figure 379,000 square meters belongs to that catch-all group: “Other companies not belonging to these categories.” This category tends to be the smallest share because the market’s space is dominated by a few large sectors (like IT and POGO). The other options represent either major occupier groups that would use much more space, or a region rather than a group of occupiers, so they wouldn’t correspond to the smallest 379,000 sqm. Therefore, the residual category of all other companies is the correct description for the group occupying 379,000 square meters.

8. Which of the following is NOT a typical task of property management firms?

A. Collecting rent

B. Managing tenants

C. Ordering construction materials for new builds

D. Fixing deficiencies

Property management firms focus on operating and maintaining an existing property and handling tenant-related needs, not on constructing new buildings. Ordering construction materials for new builds sits in the realm of development and construction teams, where procurement is tied to a specific new project. In contrast, collecting rent, managing tenants, and fixing deficiencies are core ongoing duties of property managers: rent collection keeps cash flow steady, tenant management covers screening, leases, and communication, and fixing deficiencies involves routine maintenance and repairs to keep the property functional and safe. Therefore, ordering materials for new builds isn't a typical property management task.

9. It refers to any real property consisting of land and improvements such as fixtures, buildings, roads, structures, and even utility systems.

A. Real estate

B. Construction

C. Urban planning

D. Personal property

The main idea is the distinction between property types based on permanence and attachment to the land. Real property includes land and permanent improvements attached to it—buildings, roads, utility systems, and fixtures that are intended to stay with the land. These items are part of what defines the property and are typically transferred with the land title. Personal property, in contrast, consists of movable items not permanently attached. Construction describes the act of building, not the property itself, and urban planning is about designing how land is used, not ownership of a property asset. Real estate is the term used for the land and its permanent improvements that form an asset that can be bought, sold, or mortgaged. So, the best answer is real estate.

10. Upon modification of a loan, how are existing deferred financing costs generally treated over the term of the modified loan?

A. amortize over the term of the modified loan

B. capitalize the new costs incurred and paid directly to the lender

C. expense any new cost in the period of modification

D. write off the existing costs

Costs incurred to obtain the new loan terms when a modification occurs are treated as part of the debt. They're capitalized—added to the carrying amount of the modified loan—and then amortized over the term of the modified loan. This keeps the cost linked to the financing arrangement itself, spreading the impact over the period the debt remains outstanding. It reflects that the modification creates or alters a financial instrument rather than generating an immediate expense.

SAMPLE

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://auditofconstrealestateindustry.examzify.com>

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

SAMPLE