

Florida Broker Practice Exam (Sample)

Study Guide



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Questions

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- 1. How long does a broker have to institute a settlement procedure after notifying the FREC about a good-faith doubt regarding escrowed property?**
 - A. 15 business days**
 - B. 30 business days**
 - C. 45 business days**
 - D. 60 business days**
- 2. What does the 'E' in the acronym PET stand for in relation to government restrictions?**
 - A. Easement**
 - B. Eminent domain**
 - C. Environmental impact**
 - D. Expropriation**
- 3. What is the consequence of advertising rental property information that is not current?**
 - A. It results in a civil penalty only**
 - B. It is considered a first-degree misdemeanor**
 - C. It leads to a warning by the authorities**
 - D. It has no legal repercussions**
- 4. Which of the following is NOT a basis for discrimination under the ECOA?**
 - A. Race**
 - B. Credit score**
 - C. Religion**
 - D. National origin**
- 5. In what scenario is a limited partner in a limited partnership liable for partnership debts?**
 - A. If they actively participate in management**
 - B. If they lend money to the partnership**
 - C. If their name appears in the partnership name**
 - D. Both a and c**

- 6. If a broker provides rental information to a prospective tenant for a fee, what must the broker provide to the tenant?**
- A. A rental agreement**
 - B. A contract or receipt with specific provisions**
 - C. A verbal agreement**
 - D. A notification of available rentals**
- 7. How long does the sheriff allow after posting eviction notice before the landlord recovers the property?**
- A. 12 hours**
 - B. 24 hours**
 - C. 48 hours**
 - D. 72 hours**
- 8. Kickbacks for what type of fees are prohibited under RESPA?**
- A. Earned fees for services rendered**
 - B. Unearned fees associated with closing services**
 - C. Fees below a certain threshold**
 - D. Fees charged for administrative services**
- 9. Who is eligible to apply for mutual recognition under Florida's real estate laws?**
- A. Only residents of Florida**
 - B. Only business owners**
 - C. Non-residents of mutual recognition states**
 - D. People with a real estate degree**
- 10. Which of the following is NOT a reason for the termination of a brokerage relationship?**
- A. Death of the broker**
 - B. Mutual agreement to terminate**
 - C. Expiration of the relationship**
 - D. Change of ownership of the property**

Answers

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

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Explanations

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1. How long does a broker have to institute a settlement procedure after notifying the FREC about a good-faith doubt regarding escrowed property?

- A. 15 business days
- B. 30 business days**
- C. 45 business days
- D. 60 business days

The correct timeframe for a broker to institute a settlement procedure after notifying the Florida Real Estate Commission (FREC) about a good-faith doubt regarding escrowed property is indeed 30 business days. This requirement is outlined in Florida real estate law and is designed to ensure that brokers act with due diligence and in good faith when uncertainties arise regarding the escrowed funds. By having a specified period of 30 business days, the rule aims to facilitate timely resolution of disputes while protecting the interests of all parties involved in the transaction. This timeframe allows for appropriate communication and negotiation efforts before further steps are taken, which can include legal proceedings or further action to resolve the escrow issue. Understanding this timeline is crucial for brokers as it helps ensure compliance with regulatory standards and promotes ethical practices within real estate transactions.

2. What does the 'E' in the acronym PET stand for in relation to government restrictions?

- A. Easement
- B. Eminent domain**
- C. Environmental impact
- D. Expropriation

The 'E' in the acronym PET stands for Eminent Domain. Eminent domain is a legal principle that allows the government to take private property for public use, provided that just compensation is paid to the property owner. This doctrine is crucial in understanding the balance between individual property rights and the government's ability to acquire land for projects that benefit the larger community, such as infrastructure development, schools, or parks. In the context of government restrictions, eminent domain signifies a significant power held by the government to fulfill its responsibilities and obligations to the public, thereby illustrating how private property rights can be subject to public needs. It highlights the legal and ethical implications of government action regarding property ownership and the necessity of compensation to maintain fairness in the process.

