

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

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED 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. 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. A licensee must ensure which of the following for a buyer client?**
 - A. That the buyer has sufficient funds available
 - B. That all prior offers are disclosed
 - C. That the buyer understands the importance of due diligence
 - D. That the buyer is aware of market trends
- 2. What is the difference between "listing" and "selling" a property?**
 - A. Listing is the sale process while selling is the advertising process
 - B. Listing is the process of advertising; selling is the actual transaction
 - C. Listing and selling are the same process
 - D. Listing involves negotiations; selling involves paperwork
- 3. What is the significance of property taxes?**
 - A. They are optional payments made by homeowners
 - B. Taxes levied on real property that fund local government services
 - C. Taxes that can be ignored if the property is rented
 - D. Taxes that only apply to commercial properties
- 4. What is included in a feasibility study during the market study step of development?**
 - A. Potential zoning regulations
 - B. Historical sales data
 - C. Cost estimations
 - D. Location analysis
- 5. What is Susanna's primary role as an appraiser?**
 - A. To provide legal advice on property
 - B. To estimate renovation costs
 - C. To provide an unbiased estimate of value
 - D. To mediate property disputes

- 6. What type of mortgage protects the lender from claims of not complying with ability-to-repay requirements?**
- A. Subprime mortgage
 - B. Qualified mortgage with a safe harbor status
 - C. Adjustable-rate mortgage
 - D. Conventional mortgage
- 7. What is "title insurance" designed to protect against?**
- A. Potential losses from defects in the title of a property
 - B. Loss due to natural disasters affecting the property
 - C. Declines in property market value
 - D. Legal fees associated with property disputes
- 8. What does "foreclosure" mean?**
- A. The legal process where a lender takes possession of a property due to the owner's failure to make mortgage payments
 - B. The voluntary sale of a property by the owner
 - C. The process of assessing the value of a property
 - D. An agreement to modify loan terms
- 9. Which of the following questions can be answered by an agent in a dual agency transaction without breaching duties to either client?**
- A. What is the seller's bottom line?
 - B. Are you aware of any structural issues with the property?
 - C. What are other similar properties selling for?
 - D. What is the condition of the property?
- 10. What is a significant health concern associated with lead exposure in young children?**
- A. Lead may cause fatigue and headaches.
 - B. Lead may cause vision impairment.
 - C. Lead may cause behavioral problems and seizures.
 - D. Lead may cause muscle weakness or cramps.

Answers

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

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Explanations

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1. A licensee must ensure which of the following for a buyer client?

- A. That the buyer has sufficient funds available
- B. That all prior offers are disclosed
- C. That the buyer understands the importance of due diligence**
- D. That the buyer is aware of market trends

The importance of due diligence in real estate transactions cannot be overstated, making it essential for a licensee to ensure that a buyer client understands this concept. Due diligence refers to the research and analysis that a buyer must undertake to make informed decisions regarding a property purchase. This includes investigating the property's condition, title issues, zoning regulations, and market comparables. By guiding the buyer through this process, the licensee facilitates an understanding of potential risks and benefits associated with the property, ultimately helping the buyer make a sound investment. While other considerations, such as financial preparedness, disclosure of prior offers, and awareness of market trends, are also important, the primary responsibility of the licensee is to ensure that the buyer is equipped to conduct thorough due diligence. Without this understanding, even financially prepared buyers may overlook critical factors that could adversely affect their decision-making process.

2. What is the difference between "listing" and "selling" a property?

- A. Listing is the sale process while selling is the advertising process
- B. Listing is the process of advertising; selling is the actual transaction**
- C. Listing and selling are the same process
- D. Listing involves negotiations; selling involves paperwork

The distinction between "listing" and "selling" a property is fundamental to understanding real estate transactions. Listing refers to the process of formally marketing a property for sale, which typically includes entering the property into a Multiple Listing Service (MLS), setting a price, and creating promotional materials. Essentially, it focuses on making the property known to potential buyers and real estate agents. On the other hand, selling a property encompasses the actual transaction where a buyer and seller agree on the terms, negotiate the sale, and complete the necessary paperwork to transfer ownership. This includes all the steps leading to the closing of the deal, where the property officially changes hands. The choice that highlights this difference accurately reflects the roles of listing and selling. While listing is about promoting the property, selling involves executing the transaction, thereby encompassing distinct phases in the real estate process. Understanding this separation is crucial for anyone studying real estate principles, as it clarifies the responsibilities of real estate agents and the stages of property sales.

