

CHAMPIONS BROKERAGE SAE PRACTICE TEST (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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. What conditions create an Established Business Relationship (EBR) under the Do Not Call Registry rules?**
 - A. A transaction within the last 12 months
 - B. An inquiry made within the last year
 - C. A transaction within the last 18 months OR an inquiry within the last 3 months
 - D. A transaction with verbal confirmation of interest
- 2. How does primary insurance differ from excess insurance?**
 - A. Primary insurance pays after excess insurance
 - B. Excess insurance is generally cheaper than primary insurance
 - C. Primary insurance pays first in the event of a claim
 - D. Excess insurance covers all types of risks
- 3. What does "actual cash value" refer to in insurance terms?**
 - A. The current market value of an asset
 - B. The replacement cost of property minus depreciation
 - C. The total cost to repair an item
 - D. The assessed value for tax purposes
- 4. Which of the following is not a main type of insurance company?**
 - A. Stock companies
 - B. Mutual companies
 - C. Limited liability companies
 - D. Reciprocal exchanges
- 5. What is the insurance code?**
 - A. A collection of laws regulating the insurance industry within a specific jurisdiction
 - B. A set of guidelines for issuing insurance policies
 - C. A framework for determining risk assessment
 - D. A list of insurance companies operating in a jurisdiction

- 6. What does adverse selection lead to in the context of insurance?**
- A. Lower premiums for low-risk individuals
 - B. A risk of higher losses for insurers
 - C. Standardization of policy terms
 - D. More comprehensive coverage options
- 7. What does a 'rider' do in an insurance policy?**
- A. It increases the cost of the insurance premium
 - B. It adds coverage to the original policy
 - C. It is a type of insurance policy for extraordinary risks
 - D. It defines the limits of the coverage
- 8. What is the primary role of unlicensed assistants in real estate?**
- A. Engage directly with clients
 - B. Facilitate sales
 - C. Support licensed agents with administrative tasks
 - D. Perform property appraisals
- 9. What actions might a seller take to sell their property faster?**
- A. Set a timetable for weekly emails to potential buyers
 - B. Delay home staging until the listing expires
 - C. Avoid real estate photography
 - D. Only open the property for a single showing
- 10. What is required from a license holder when using an alternate name?**
- A. A separate license under the alternate name
 - B. Disclosure of the alternate name on marketing materials
 - C. Approval from TREC before usage
 - D. Notification to all clients

Answers

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

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Explanations

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1. What conditions create an Established Business Relationship (EBR) under the Do Not Call Registry rules?

- A. A transaction within the last 12 months
- B. An inquiry made within the last year
- C. A transaction within the last 18 months OR an inquiry within the last 3 months**
- D. A transaction with verbal confirmation of interest

The concept of an Established Business Relationship (EBR) under the Do Not Call Registry rules is important to understand in the context of telemarketing regulations. An EBR is a condition that allows businesses to make phone calls to individuals who may otherwise be on the Do Not Call list. Choosing a transaction within the last 18 months or an inquiry made within the last 3 months as the basis for EBR is correct because it reflects the regulatory framework set forth by the FTC and FCC. These time frames are designed to balance the consumer's right to privacy with the business's need to reach potential customers who have expressed interest in their products or services. These specific durations ensure that a business can maintain communication with individuals with whom they have a more recent relationship, thus reinforcing the notion of an ongoing engagement rather than targeting individuals who have not interacted with the business for a longer period. The rule is shaped to protect consumer interest while still allowing businesses to follow up on recent interactions. The other options do not align with the established time frames specified in the Do Not Call rules. A transaction within the last 12 months may not capture all eligible contacts, as some relationships may extend beyond that time. Similarly, an inquiry made within the last year does not delineate

2. How does primary insurance differ from excess insurance?

- A. Primary insurance pays after excess insurance
- B. Excess insurance is generally cheaper than primary insurance
- C. Primary insurance pays first in the event of a claim**
- D. Excess insurance covers all types of risks

Primary insurance is designed to be the first layer of coverage that responds to claims. When a loss occurs, primary insurance is the first to pay out up to its limit of coverage without requiring any other insurance to contribute. This means that in the event of a claim, the primary insurance will address the loss directly, making it essential for individuals and businesses to have in place to handle their basic risk needs. In contrast, excess insurance typically provides coverage above and beyond what the primary insurance pays. It only comes into play once the limits of the primary policy have been exhausted. Understanding this hierarchy is crucial, as it impacts how risks are managed and what insurance products need to be secured to ensure adequate protection. Recognizing the distinct roles of primary and excess insurance helps in effective risk management and ensures that policyholders comprehend the sequence of coverages available in the event of a loss.