3. What is the consequence of advertising rental property information that is not current?

- A. It results in a civil penalty only
- B. It is considered a first-degree misdemeanor**
- C. It leads to a warning by the authorities
- D. It has no legal repercussions

Advertising rental property information that is not current is considered a first-degree misdemeanor in Florida. This is significant because it underscores the importance of accuracy in real estate advertising. When property managers or real estate professionals advertise rental properties, they have a legal obligation to present information that is factual and up-to-date. Failing to do so can mislead prospective tenants, which could result in legal action against the advertiser. This classification as a first-degree misdemeanor reflects the seriousness with which the state views misleading advertising. It aims to protect consumers from being deceived by false representations. Far-reaching consequences, such as potential fines or even jail time, may ensue if someone is found guilty of this offense. The other options do not adequately capture the severity of the implications associated with incorrect advertising. A civil penalty alone would not convey the full legal ramifications, and the idea of merely receiving a warning diminishes the necessity for compliance with advertising regulations. Additionally, stating that there are no legal repercussions overlooks the legal standards expected in real estate transactions, which are designed to promote transparency and trust in the market.

4. Which of the following is NOT a basis for discrimination under the ECOA?

- A. Race
- B. Credit score**
- C. Religion
- D. National origin

The Equal Credit Opportunity Act (ECOA) aims to ensure fair treatment in credit transactions and prohibits discrimination based on specific protected characteristics. Among these characteristics are race, religion, and national origin. These categories are clearly outlined as areas where discrimination is strictly prohibited in lending practices. Credit scores, however, do not fall under the categorical protections of the ECOA. Instead, credit scores are a numerical representation of an individual's creditworthiness based largely on their credit history, and lenders use them to evaluate the risk of lending to a borrower. A credit score itself may result in different treatment by a lender, but it is not considered a basis for discrimination in the same way that personal characteristics like race, religion, or national origin are. Understanding the intent of the ECOA helps clarify why credit scores are not included as a protected class. The act focuses on preventing discrimination based on inherent characteristics rather than on financial metrics or behaviors, which can vary widely among borrowers. Therefore, credit score is indeed not recognized as a discriminatory basis under the ECOA.

5. In what scenario is a limited partner in a limited partnership liable for partnership debts?

- A. If they actively participate in management**
- B. If they lend money to the partnership**
- C. If their name appears in the partnership name**
- D. Both a and c**

A limited partner in a limited partnership typically enjoys liability protections, meaning their risk of loss is limited to the amount they invested in the partnership. However, there are specific exceptions where a limited partner may become personally liable for partnership debts. When a limited partner actively participates in management, they lose their limited liability status. This is important because limited partners are not supposed to have a role in the day-to-day operations of the business. If they do engage in management activities, they risk being treated as general partners, who have full personal liability for the debts of the partnership. Additionally, if a limited partner's name appears in the partnership name, this can also expose them to liability. This is because the presence of their name can imply to outside parties that they are involved in the management or operations of the partnership, further muddying the lines between a limited partner and a general partner. Therefore, the correct answer reflects both scenarios where a limited partner could incur liability: by participating in management (which breaches their limited partner status) and by having their name in the partnership name (which can mislead creditors and the public regarding their level of involvement).

6. If a broker provides rental information to a prospective tenant for a fee, what must the broker provide to the tenant?

- A. A rental agreement**
- B. A contract or receipt with specific provisions**
- C. A verbal agreement**
- D. A notification of available rentals**

When a broker provides rental information to a prospective tenant for a fee, it is essential to give the tenant a contract or receipt that includes specific provisions. This requirement is rooted in the need for transparency and protection for both the broker and the tenant. The contract or receipt must outline details such as the nature of the services provided, the amount charged, and any other relevant terms and conditions. By doing so, it ensures that the tenant is fully informed about the transaction, which helps to avoid any misunderstandings or disputes in the future. This documentation is also important because it serves as evidence of the transaction, potentially protecting both parties if any issues arise. The requirement for a written record is a standard practice in real estate transactions, aligning with regulations designed to promote accountability and professionalism within the industry. In contrast, options like a rental agreement, verbal agreements, or merely notifying of available rentals do not meet the legal and practical standards set for services rendered in exchange for a fee in this context. A rental agreement typically involves a lease contract between a landlord and a tenant but does not pertain directly to the obligation of the broker when providing information for a fee. Verbal agreements lack the formal documentation necessary for such transactions, leaving both parties without a reliable reference point if

