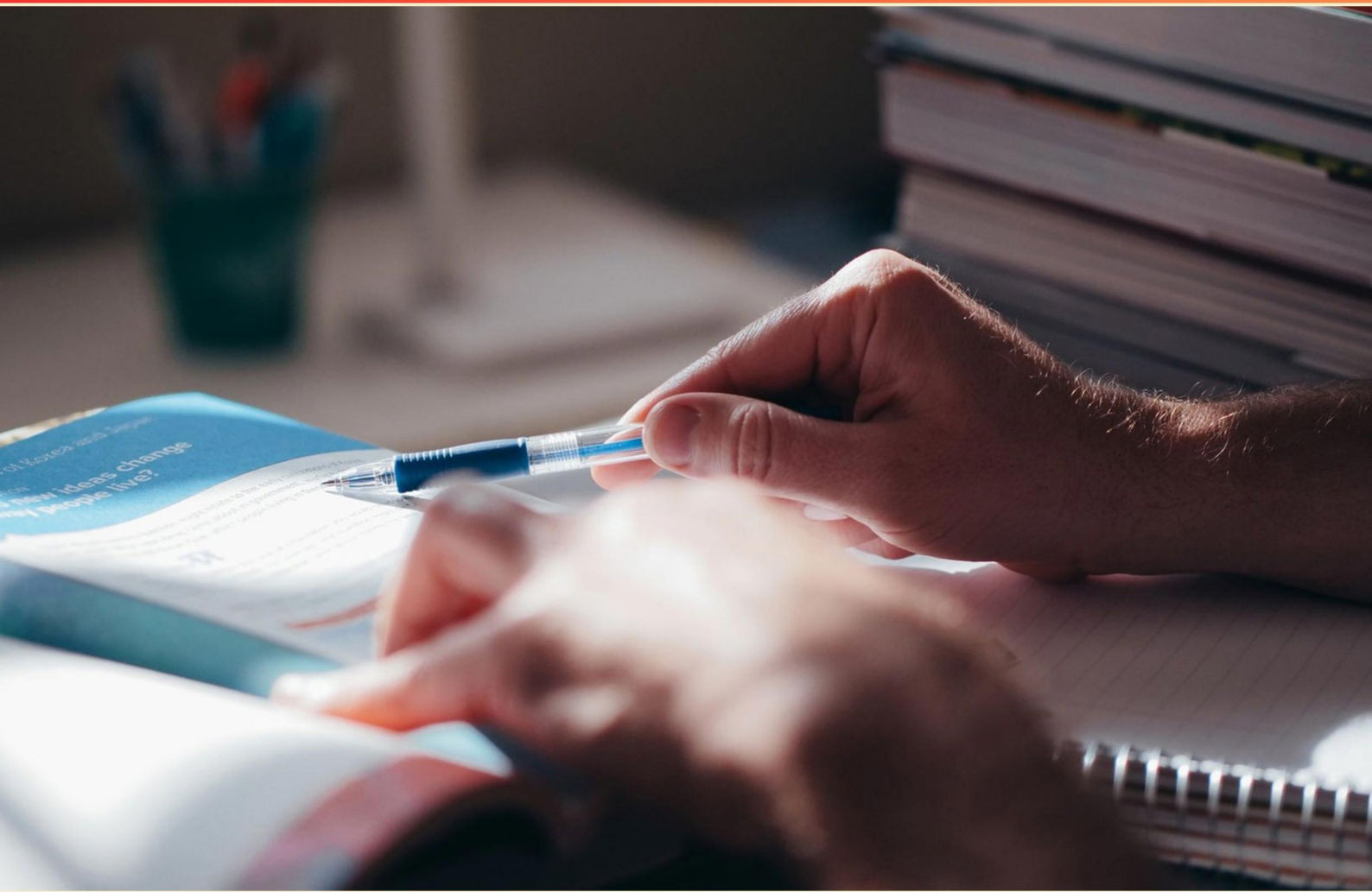


CAS 45-HOUR REAL ESTATE PRINCIPLES COURSE PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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

