

# Azure Tide Realty Practice Test (Sample)

## Study Guide



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

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**SAMPLE**

## **Questions**

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- 1. Why should buyers consider the future resale value of a property?**
  - A. It's irrelevant in short-term ownership**
  - B. It influences long-term investment potential**
  - C. It dictates the renovation budget**
  - D. It guarantees a buyer the best price**
- 2. What type of insurance does the FHA provide?**
  - A. Homeowner's insurance**
  - B. Mortgage insurance**
  - C. Life insurance**
  - D. Health insurance**
- 3. If the Federal Reserve votes to lowers the discount rate, how will this likely affect interest rates on short-term credit?**
  - A. They will likely increase**
  - B. They will remain the same**
  - C. They will likely decrease**
  - D. They will fluctuate significantly**
- 4. How many acres are contained in N 1/2 of NW 1/4 of SE 1/4 of section 8?**
  - A. 10 acres**
  - B. 20 acres**
  - C. 40 acres**
  - D. 80 acres**
- 5. A personal loan to pay medical expenses is protected from foreclosure procedures by which act?**
  - A. Homestead Act**
  - B. Consumer Protection Act**
  - C. Real Property Act**
  - D. Medical Expense Protection Act**

- 6. What is the purpose of a home warranty?**
- A. To provide insurance against market fluctuations**
  - B. To cover repair or replacement of major home systems**
  - C. To assist in home appraisal processes**
  - D. To secure financing options for buyers**
- 7. What information does Janice Raney's brokerage sign NOT need to state?**
- A. The name of the sales associates working under her**
  - B. The brokerage's contact information**
  - C. The licensing number of the brokerage**
  - D. The name of the brokerage itself**
- 8. What is a common requirement for both business and real estate brokerage licenses?**
- A. Completion of an ethics course**
  - B. A passing score on a state exam**
  - C. Previous industry experience**
  - D. A background check**
- 9. What legal action should a broker take if there is a dispute over an escrow deposit?**
- A. File a lawsuit against both parties**
  - B. Request an interpleader**
  - C. Return the deposit to the seller**
  - D. Negotiate a settlement between the parties**
- 10. What is the primary obligation of a listing associate when receiving a verbal offer as a single agent?**
- A. The associate can choose not to present the offer**
  - B. The associate must present the offer to the seller**
  - C. The associate should inform the buyer about market conditions**
  - D. The associate is required to discuss the offer with their broker**

## **Answers**

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

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## **Explanations**

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**1. Why should buyers consider the future resale value of a property?**

- A. It's irrelevant in short-term ownership**
- B. It influences long-term investment potential**
- C. It dictates the renovation budget**
- D. It guarantees a buyer the best price**

Considering the future resale value of a property is crucial for buyers because it directly impacts the long-term investment potential. When evaluating a property, buyers should analyze how the local real estate market trends, neighborhood developments, and economic factors could affect the value of their investment over time. A property that is expected to appreciate in value can provide a significant return when the owner decides to sell. Understanding these dynamics empowers buyers to make informed decisions that align with their financial goals, ensuring that their investment remains sound as the market changes. This perspective encourages a strategic approach to property selection, reflecting the importance of long-term financial planning in real estate.

**2. What type of insurance does the FHA provide?**

- A. Homeowner's insurance**
- B. Mortgage insurance**
- C. Life insurance**
- D. Health insurance**

The Federal Housing Administration (FHA) provides mortgage insurance, which is essential for safeguarding lenders against losses that may arise if a borrower defaults on their mortgage payments. This insurance enables lenders to offer loans with lower down payment requirements, making homeownership more accessible to individuals who might otherwise be unable to afford a home. The FHA's insurance protects the lender up to a certain percentage of the loan amount, thereby encouraging them to lend to borrowers who may have lower credit scores or limited financial history. By reducing the risk associated with lending, the FHA plays a significant role in promoting stability and availability in the housing market, contributing to increased homeownership rates.