7. How long does the sheriff allow after posting eviction notice before the landlord recovers the property?

- A. 12 hours**
- B. 24 hours**
- C. 48 hours**
- D. 72 hours**

The correct answer is 24 hours because, according to Florida law, after a sheriff posts an eviction notice, they typically allow a period of 24 hours for the tenant to vacate the property before the landlord can take possession. This process ensures that tenants have a reasonable amount of time to respond to the eviction notice and make arrangements to leave the premises. It's important for landlords to follow this timeline strictly to comply with legal protocols and avoid potential issues related to the eviction process. Understanding this timeframe is crucial for anyone involved in real estate transactions or property management in Florida.

8. Kickbacks for what type of fees are prohibited under RESPA?

- A. Earned fees for services rendered**
- B. Unearned fees associated with closing services**
- C. Fees below a certain threshold**
- D. Fees charged for administrative services**

Under the Real Estate Settlement Procedures Act (RESPA), kickbacks for unearned fees associated with closing services are prohibited to ensure transparency and fairness in real estate transactions. The law aims to eliminate any potential conflicts of interest or undisclosed payments that could escalate closing costs for the consumer. Unearned fees are those that are not actually earned for services performed. Kickbacks relating to these fees can lead to higher costs for consumers, as they could raise closing costs through inflated pricing for services that were not legitimately provided. RESPA's regulations are designed to protect consumers by prohibiting these types of kickbacks, thereby promoting ethical practices in the real estate industry. Additionally, it's important to understand that earned fees for services rendered are not prohibited, as they reflect legitimate compensation for actual work performed. Fees below a threshold or those charged for administrative services could also fall under acceptable practices, provided they are appropriately disclosed and earned. However, the specific prohibition on unearned fees under RESPA is key to preventing unlawful financial incentives that do not correlate with real services provided.

9. Who is eligible to apply for mutual recognition under Florida's real estate laws?

- A. Only residents of Florida**
- B. Only business owners**
- C. Non-residents of mutual recognition states**
- D. People with a real estate degree**

The eligibility to apply for mutual recognition under Florida's real estate laws is specifically intended for non-residents of states that have a mutual recognition agreement with Florida. This provision allows individuals who are licensed in a participating state to apply for a Florida real estate license without having to take the full set of licensing examinations required for Florida residents. This is significant because it creates a streamlined process for qualified professionals who already have demonstrated knowledge and competence in real estate practices through their own state's licensing process. The mutual recognition agreement reflects Florida's willingness to acknowledge the qualifications of real estate agents from other states, thereby facilitating the entry of experienced agents into the Florida market. Understanding this context highlights the importance of state agreements in real estate licensing and the emphasis on recognizing expertise that exists outside Florida's borders.

10. Which of the following is NOT a reason for the termination of a brokerage relationship?

- A. Death of the broker**
- B. Mutual agreement to terminate**
- C. Expiration of the relationship**
- D. Change of ownership of the property**

The correct answer is that a change of ownership of the property is not a reason for the termination of a brokerage relationship. Brokerage relationships can exist independently of ownership; thus, the sale or transfer of property does not automatically dissolve the contract between the broker and the client. The brokerage relationship typically maintains its validity until one of the other reasons such as death of the broker, mutual agreement to terminate, or expiration of the relationship occurs. In contrast, the other options directly affect the validity of the brokerage relationship. The death of the broker would typically terminate their ability to act on behalf of clients as there would no longer be a licensed professional available to conduct brokerage activities. A mutual agreement to terminate indicates that both parties have come to a consensus to end the relationship, while expiration of the relationship refers to the completion of the term or timeframe for which the brokerage services were contracted. These factors are definitive circumstances under which a brokerage relationship naturally concludes.