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- 1. Which reason justifies the act of reformation in contract law?**
 - A. To add new terms
 - B. To correct a mutual mistake
 - C. To terminate an agreement
 - D. To increase penalties
- 2. What is one of the most fundamental fiduciary duties that underpins all other duties?**
 - A. Loyalty
 - B. Trust
 - C. Disclosure
 - D. Confidentiality
- 3. What is one common measure a builder might take to improve a site's drainage?**
 - A. Install underground piping
 - B. Grade the lot
 - C. Add a swimming pool
 - D. Plant vegetation
- 4. What does an appraisal value represent in a home sale?**
 - A. The final sale price agreed upon
 - B. The homeowner's equity in the property
 - C. The lender's estimate of the property's worth
 - D. The value agreed upon by the buyer
- 5. Which of the following best indicates that Harold is Kelsey's seller client?**
 - A. Kelsey and Harold have an oral agreement.
 - B. Kelsey has a signed listing with another agent.
 - C. Kelsey and Harold have a signed agency agreement.
 - D. Kelsey is related to Harold.

- 6. Which of these circumstances does NOT require agent disclosure?**
- A. Marty is representing Dwayne in a transaction involving his current home.
 - B. The agent has personal knowledge of the sellers.
 - C. A family member is involved in the transaction.
 - D. The agent knows the property was previously foreclosed.
- 7. What is the primary purpose of a mortgage?**
- A. To secure a loan against real property
 - B. To provide immediate capital for sellers
 - C. To avoid property taxes
 - D. To facilitate property flips
- 8. When a buyer inspects a property sooner than required, what is this an example of?**
- A. Breach of contract
 - B. Performance of the contract
 - C. Adjusting the contract terms
 - D. Contract invalidation
- 9. If you have a listing agreement with Sam, what is Sam's relationship to you?**
- A. Customer
 - B. Client
 - C. Broker
 - D. Partner
- 10. Select the statement that accurately reflects the type of deed used for the transfer.**
- A. A warranty deed guarantees clear title.
 - B. A quitclaim deed conveys property without warranties.
 - C. A deed of trust conveys real estate to a trustee for a beneficiary.
 - D. A grant deed transfers ownership upon completion of payment.

Answers

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

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Explanations

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1. Which reason justifies the act of reformation in contract law?

- A. To add new terms
- B. To correct a mutual mistake**
- C. To terminate an agreement
- D. To increase penalties

The act of reformation in contract law is primarily justified to correct a mutual mistake. This means that when both parties involved in a contract have a shared misunderstanding regarding an essential fact or term that is integral to the agreement, reformation allows the contract to be modified to reflect the true intent of the parties. This legal remedy aims to ensure that the written contract accurately represents what both parties originally intended, which can prevent unjust enrichment or unfair outcomes resulting from the mistake. For instance, if a contract mistakenly includes the wrong property description due to both parties being unaware of a factual error, reformation allows the document to be corrected, ensuring that the agreement fulfills its purpose as intended by both sides. In contrast, the other choices do not align with the doctrine of reformation. Adding new terms would typically require a new contract or an amendment rather than a reformation of the existing terms. Terminating an agreement involves ending the contract rather than modifying it. Increasing penalties does not reflect the intent of reformation as it does not correct misunderstandings or errors in the contract's formation but rather imposes harsher terms that were not originally agreed upon.

2. What is one of the most fundamental fiduciary duties that underpins all other duties?

- A. Loyalty**
- B. Trust
- C. Disclosure
- D. Confidentiality

Loyalty is indeed a fundamental fiduciary duty that serves as the cornerstone for the other fiduciary responsibilities in a real estate context. This duty requires the agent to prioritize the best interests of their client above all else. By placing the client's interests first, loyalty establishes a relationship of trust between the agent and the client, reinforcing other duties such as disclosure, confidentiality, and obedience. When an agent acts with loyalty, they avoid conflicts of interest and do not engage in any actions that could undermine their client's position in a transaction. This principle is vital for maintaining the integrity of the agent-client relationship and ensuring that the client's needs and goals are adequately represented and met throughout the process. By grounding all interactions in loyalty, an agent builds a solid foundation for fulfilling their additional obligations, ensuring ethical and responsible conduct within their professional practice.

