FIRST TUESDAY REAL ESTATE ONLINE PRACTICE EXAM (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

1. The maximum price a prospective buyer can offer is determined by:

A. The appraised value of the property

B. The amount of available funds from all sources leftover after deducting the acquisition costs

C. The listing price plus expected closing costs

D. The seller's willingness to negotiate

2. What is the primary difference between a mortgage and a deed of trust?

A. A mortgage involves a lien secured by the property; a deed of trust uses a trustee and often allows non-judicial foreclosure by power of sale.

B. A mortgage uses a trustee; a deed of trust uses a lien.

C. A mortgage is always shorter in duration than a deed of trust.

D. A mortgage cannot be foreclosed non-judicially.

3. Which statement best describes how brokers supervise and police the conduct of their agents?

A. All of the above

B. Direct supervision

C. Auditing transactions

D. Keeping records

4. An Annual Property Operating Data sheet (APOD) is typically used to present operating information and includes:

A. Current rents, annual operating expenses, and vacancy rate

B. Property tax history

C. Zoning and land use details

D. Interior condition reports and disclosures

5. What is a security deposit?

A. A one-time fee paid at closing

B. Monthly rent

C. Funds held to secure performance

D. Penalty for breach after tenancy ends

6. An offer is considered revoked when:

A. The buyer withdraws the offer in writing

B. The offer expires by its terms

C. Either The buyer withdraws in writing or the offer expires

D. The contract is signed by all parties

7. Which of the following is an encumbrance of title?

A. Right of way

B. All of the above

C. Mortgage lien

D. Restrictive covenants

8. On the date of the seller's breach, the buyer's damages accrue interest at 10% on amounts recovered for which expenditures?

A. Funds expended on title examination and other transaction expenses incurred preparing to take title

B. Title insurance premiums

C. Lost rents

D. Attorney fees

9. Who must keep a copy of the lead-based paint disclosure for at least three years after close?

A. Buyer

B. Seller

C. Both Seller and Seller's Broker

D. All of the above

10. What type of deed guarantees the grantor has good title and will defend against claims arising from the period of ownership?

A. Special warranty deed

B. Quitclaim deed

C. Bargain and sale deed

D. General warranty deed

Answers

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

Explanations

1. The maximum price a prospective buyer can offer is determined by:

A. The appraised value of the property

B. The amount of available funds from all sources leftover after deducting the acquisition costs

C. The listing price plus expected closing costs

D. The seller's willingness to negotiate

Your ability to bid on a home comes from what you can actually pay, both cash and financing. The maximum price you can offer is effectively set by the amount of money you have available after you've paid all upfront costs. These acquisition costs include the down payment you choose, loan origination and many other closing costs, plus any prepaid items. Whatever funds remain after covering those costs is the portion you can apply toward the purchase price, with the rest being financed through a mortgage or other loan. Keep in mind that lenders typically won't finance more than the appraised value or the agreed purchase price (whichever is lower), so offering a price above appraisal would require you to cover the difference in cash. The seller's willingness to negotiate and the listing price influence the deal, but the ceiling on what you can offer is driven by the cash you have left after upfront costs.

2. What is the primary difference between a mortgage and a deed of trust?

A. A mortgage involves a lien secured by the property; a deed of trust uses a trustee and often allows non-judicial foreclosure by power of sale.

B. A mortgage uses a trustee; a deed of trust uses a lien.

C. A mortgage is always shorter in duration than a deed of trust.

D. A mortgage cannot be foreclosed non-judicially.

The main difference lies in how the loan is secured and how foreclosure is carried out. In a mortgage, the lender has a lien on the property as security, but the borrower generally keeps title, and foreclosing typically requires court action (a judicial foreclosure) if the loan is in default. In a deed of trust, the property is instead placed in the hands of a trustee to hold as security for the lender; if the borrower defaults, the trustee can sell the property through a power of sale without going through the courts (a non-judicial foreclosure) in many cases. This distinction explains why deeds of trust often lead to faster, cheaper foreclosures, while mortgages involve a court process. The other choices mix up roles or imply fixed durations or foreclosure rules that aren't universally true.

3. Which statement best describes how brokers supervise and police the conduct of their agents?

A. All of the above

B. Direct supervision

C. Auditing transactions

D. Keeping records

Brokers supervise and police agents through direct oversight, audits, and careful record-keeping. Direct supervision means the broker or a designated supervisor closely monitors day-to-day activities, reviews contracts and disclosures, and ensures that licensees follow state laws and brokerage policies. Auditing transactions involves regularly or randomly examining files, closing documents, trust accounts, and disclosures to verify accuracy, honesty, and compliance with fiduciary duties. Keeping records refers to maintaining organized documentation—listing agreements, purchase agreements, escrow records, advertising, and correspondence—so there's a clear trail and accountability, and to meet regulatory requirements. Together, these methods provide a comprehensive oversight system that helps prevent misconduct and keeps agents operating within legal and ethical boundaries. That is why all of the listed approaches together best describe how brokers supervise and police agents.