**3. If the Federal Reserve votes to lower the discount rate, how will this likely affect interest rates on short-term credit?**

- A. They will likely increase**
- B. They will remain the same**
- C. They will likely decrease**
- D. They will fluctuate significantly**

When the Federal Reserve lowers the discount rate, it reduces the cost for banks to borrow money from the central bank. As banks find it cheaper to borrow, they are more likely to pass these savings onto consumers and businesses through lower interest rates on short-term loans and credit. This typically leads to a decrease in interest rates for various forms of short-term credit, as the overall cost of borrowing has been reduced. Lower interest rates on short-term credit can stimulate economic activity by making loans more affordable. Consumers might be encouraged to take out loans for purchases like cars or home improvements, and businesses may invest in expansion since the cost of borrowing is lower. Thus, the answer reflects the expected outcome of a lower discount rate effectively making credit more accessible and less expensive.

**4. How many acres are contained in N 1/2 of NW 1/4 of SE 1/4 of section 8?**

- A. 10 acres**
- B. 20 acres**
- C. 40 acres**
- D. 80 acres**

To determine the number of acres in the specified land division, it's important to understand how each fractional part of the section contributes to the total acreage. A section in land surveying is typically 640 acres. Each quarter of a section (like NW 1/4, SE 1/4, etc.) is 160 acres. The calculation breaks down as follows: 1. **\*\*Identifying the Sections\*\***: The SE 1/4 of section 8 contains 160 acres. 2. **\*\*Finding the NW 1/4 of SE 1/4\*\***: This is a further division of the SE 1/4. Taking half of this again means we are now dealing with 80 acres from the SE 1/4 (which is 160 divided by 2). 3. **\*\*Now taking N 1/2 of NW 1/4 of SE 1/4\*\***: By taking half of the 80 acres we've determined for the NW 1/4, we end up with 40 acres. Therefore, the correct answer is that there are 40 acres contained in the N 1/2 of NW 1/4 of SE 1/4 of section 8. The

**5. A personal loan to pay medical expenses is protected from foreclosure procedures by which act?**

- A. Homestead Act**
- B. Consumer Protection Act**
- C. Real Property Act**
- D. Medical Expense Protection Act**

The Homestead Act is designed to protect individuals' primary residences from being seized in certain situations, specifically in the event of debt collection and foreclosure procedures. This means that if someone takes out a personal loan, even for medical expenses, their primary home is safeguarded from being taken away due to financial obligations. The core intent of the Homestead Act is to provide a form of financial security and stability to homeowners, ensuring they have a safe place to live despite potential economic hardships. In contrast, the other acts mentioned, such as the Consumer Protection Act, focus more on safeguarding consumers from unfair or deceptive business practices rather than protecting personal property in terms of foreclosure. The Real Property Act generally deals with matters related to the rights and ownership of real estate, and the Medical Expense Protection Act, while it may imply support for medical financial obligations, does not specifically address the protection of personal property from foreclosure. Thus, the Homestead Act is the most relevant legislation regarding the protection of a personal loan acquired for medical expenses from foreclosure procedures.

**6. What is the purpose of a home warranty?**

- A. To provide insurance against market fluctuations**
- B. To cover repair or replacement of major home systems**
- C. To assist in home appraisal processes**
- D. To secure financing options for buyers**

A home warranty serves the specific purpose of covering the repair or replacement of major home systems and appliances that can fail due to normal wear and tear. This coverage can include essential systems such as plumbing, electrical, heating, and cooling systems, as well as appliances like refrigerators and ovens. By having a home warranty, homeowners can have peace of mind knowing they are protected against unexpected costs arising from breakdowns of these critical components, which often occur without warning. The other options do not align with the primary function of a home warranty. Insurance against market fluctuations pertains to financial strategies and risk management in real estate investment, while the appraisal process involves determining a property's value and is not directly influenced by a home warranty. Lastly, securing financing options involves lending and loan products, which are separate from warranty services that focus on maintenance and repair aspects of home ownership.

