

Colibri Real Estate Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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 aspect is typically included in calculating the adjusted basis of a property?**
 - A. Improvements made to the property
 - B. Natural appreciation of the property value
 - C. Annual property tax payments
 - D. Real estate agent commissions
- 2. A broker discussing raising commission rates can be found guilty of which violation?**
 - A. Steering
 - B. Price-Fixing
 - C. Misrepresentation
 - D. Discrimination
- 3. Which type of lease involves the buyer paying only rent with no additional costs?**
 - A. Net lease
 - B. Gross lease
 - C. Modified gross lease
 - D. Land lease
- 4. What is least likely to be required in a lease agreement?**
 - A. Security deposit
 - B. Tenant's credit history
 - C. Detailed property description
 - D. Rent payment schedule
- 5. Which term refers to a tenancy with specific start and end dates?**
 - A. Tenancy at Will
 - B. Periodic Tenancy
 - C. Tenancy for Years
 - D. Month-to-Month Tenancy

- 6. What is lost when entering into a dual agency situation?**
- A. Confidentiality
 - B. Full disclosure
 - C. No loyalty
 - D. Exclusive agency
- 7. How many members are there in the Real Estate Commission?**
- A. 5 brokers, 2 public, 1 government representative
 - B. 6 brokers, 2 public, 2 government representatives
 - C. 5 brokers, 3 public, 1 government representative
 - D. 4 brokers, 2 public, 3 government representatives
- 8. In an exclusive agency agreement, when does the broker receive compensation?**
- A. Only if the broker sells the property
 - B. Regardless of who finds the buyer
 - C. If another party finds the buyer
 - D. Only if the seller sells the property
- 9. What is earnest money in the context of real estate transactions?**
- A. A deposit made by a buyer to demonstrate their serious intent to purchase a property
 - B. A fee paid to the real estate agent for their services
 - C. A charge for home inspections that is non-refundable
 - D. A loan amount used to secure financing
- 10. What is the penalty for second or subsequent violations of real estate rules?**
- A. \$5,000
 - B. \$7,500
 - C. \$10,000
 - D. \$15,000

Answers

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

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Explanations

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1. Which aspect is typically included in calculating the adjusted basis of a property?

- A. Improvements made to the property**
- B. Natural appreciation of the property value
- C. Annual property tax payments
- D. Real estate agent commissions

The adjusted basis of a property is an important concept in real estate that reflects the total investment in the property for the purpose of calculating gain or loss upon its sale. One crucial aspect included in this calculation is the cost of improvements made to the property. These improvements can enhance the value of the property, extend its useful life, or adapt it to new uses, and they are added to the original purchase price of the property to determine the adjusted basis. In contrast, natural appreciation of property value is not included in the adjusted basis calculation because it reflects the market fluctuations and does not represent a direct investment into the property. Similarly, annual property tax payments are considered ongoing expenses rather than capital improvements and do not affect the adjusted basis. Real estate agent commissions are transaction costs that may not be added to the basis but rather deducted from the sales proceeds when determining capital gains. By recognizing improvements as part of the adjusted basis, investors can more accurately assess their financial position when selling the property.

2. A broker discussing raising commission rates can be found guilty of which violation?

- A. Steering
- B. Price-Fixing**
- C. Misrepresentation
- D. Discrimination

When a broker discusses raising commission rates, this can lead to the violation known as price-fixing. Price-fixing occurs when two or more parties agree to set the price of a product or service, which in this case would involve brokers conspiring to increase their commission rates above what a competitive marketplace would typically dictate. This practice can restrict competition and raise costs for consumers, making it illegal under antitrust laws. By engaging in such discussions, brokers may undermine the competitive nature of the real estate market, resulting in penalties and legal actions. Price-fixing is taken seriously by regulatory bodies because it can harm consumers by eliminating the benefits of competition, such as lower prices or better services. Thus, discussing raising commission rates in a collusive manner is a clear example of price-fixing, and that is why this is the correct answer.

3. Which type of lease involves the buyer paying only rent with no additional costs?

- A. Net lease
- B. Gross lease**
- C. Modified gross lease
- D. Land lease

The type of lease that involves the buyer paying only rent with no additional costs is known as a gross lease. In a gross lease, the landlord covers all property expenses, such as maintenance, property taxes, and insurance, while the tenant is responsible solely for the rent. This structure provides simplicity for tenants since they don't have to budget for extra costs, allowing them to have more predictable monthly expenses. In contrast, other lease types involve different financial responsibilities. A net lease typically entails the tenant paying not only rent but also some or all of the property expenses that would be covered by the landlord in a gross lease. A modified gross lease is a hybrid where the tenant pays a base rent and certain expenses, while the landlord covers others, creating a more complex financial arrangement. A land lease generally refers to a long-term lease of land, often for developmental purposes, and may involve other costs depending on the terms agreed upon.

4. What is least likely to be required in a lease agreement?

- A. Security deposit
- B. Tenant's credit history
- C. Detailed property description**
- D. Rent payment schedule

A lease agreement typically requires certain essential elements to ensure clarity and legality between the landlord and tenant. Among these elements, a detailed property description is often included but is not always necessary to be exhaustive in every case. The most critical aspects usually include the security deposit, which protects the landlord from unpaid rent or damages, the tenant's credit history, which helps the landlord assess the tenant's financial reliability, and the rent payment schedule, which outlines when the rent is due. While a property description helps define the premises being rented, it may not need to be highly detailed, especially if the property is well-known or easily identifiable. Thus, it is least likely to be a strict requirement compared to the other options presented.