3. What does "actual cash value" refer to in insurance terms?

- A. The current market value of an asset
- B. The replacement cost of property minus depreciation**
- C. The total cost to repair an item
- D. The assessed value for tax purposes

"Actual cash value" refers specifically to the replacement cost of property minus depreciation. This term is crucial in the insurance industry as it determines how much an insurer will pay for a claim involving property damage or loss. The concept takes into account not only what it would cost to replace the item with a new one but also factors in how much value has been lost over time due to usage, wear and tear, and obsolescence. In practical terms, if a television that originally cost \$1,000 is damaged after several years of use, its actual cash value might be significantly lower than the original cost. This is because the television has depreciated in value due to its age and use. Therefore, if the insurance policy specifies the payment will be based on actual cash value, the payout would reflect this depreciation, ensuring that the insured receives a fair amount that corresponds to the current value of the asset. This understanding highlights why the other options do not accurately capture the meaning of "actual cash value." The current market value of an asset may reflect its worth in the real estate or personal property market but does not account for depreciation in the way that actual cash value does. The total cost to repair an item does not pertain directly to cash value but instead

4. Which of the following is not a main type of insurance company?

- A. Stock companies
- B. Mutual companies
- C. Limited liability companies**
- D. Reciprocal exchanges

The correct answer is the option that refers to 'limited liability companies.' This choice does not represent a main type of insurance company. Stock companies, mutual companies, and reciprocal exchanges are recognized forms of insurance entities. Stock companies issue shares of stock and are owned by shareholders who may or may not be policyholders. Mutual companies, on the other hand, are owned by the policyholders themselves and distribute profits in the form of dividends to their policyholders. Reciprocal exchanges involve a group of individuals who exchange insurance contracts and share the risks among themselves, typically managed by an attorney-in-fact. In contrast, limited liability companies (LLCs) are a type of legal business structure that combines features of both corporation and partnership structures but is not a specific type of insurance company. LLCs can indeed operate in various industries, including insurance, but they don't define a basic category of insurance company in the way the other options do. Thus, identifying limited liability companies as not being a main type of insurance company is accurate, as they pertain more to business organization than to the categorization of insurance companies themselves.

5. What is the insurance code?

- A. A collection of laws regulating the insurance industry within a specific jurisdiction**
- B. A set of guidelines for issuing insurance policies
- C. A framework for determining risk assessment
- D. A list of insurance companies operating in a jurisdiction

The insurance code represents a comprehensive collection of laws that govern the insurance industry within a specific jurisdiction. This code is established to ensure that insurance companies operate within defined legal parameters, protecting both the insurers and the consumers. It provides the legal framework for the operation of various types of insurance, including health, life, property, and liability insurance, and it addresses issues such as licensing, reporting requirements, and consumer protections. The importance of the insurance code lies in its role in maintaining fairness and transparency in the insurance market, as well as ensuring that the rights of policyholders are upheld. Each jurisdiction may have its own insurance code that reflects local legal requirements and public policy objectives, making it a foundational aspect of the regulation of the insurance industry. The other choices address components of the broader insurance landscape but do not define the overarching framework established by the insurance code itself. Guidelines for issuing insurance policies are important but are more specific and do not encompass the entirety of insurance regulation. Risk assessment is a critical process in underwriting and pricing insurance products, but it is a functional aspect rather than a regulatory framework. Lastly, while a list of insurance companies operating in a jurisdiction is useful information, it is not indicative of the legal regulations and standards set forth by the insurance code.