3. What is one common measure a builder might take to improve a site's drainage?

- A. Install underground piping
- B. Grade the lot**
- C. Add a swimming pool
- D. Plant vegetation

Grading the lot is a common measure that builders use to improve a site's drainage. This process involves shaping the land to control water flow effectively. By creating slopes away from buildings and structures, grading helps ensure that rainwater and runoff do not pool around foundations, which could lead to water damage or erosion over time. Proper grading directs water toward designated drainage areas or systems, enhancing the overall drainage capacity of the site and preventing flooding. While installing underground piping is also a viable solution for managing drainage, it is often a more complex and costly process that may not address the surface-level issues directly. Adding a swimming pool does not contribute to drainage improvement; instead, it may complicate water management by introducing additional water bodies. Planting vegetation can help in some drainage scenarios by stabilizing soil and absorbing excess moisture, but it is typically not a primary measure for significant drainage improvement. Therefore, grading is the most effective and foundational method for enhancing site drainage.

4. What does an appraisal value represent in a home sale?

- A. The final sale price agreed upon
- B. The homeowner's equity in the property
- C. The lender's estimate of the property's worth**
- D. The value agreed upon by the buyer

An appraisal value in a home sale primarily represents the lender's estimate of the property's worth. This value is determined by a qualified appraiser who evaluates various factors, including the condition of the property, comparable home sales in the area, and current market trends. Lenders rely on this valuation to ensure that the amount they are willing to lend is aligned with the actual market value of the property, protecting their financial interests. If the appraised value is lower than the agreed sale price, the lender may not provide financing for the full amount, which can impact the transaction. The appraisal is a critical component of the home buying process, particularly for the lender, as it helps mitigate risk. While the final sale price agreed upon or the value perceived by the buyer are important elements in a transaction, they do not necessarily reflect the objective market value that the appraisal aims to determine.

5. Which of the following best indicates that Harold is Kelsey's seller client?

- A. Kelsey and Harold have an oral agreement.
- B. Kelsey has a signed listing with another agent.
- C. Kelsey and Harold have a signed agency agreement.**
- D. Kelsey is related to Harold.

The best indication that Harold is Kelsey's seller client is the existence of a signed agency agreement between them. This formal document establishes a legal relationship wherein Harold, as the seller, authorizes Kelsey to act on his behalf in the sale of his property. An agency agreement outlines the duties and obligations of both parties, providing a clear framework for representation. In contrast, an oral agreement, while potentially valid, lacks the formalized nature and protections that a written contract offers. Having a signed listing with another agent suggests that Kelsey is committed to a different seller, thus negating Harold's client status. Lastly, being related does not inherently signify a professional relationship pertaining to real estate representation unless supported by a formal agreement. Therefore, the signed agency agreement is the strongest and most definitive evidence of Harold being Kelsey's seller client.

6. Which of these circumstances does NOT require agent disclosure?

- A. Marty is representing Dwayne in a transaction involving his current home.
- B. The agent has personal knowledge of the sellers.
- C. A family member is involved in the transaction.
- D. The agent knows the property was previously foreclosed.

In this scenario, the focus is on understanding the obligations of agents regarding disclosure in real estate transactions. When it comes to agent disclosure, the primary concern is the need to disclose any material facts that could impact the transaction or affect the decision-making of the parties involved. The circumstance that does not require an agent to disclose pertains to representing a client in a straightforward business relationship regarding their own property, as seen in the case where Marty is representing Dwayne in a transaction involving Dwayne's current home. In this situation, there is no additional obligation for Marty to disclose that he is merely acting as an agent for Dwayne, as this is part of the normal course of their professional relationship. In contrast, the presence of personal knowledge about the sellers or having a family member involved in the transaction introduces a layer of complexity and potential conflicts of interest, which requires full disclosure to maintain transparency and trust in the transaction. Furthermore, knowledge that a property was previously foreclosed is considered a significant fact that must be disclosed, as it could directly influence the buyer's perception of value and stability. Overall, the key to this question is recognizing that a straightforward representation of a client does not inherently require additional disclosures, while other circumstances that could affect the dynamics or perceptions around the

7. What is the primary purpose of a mortgage?

- A. To secure a loan against real property
- B. To provide immediate capital for sellers
- C. To avoid property taxes
- D. To facilitate property flips