3. What is the significance of property taxes?

- A. They are optional payments made by homeowners
- B. Taxes levied on real property that fund local government services**
- C. Taxes that can be ignored if the property is rented
- D. Taxes that only apply to commercial properties

Property taxes play a critical role in funding essential services provided by local governments. They are compulsory assessments levied against real property, including residential and commercial properties, which then contribute to the local economy. The revenue generated from these taxes is used to support various community services such as public schools, fire and police departments, road maintenance, parks, and other infrastructure improvements. Understanding the significance of property taxes is vital for homeowners and investors alike, as failing to pay these taxes can result in penalties, interest, or even the loss of property through tax foreclosure. Therefore, recognizing that these taxes are necessary and non-negotiable is crucial for responsible property ownership and community support.

4. What is included in a feasibility study during the market study step of development?

- A. Potential zoning regulations
- B. Historical sales data
- C. Cost estimations**
- D. Location analysis

A feasibility study is an essential component of real estate development that helps stakeholders assess the viability of a project. During the market study step, the focus is on understanding various factors that could impact the development's success. Cost estimations are a crucial part of this analysis because they provide an understanding of the financial aspects that will affect the project's overall feasibility. This includes evaluating projected construction costs, operational expenses, and potential revenue from sales or rental income. Accurate cost estimations allow developers to determine if the projected return on investment will justify the financial resources required for the project. By assessing costs alongside market demand, potential pricing strategies, and competition, developers can make informed decisions about whether to proceed with a project or adjust their plans based on economic viability. Therefore, including cost estimations in the market study step is fundamental, as it directly influences the feasibility assessment. Other aspects like zoning regulations, historical sales data, and location analysis are also important in a feasibility study, but they serve different purposes in the overall evaluation process. Zoning regulations inform what is permissible in a given area, historical sales data helps in understanding past market performance, and location analysis assesses the strategic advantages or challenges of a site. Each of these factors contributes to the comprehensive nature of a feasibility

5. What is Susanna's primary role as an appraiser?

- A. To provide legal advice on property
- B. To estimate renovation costs
- C. To provide an unbiased estimate of value**
- D. To mediate property disputes

Susanna's primary role as an appraiser is to provide an unbiased estimate of value for a specific property. This involves conducting thorough assessments that include analyzing recent sales data, evaluating the condition of the property, and considering various location factors. Appraisers are trained to ensure that their valuations are impartial, independent, and based on established criteria in order to inform parties such as lenders, buyers, and sellers about the fair market value of the property in question. Providing legal advice, estimating renovation costs, or mediating disputes may involve other professionals like lawyers, contractors, or mediators, but these roles fall outside the primary functions of an appraiser. The crucial aspect of an appraiser's job is their objectivity and expertise in determining value, which is why the unbiased nature of their estimates is central to their profession.

6. What type of mortgage protects the lender from claims of not complying with ability-to-repay requirements?

- A. Subprime mortgage
- B. Qualified mortgage with a safe harbor status**
- C. Adjustable-rate mortgage
- D. Conventional mortgage

A qualified mortgage with a safe harbor status is designed to protect lenders from potential claims concerning their compliance with the ability-to-repay requirements. This type of mortgage typically involves standardized features that comply with regulatory guidelines, making it less risky for lenders. By adhering to these guidelines, lenders can demonstrate that they have effectively assessed the borrower's ability to repay the mortgage. The safe harbor status signifies that a loan has met the criteria established by regulations, which can shield lenders from liability if a borrower defaults. The importance of this distinction lies in the changes brought about by the Dodd-Frank Act, which aimed to ensure that borrowers are not placed in situations where they cannot afford to repay their loans. Qualified mortgages, particularly those with safe harbor status, are designed to promote responsible lending practices and protect both lenders and consumers in the mortgage market.