5. Which term refers to a tenancy with specific start and end dates?

- A. Tenancy at Will
- B. Periodic Tenancy
- C. Tenancy for Years**
- D. Month-to-Month Tenancy

A tenancy with specific start and end dates is known as a tenancy for years. This type of arrangement provides both parties with clear expectations regarding the duration of the rental agreement. Unlike other types of tenancies, which may be indefinite or subject to renewal or termination on a periodic basis, a tenancy for years is characterized by a fixed term established in the lease agreement. This term can be any length, but it must have defined start and end dates, ensuring both the landlord and tenant understand their rights and responsibilities within that specific period. In contrast, a tenancy at will is more informal and can be terminated at any time by either party, and a periodic tenancy renews automatically at the end of each period unless one party provides notice to terminate. A month-to-month tenancy is a common form of periodic tenancy that allows for flexibility, typically renewing each month, but it also does not have a fixed term like a tenancy for years.

6. What is lost when entering into a dual agency situation?

- A. Confidentiality
- B. Full disclosure
- C. No loyalty**
- D. Exclusive agency

In a dual agency situation, the agent represents both the buyer and the seller in the same transaction. This creates a inherent conflict of interest, which results in the loss of loyalty to either party. The agent cannot fully advocate for the best interests of both clients because the obligations that would normally bind them to one party conflict with their obligations to the other. This dual responsibility can lead to situations where the agent cannot provide the same level of advocacy and loyalty that would typically be expected in a single agency relationship. Confidential information, such as the lowest price a seller is willing to accept or the highest price a buyer is willing to pay, must be managed carefully. The agent's role is to maintain fairness, but this can compromise the confidentiality and loyalty that each party typically enjoys. Therefore, in a dual agency setting, the absence of exclusive dedication places the agent in a position where they cannot prioritize the needs of either party fully.

7. How many members are there in the Real Estate Commission?

- A. 5 brokers, 2 public, 1 government representative**
- B. 6 brokers, 2 public, 2 government representatives
- C. 5 brokers, 3 public, 1 government representative
- D. 4 brokers, 2 public, 3 government representatives

The correct answer indicates that the Real Estate Commission is composed of 5 brokers, 2 public members, and 1 government representative. This composition reflects a balanced approach to regulatory oversight, ensuring that the commission has a majority of experienced industry professionals (the brokers) while also incorporating perspectives from the general public and government oversight. The inclusion of public members is crucial for representing consumer interests, while the government representative helps enforce compliance with state laws and regulations. The structure is designed to promote fair practices within the real estate industry while balancing regulatory control with practical insights from those who work in the field. The other choices do not match the established composition of the commission, making them incorrect in this context. For example, options that suggest a higher number of government representatives or brokers deviate from the actual structure and could lead to a lack of diversity in views and experiences necessary for effective governance in real estate matters.

8. In an exclusive agency agreement, when does the broker receive compensation?

- A. Only if the broker sells the property
- B. Regardless of who finds the buyer
- C. If another party finds the buyer**
- D. Only if the seller sells the property

In an exclusive agency agreement, the broker receives compensation only if they are the one who finds the buyer for the property. This agreement allows the seller to retain the right to sell the property on their own without owing a commission to the broker in that scenario. However, if the broker is involved in finding a buyer, they will be entitled to the agreed-upon compensation. The structures of different real estate agreements stipulate various conditions for compensation. In an exclusive agency agreement, the broker is incentivized to actively pursue a buyer, as their commission hinges on successfully closing a sale involving their efforts, emphasizing the broker's role in the transaction. Thus, the specifics of this arrangement highlight the importance of the broker's active participation in securing a buyer.

9. What is earnest money in the context of real estate transactions?

- A. A deposit made by a buyer to demonstrate their serious intent to purchase a property**
- B. A fee paid to the real estate agent for their services
- C. A charge for home inspections that is non-refundable
- D. A loan amount used to secure financing

Earnest money is a deposit made by a buyer to show their serious intent to purchase a property. This amount is typically held in an escrow account and serves as a good faith gesture to reassure the seller that the buyer is committed to completing the transaction. If the sale goes through, the earnest money is usually applied to the buyer's down payment or closing costs. In real estate negotiations, earnest money can help prevent frivolous offers and can strengthen a buyer's position in a competitive market. It also provides the seller with some reassurance that the buyer is not just casually looking but is genuinely interested in moving forward with the purchase. This concept is distinct from other options provided: fees paid to a real estate agent, charges for inspections, and loan amounts for financing are all separate financial aspects of a real estate transaction that do not directly pertain to the buyer's commitment to purchase a property.

10. What is the penalty for second or subsequent violations of real estate rules?

- A. \$5,000
- B. \$7,500
- C. \$10,000**
- D. \$15,000

The correct answer is based on the established penalties for second or subsequent violations of real estate rules, which is often set at \$10,000. This amount reflects a significant increase from first-time violations, serving as a deterrent against repeated offenses. The purpose of these penalties is to maintain the integrity of the real estate profession and ensure compliance with regulations that protect consumers and maintain fair practices. In many jurisdictions, the increment in penalties correlates with the severity of the violation and the need for regulatory bodies to enforce compliance firmly. As a result, higher fines for repeated infractions signify the importance of adhering to the rules, as well as the commitment of regulatory authorities to uphold professional standards and ethics in real estate transactions.

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://colibri realestate.examzify.com>

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

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