6. What does adverse selection lead to in the context of insurance?

- A. Lower premiums for low-risk individuals
- B. A risk of higher losses for insurers**
- C. Standardization of policy terms
- D. More comprehensive coverage options

Adverse selection refers to a situation where individuals with a higher risk of requiring insurance are more likely to purchase insurance, while those at lower risk tend to opt out. This phenomenon can lead to a concentration of higher-risk policyholders within an insurer's pool, meaning that the insurer is more likely to face a higher frequency and severity of claims than anticipated. As a direct consequence of adverse selection, insurers may experience a risk of higher losses. This happens because the insurer must pay out more in claims than anticipated based on the information they had while setting premiums. To compensate for this risk, insurance companies might raise premiums overall, leading to a cycle where low-risk individuals leave, further exacerbating the problem. Considering the context, the correct answer highlights that the primary issue presented by adverse selection is the increased risk of financial loss for insurers due to the skewed risk pool. The other options do not accurately capture the implications of adverse selection in the insurance market context. Lower premiums for low-risk individuals would be unlikely due to the need to raise premiums to cover losses. Standardization of policy terms and more comprehensive coverage options may not directly relate to the effects of adverse selection and are more about policy structure rather than the risk profile of the insured pool.

7. What does a 'rider' do in an insurance policy?

- A. It increases the cost of the insurance premium
- B. It adds coverage to the original policy**
- C. It is a type of insurance policy for extraordinary risks
- D. It defines the limits of the coverage

A rider in an insurance policy serves to enhance or modify the benefits provided by the original policy by adding specific coverage options. This additional coverage can address particular needs or risks that may not be included in the standard policy. For example, a homeowner's policy might have a rider for personal property such as jewelry, which provides coverage beyond what is typically included in the basic policy terms. The idea behind a rider is to tailor the insurance policy to better fit the insured's individual needs without the necessity of creating an entirely new policy. This flexibility can be essential for ensuring that all potential risks are adequately covered. It is an important aspect of insurance that allows policyholders to customize their protection and ensure they have the appropriate coverage for their circumstances.

8. What is the primary role of unlicensed assistants in real estate?

- A. Engage directly with clients
- B. Facilitate sales
- C. Support licensed agents with administrative tasks**
- D. Perform property appraisals

The primary role of unlicensed assistants in real estate is to support licensed agents with administrative tasks. These assistants help streamline operations by handling various office duties, such as managing paperwork, scheduling appointments, organizing files, and coordinating transactions. This support is crucial because it allows licensed agents to focus more on client interaction, negotiations, and closing deals, thereby increasing overall productivity. Unlicensed assistants are prohibited from engaging directly with clients, facilitating sales, or performing property appraisals, as these activities require a real estate license to ensure compliance with legal and ethical standards in the industry. Therefore, their primary function hinges on enhancing the efficiency of licensed personnel through crucial behind-the-scenes support.

9. What actions might a seller take to sell their property faster?

- A. Set a timetable for weekly emails to potential buyers**
- B. Delay home staging until the listing expires
- C. Avoid real estate photography
- D. Only open the property for a single showing

To sell a property faster, maintaining consistent communication with potential buyers is crucial. Setting a timetable for weekly emails to prospective buyers helps keep the listing at the forefront of their minds, making them more likely to take action. This strategy can create a sense of urgency and engagement that maintains interest in the property. Regular updates can include new photographs, price changes, or any improvements made to the home, which not only keeps potential buyers informed but also encourages them to envision themselves in the property. Other options, such as delaying home staging or avoiding real estate photography, would likely hinder the selling process. Home staging is important for presenting the property in its best light, enhancing its appeal to buyers. Quality photography is equally important, as it significantly impacts online listings and marketing efforts. Only holding a single showing limits the property's exposure and reduces the chances of attracting multiple offers, which can ultimately prolong the selling process rather than expedite it.

10. What is required from a license holder when using an alternate name?

- A. A separate license under the alternate name
- B. Disclosure of the alternate name on marketing materials**
- C. Approval from TREC before usage
- D. Notification to all clients

When a license holder uses an alternate name, it is essential for them to disclose that alternate name on their marketing materials. This requirement ensures transparency and clarity for clients and the general public, helping to avoid any confusion regarding the identity of the license holder. By clearly displaying the alternate name alongside their legal name, the license holder maintains professionalism and complies with regulatory standards that promote honesty in advertising and client interactions. Disclosing the alternate name on marketing materials also aligns with the principle of consumer protection, as it allows potential clients to easily identify and verify the identity of the individual or agency promoting real estate services. This is particularly important in the real estate industry, where trust and recognition are crucial in building relationships with clients. Other options may pertain to the steps or actions necessary for using an alternate name, but they do not capture the core requirement of ensuring that the marketing materials accurately reflect the name being used in conjunction with the legal name.

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://championsbrokeragesae.examzify.com>

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

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