7. What is "title insurance" designed to protect against?

- A. Potential losses from defects in the title of a property**
- B. Loss due to natural disasters affecting the property
- C. Declines in property market value
- D. Legal fees associated with property disputes

Title insurance is specifically designed to protect property owners and lenders from potential losses that may arise from defects in the title of a property. These defects could include issues such as fraud, claims from previous owners, liens, or other legal complications that may not be uncovered during the title search before a property transaction. The primary function of title insurance is to ensure that the buyer has clear ownership of the property, free from unforeseen claims or legal challenges. The other options address different aspects of real estate concerns. Natural disasters, such as floods or earthquakes, typically fall under homeowners insurance or hazard insurance, not title insurance. Declines in property market value relate to market conditions and investment risk, which aren't covered by title insurance. Legal fees associated with property disputes may be handled under various legal insurance products but are not a focus of title insurance, which centers on the validity and security of ownership itself. Therefore, the emphasis on protecting against title defects makes the first option the correct answer.

8. What does "foreclosure" mean?

- A. The legal process where a lender takes possession of a property due to the owner's failure to make mortgage payments
- B. The voluntary sale of a property by the owner
- C. The process of assessing the value of a property
- D. An agreement to modify loan terms

Foreclosure refers specifically to the legal process initiated by a lender when a property owner defaults on their mortgage by failing to make required payments. During foreclosure, the lender seeks to recover the amount owed on the defaulted loan by taking possession of the property and ultimately selling it, typically at a public auction. This process allows the lender to mitigate their losses from the non-payment, as the owner loses their rights to the property. The other choices do not accurately describe foreclosure. The voluntary sale of a property by the owner involves the owner choosing to sell, rather than being forced to do so due to default. Assessing the value of a property is typically part of property appraisal processes but does not relate to the legal actions taken during foreclosure. Lastly, an agreement to modify loan terms refers to adjustments made to an existing loan rather than the consequence of failing to meet those terms, which is the central issue in foreclosure.

9. Which of the following questions can be answered by an agent in a dual agency transaction without breaching duties to either client?

- A. What is the seller's bottom line?
- B. Are you aware of any structural issues with the property?
- C. What are other similar properties selling for?
- D. What is the condition of the property?

In a dual agency transaction, agents represent both the seller and the buyer, which places them in a position where they must maintain confidentiality and uphold fiduciary duties to both clients. The question regarding whether the agent is aware of any structural issues with the property is particularly pertinent because it involves the agent's knowledge of facts that are material to both parties' decisions. Answering this question does not breach duties because it deals with truth about the property itself rather than confidential pricing strategies or negotiations that might favor one party over the other. The agent can disclose known structural issues without compromising the seller's negotiation position or the buyer's interests, thus maintaining the ethical balance required in a dual agency relationship. On the other hand, questions related to the seller's bottom line, similar property values, or the condition of the property may divulge sensitive information that could adversely affect one party. For instance, sharing the seller's bottom line could diminish the seller's negotiation power, while discussing the condition of the property in a more subjective manner could provide an unfair advantage to either party, depending on the information shared. The requirement is to keep the interests of both parties protected, which is satisfied by addressing structural issues factually without impacting negotiations.

10. What is a significant health concern associated with lead exposure in young children?

- A. Lead may cause fatigue and headaches.
- B. Lead may cause vision impairment.
- C. Lead may cause behavioral problems and seizures.
- D. Lead may cause muscle weakness or cramps.

Lead exposure in young children is particularly concerning due to its impact on neurological development. When children are exposed to lead, it can disrupt normal brain function, leading to a range of behavioral problems. This includes difficulties with attention, reduced impulse control, and increased aggression, along with cognitive deficits that can severely affect learning and academic performance. Furthermore, high levels of lead exposure can lead to seizures, a serious condition that requires immediate medical intervention. Such neurological damage during critical developmental stages can have long-lasting effects, making the risks associated with lead exposure especially grave in young children. Therefore, the association of lead with behavioral problems and seizures directly highlights the significant health concerns that stem from lead exposure in this vulnerable population.

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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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