The primary purpose of a mortgage is to secure a loan against real property. A mortgage creates a legal agreement between the borrower and the lender, allowing the lender to hold a claim against the real estate until the borrower repays the loan. This agreement ensures that if the borrower fails to meet their repayment obligations, the lender has the right to foreclose on the property to recover the owed amount. Securing a loan against real property is vital for lenders because it minimizes their risk. The property acts as collateral for the loan, meaning that the lender can take possession of the asset if the borrower defaults. This protection encourages lenders to provide loans without excessive risk, facilitating the process for buyers to purchase homes or invest in other real estate. Other options described do not accurately capture the essence of what a mortgage fundamentally provides. For instance, providing immediate capital for sellers is not the mortgage's role; rather, it is the borrower who receives the capital. Avoiding property taxes is unrelated to the function of a mortgage, as tax obligations remain regardless of mortgage status. Lastly, facilitating property flips may be a scenario where a mortgage can be utilized, but it does not reflect the primary purpose of a mortgage in its broader application.

8. When a buyer inspects a property sooner than required, what is this an example of?

- A. Breach of contract
- B. Performance of the contract**
- C. Adjusting the contract terms
- D. Contract invalidation

When a buyer inspects a property sooner than required, this is an example of the performance of the contract. In real estate transactions, parties are usually bound by the terms set forth in the contract, which outlines the obligations and timelines for actions such as inspections. By conducting the inspection earlier than stipulated, the buyer is still fulfilling their part of the contract, but they are doing so ahead of the expected timeline. This proactive approach can demonstrate the buyer's seriousness and commitment to the transaction, potentially benefiting both parties by facilitating a quicker resolution of any issues that may arise from the inspection process. The other options, while relevant to contract law, do not apply to this situation. A breach of contract would imply that a party failed to meet their contractual obligations, which is not the case here. Adjusting the contract terms would typically require mutual agreement between the parties to change specific conditions, which is not the case with an early inspection. Lastly, contract invalidation suggests that the contract is no longer enforceable, and an early inspection does not trigger this outcome.

9. If you have a listing agreement with Sam, what is Sam's relationship to you?

- A. Customer
- B. Client**
- C. Broker
- D. Partner

When you have a listing agreement with Sam, he is considered your client. In real estate, a client is typically someone with whom an agent has a formal relationship, which includes an agreement that outlines the obligations and expectations of both parties. This relationship entails a fiduciary duty, meaning that you must act in the best interest of Sam regarding the sale or leasing of his property. As a client, Sam is entitled to your full range of professional services, including negotiation support and advice on legal and financial matters related to the transaction. The establishment of a listing agreement signifies that Sam has engaged your services specifically, thus creating a higher level of commitment and responsibility on your part to represent his interests. In contrast, a customer is someone who may utilize some services without entering into a formal agreement, meaning they do not receive the same level of care or fiduciary responsibilities. A broker refers to the licensed individual or entity that oversees real estate transactions and may not apply directly to your relationship with Sam unless you are the broker. A partner implies a shared ownership or management of a business entity, which typically does not apply in standard real estate transactions unless specifically defined.

10. Select the statement that accurately reflects the type of deed used for the transfer.

- A. A warranty deed guarantees clear title.
- B. A quitclaim deed conveys property without warranties.
- C. A deed of trust conveys real estate to a trustee for a beneficiary.
- D. A grant deed transfers ownership upon completion of payment.

The statement about a deed of trust accurately reflects the purpose and function of that type of deed. A deed of trust is a legal document that secures a loan by conveying real estate to a trustee, who holds the title for the benefit of a lender (the beneficiary) until the debt is repaid. This arrangement provides the lender with security in the event the borrower defaults on the loan. Understanding the role of a trustee is crucial; they hold the legal title to the property, while the borrower retains equitable title. If the borrower fails to meet the obligations of the loan, the trustee has the authority to sell the property to satisfy the debt. Other types of deeds mentioned in the options serve different purposes. A warranty deed provides assurances regarding the title's validity, while a quitclaim deed transfers interest without warranties and does not guarantee the equitable title of the property. A grant deed typically implies a transfer of ownership but can carry with it certain warranties, which is distinct from the specific functioning of a deed of trust. In the context of real estate transactions, recognizing the specific kind of deed used—such as a deed of trust—helps clarify the rights and responsibilities of the parties involved, as well as the protections available to lenders.

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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:

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

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