4. An Annual Property Operating Data sheet (APOD) is typically used to present operating information and includes:

A. Current rents, annual operating expenses, and vacancy rate

B. Property tax history

C. Zoning and land use details

D. Interior condition reports and disclosures

An Annual Property Operating Data sheet focuses on the property's operating performance and cash flow. The essential pieces you'll see are current rents, annual operating expenses, and the vacancy rate because they directly reflect how much income the property generates after costs and how stable that income is. Current rents show the revenue stream, operating expenses cover the costs to operate the property (like maintenance, management, utilities, insurance, and taxes that are part of operations), and the vacancy rate indicates how much income could be lost if units aren't filled, which affects overall cash flow and NOI. Items like property tax history relate to past and current tax obligations rather than ongoing operating performance; zoning and land use describe regulatory potential rather than day-to-day operations; interior condition reports and disclosures focus on the property's physical state and disclosure responsibilities for buyers, not the ongoing operating data that drive cash flow.

5. What is a security deposit?

A. A one-time fee paid at closing

B. Monthly rent

C. Funds held to secure performance

D. Penalty for breach after tenancy ends

A security deposit is funds the tenant provides at the start of a tenancy to secure the landlord's protection against the tenant's potential breach of the lease. The landlord holds these funds (often in a separate account or trust) to cover costs if the tenant doesn't meet obligations, such as unpaid rent or damages beyond normal wear and tear. It's not a one-time fee paid at closing, not monthly rent, and not a penalty charged after the tenancy ends. Instead, it's intended to be refundable at the end of the lease, with deductions for any legitimate damages or unpaid amounts and in accordance with local laws about timing and itemized bills.

6. An offer is considered revoked when:

A. The buyer withdraws the offer in writing

B. The offer expires by its terms

C. Either The buyer withdraws in writing or the offer expires

D. The contract is signed by all parties

An offer is revoked when it is no longer capable of being accepted because the offeror has ended it before acceptance. This can happen in two common ways: the buyer withdraws the offer in writing, or the offer expires according to its terms. If the buyer withdraws in writing, the offeree loses the chance to accept. If the offer reaches its expiration date, it simply ceases to be open for acceptance. Signing the contract by all parties would mean acceptance and formation of a contract, not revocation. So the best answer is the option that covers either withdrawal in writing or expiration by terms, since both terminate the offer before it's accepted.

7. Which of the following is an encumbrance of title?

A. Right of way

B. All of the above

C. Mortgage lien

D. Restrictive covenants

An encumbrance on title is any claim or restriction that burdens the owner's rights to use or transfer the property. A right of way creates an easement, meaning someone else has a legal right to cross or use a portion of the property, which clouds the title since it limits the owner's full control. A mortgage lien is a recorded claim by a lender that secures a loan; until the loan is satisfied, this lien sits on the property and affects transferability. Restrictive covenants are private restrictions recorded against the property that limit how the land can be used or developed and bind future owners, also loading the title with a constraint. Since each of these represents a legitimate burden on the property's title, the correct choice is that all of the above are encumbrances.

8. On the date of the seller's breach, the buyer's damages accrue interest at 10% on amounts recovered for which expenditures?

A. Funds expended on title examination and other transaction expenses incurred preparing to take title

B. Title insurance premiums

C. Lost rents

D. Attorney fees

When a seller breaches a real estate contract, the buyer can recover out-of-pocket costs that were incurred in preparation to close. The expenditures that fit this recoverable category are the funds spent on title examination and other transaction expenses incurred while preparing to take title, because these are direct costs tied to the attempt to complete the purchase. Interest on those recoverable damages starts from the breach date, typically at a contractually stated rate (here 10%). Title insurance premiums are payments for insurance protection and aren't generally recoverable as damages in a breach. Lost rents are damages arising from the breach but are not expenditures made to prepare to take title. Attorney fees aren't automatically recoverable unless the contract or a statute specifically allows them. So the expenditures that qualify are those used for title examination and other transaction costs incurred in preparing to take title.

9. Who must keep a copy of the lead-based paint disclosure for at least three years after close?

A. Buyer

B. Seller

C. Both Seller and Seller's Broker

D. All of the above

Lead-based paint disclosures are required for most homes built before 1978, and the seller must provide this disclosure to the buyer along with the EPA's pamphlet. Beyond giving the disclosure, the rule also requires a copy of the disclosure to be kept for at least three years after closing, and this obligation falls on the seller and the seller's broker to maintain. The buyer should receive and can keep a copy for their records, but the three-year retention requirement is specifically for the seller and the seller's broker, which is why that option is the best choice.

10. What type of deed guarantees the grantor has good title and will defend against claims arising from the period of ownership?

A. Special warranty deed

B. Quitclaim deed

C. Bargain and sale deed

D. General warranty deed

Deeds carry different levels of protection about title. The one that guarantees the grantor truly has good title and will defend against claims arising from any period of ownership is the general warranty deed. It provides the broadest assurances: the grantor holds title free of undisclosed encumbrances, has the right to convey, and will defend the buyer against any title challenges that could have existed at any time in the chain of title, not just during the grantor's ownership. This means if a problem from a prior owner surfaces, the grantor is obligated to cure or compensate. By contrast, a special warranty deed limits those protections to issues that arose only during the grantor's period of ownership; a quitclaim deed offers no warranties at all beyond possibly transferring whatever interest the grantor holds; and a bargain and sale deed generally provides fewer protections against prior claims, depending on the jurisdiction.

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://firsttuesdayrealestateol.examzify.com

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