**7. What information does Janice Raney's brokerage sign NOT need to state?**

- A. The name of the sales associates working under her**
- B. The brokerage's contact information**
- C. The licensing number of the brokerage**
- D. The name of the brokerage itself**

The correct answer is that the sign does not need to state the name of the sales associates working under Janice Raney's brokerage. When it comes to brokerage signs, the primary focus is on representing the brokerage as a legal entity rather than individual associates. The brokerage's sign is typically required to include the brokerage's name, its contact information, and the licensing number to comply with legal and regulatory standards. This information ensures that clients can easily identify the brokerage, reach out for inquiries, and understand that the brokerage is properly licensed to operate within their jurisdiction. Including individual sales associates' names is not a regulatory requirement and might even complicate the representation of the brokerage itself. Thus, while it can be beneficial to have sales associates' names for marketing purposes, it is not necessary from a compliance perspective.

**8. What is a common requirement for both business and real estate brokerage licenses?**

- A. Completion of an ethics course**
- B. A passing score on a state exam**
- C. Previous industry experience**
- D. A background check**

A passing score on a state exam is a fundamental requirement for obtaining both business and real estate brokerage licenses. This requirement ensures that individuals possess the necessary knowledge and understanding of laws, regulations, and best practices relevant to their respective fields. State exams typically cover a range of topics, including real estate principles, contracts, finance, and ethics, ensuring that licensees are adequately prepared to operate in the real estate market or in business environments. This requirement serves as a standardized measure of competency, helping to maintain professionalism in the industry and protect consumers. It is crucial for ensuring that those who hold these licenses are equipped with the skills and knowledge necessary to uphold regulatory standards and ethical practices in their work. The other options, while they may be relevant in specific contexts or jurisdictions, do not universally apply as common requirements for both business and real estate brokerage licenses. For example, the completion of an ethics course may be mandatory in some areas but not in all, and while previous industry experience can be beneficial, it is not a standard requirement. Similarly, background checks are often part of the licensing process but can vary by state and are not as universally mandated as passing a state exam.

**9. What legal action should a broker take if there is a dispute over an escrow deposit?**

- A. File a lawsuit against both parties**
- B. Request an interpleader**
- C. Return the deposit to the seller**
- D. Negotiate a settlement between the parties**

When there is a dispute over an escrow deposit, requesting an interpleader is the most appropriate legal action for a broker to take. An interpleader is a legal procedure that allows a neutral third party—in this case, the broker—to deposit the disputed funds with the court and ask for a ruling on who is entitled to the funds. This helps to resolve the dispute without the broker having to take sides, thereby protecting their interests and allowing the court to determine the rightful claimant. Choosing this route minimizes the risk to the broker of potential liability. By depositing the funds in the court, the broker is effectively stepping away from the conflict and requesting the judicial system to address the dispute. This ensures that both parties are given an opportunity to present their claims to the court, thus facilitating a fair resolution. The other options involve actions that could either place the broker at risk or might not adequately resolve the dispute. For instance, filing a lawsuit against both parties could lead to complications, and returning the deposit to one party could leave the broker open to claims from the other claiming entitlement to the funds. Negotiating a settlement might not resolve the fundamental legal dispute over the funds, and may not be possible if both parties are firmly in opposition. Thus, the interple

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- C. The associate should inform the buyer about market conditions**
- D. The associate is required to discuss the offer with their broker**

The primary obligation of a listing associate when receiving a verbal offer as a single agent is to present the offer to the seller. This responsibility stems from the fiduciary duty of the agent to act in the best interest of their client, which in this case is the seller. The listing associate must communicate all offers, whether verbal or written, to ensure the seller can make informed decisions regarding their property. This duty is integral to transparent and effective communication in the real estate transaction process, thereby facilitating trust and professionalism between the agent and the seller. Other options, while they may seem relevant, do not fulfill the primary obligation associated with the role of a listing associate. Not presenting an offer would violate this fiduciary duty. Informing the buyer about market conditions or discussing the offer with their broker, while potentially beneficial actions, do not replace the core responsibility of presenting offers directly to the seller.