

Florida Real Estate Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Questions

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- 1. At the time of the mortgage loan application, The Real Estate Settlement Procedures Act (RESPA) requires**
 - A. Good faith estimate**
 - B. Insurance**
 - C. Lien**
 - D. APR**
- 2. A buyer representation agreement establishes an agency relationship between which parties?**
 - A. Buyer and broker**
 - B. Buyer and salesperson**
 - C. Seller and broker**
 - D. Seller and salesperson**
- 3. Gary and Anita wish to protest their property tax assessment. What is the time frame in which they must do this?**
 - A. Any time before the taxes are due**
 - B. Within 10 days of receiving the TRIM notice**
 - C. Within 25 days of the date the TRIM notice was mailed**
 - D. Within 30 days of the payment due date**
- 4. Which type of legal description do courts prefer?**
 - A. Benchmark**
 - B. Lot and block**
 - C. Metes and bounds**
 - D. Rectangular government survey**
- 5. Which of the following is a characteristic of the primary mortgage market?**
 - A. It earns money from buying packages of loans.**
 - B. It's prohibited from making money by collecting fees from borrowers.**
 - C. It's required to sell loans on the secondary market.**
 - D. It works directly with borrowers to fund loans.**

- 6. Where can an agent report an antitrust violation?**
- A. Citizens Complaint Center of the Antitrust Division**
 - B. The Department of Housing and Urban Development**
 - C. The Department of State**
 - D. The Federal Bureau of Investigation**
- 7. Which market characteristic is described by being slow to respond to national changes?**
- A. Unique**
 - B. Highly influenced by governmental policy**
 - C. Indestructible**
 - D. Slow to respond**
- 8. What does the Floor Area Ratio include?**
- A. Only non-habitable structures**
 - B. All habitable structures on a lot**
 - C. Only parking structures and lots**
 - D. Gardens and outdoor recreational spaces**
- 9. Which of the following is considered illegal commingling?**
- A. Failing to keep appropriate records**
 - B. Having more in an escrow account than can be accounted for by escrow funds**
 - C. Placing client funds in the firm's general business account**
 - D. Stealing a client's trust funds**
- 10. What's it called when you contact the public with unsolicited offers via multiple communication vehicles, even with your buyer's permission?**
- A. Fraud**
 - B. Harassment**
 - C. Misrepresentation**
 - D. Panic selling**

Answers

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

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Explanations

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1. At the time of the mortgage loan application, The Real Estate Settlement Procedures Act (RESPA) requires

A. Good faith estimate

B. Insurance

C. Lien

D. APR

RESPA is a federal law that is designed to protect consumers in the mortgage loan process. It requires lenders to provide borrowers with a good faith estimate (GFE) at the time of the mortgage loan application. This estimate outlines the costs and terms associated with the loan, giving the borrower an idea of what to expect when it comes to closing costs and monthly payments. Options B, C, and D are incorrect because although they may be related to the mortgage loan process, they are not specifically required by RESPA at this stage. Insurance may be required for the loan, but RESPA does not specifically require it at the time of application. A lien may be placed on the property as security for the loan, but RESPA does not address this. And APR, or annual percentage rate, is a measure of the interest rate and fees associated with the loan, but RESPA does not require lenders

2. A buyer representation agreement establishes an agency relationship between which parties?

A. Buyer and broker

B. Buyer and salesperson

C. Seller and broker

D. Seller and salesperson

A buyer representation agreement establishes an agency relationship between the buyer and the broker. This agreement defines the duties and responsibilities of both parties and outlines the terms of their partnership in the buying process. Options B, C, and D are incorrect as they do not establish an agency relationship between the buyer and broker, which is necessary for a buyer representation agreement. Option B only includes a salesperson, who may not have the same level of authority as a broker. Options C and D involve the seller, who would not be a part of a buyer representation agreement. Therefore, the correct answer is A.

3. Gary and Anita wish to protest their property tax assessment. What is the time frame in which they must do this?

A. Any time before the taxes are due

B. Within 10 days of receiving the TRIM notice

C. Within 25 days of the date the TRIM notice was mailed

D. Within 30 days of the payment due date

Gary and Anita must protest their property tax assessment within 25 days of the date the TRIM notice was mailed. The other options are incorrect. Option A does not provide a specific time frame and is too broad. Option B states a time frame that is too short and may not give them enough time to properly prepare for their protest. Option D is after the taxes are due, so it is too late. Therefore, option C, within 25 days of the TRIM notice being mailed, is the correct time frame for them to file their protest.

4. Which type of legal description do courts prefer?

- A. Benchmark**
- B. Lot and block**
- C. Metes and bounds**
- D. Rectangular government survey**

Lot and block legal descriptions are preferred by courts because they provide more detailed information about the property, including boundaries and nearby landmarks. Benchmark legal descriptions, while still accurate, do not provide as much detail and are less preferred. Metes and bounds and rectangular government survey legal descriptions are also less preferred, as they can be more complex and difficult to understand. Additionally, they may require additional research and may be less accurate compared to lot and block descriptions.

5. Which of the following is a characteristic of the primary mortgage market?

- A. It earns money from buying packages of loans.**
- B. It's prohibited from making money by collecting fees from borrowers.**
- C. It's required to sell loans on the secondary market.**
- D. It works directly with borrowers to fund loans.**

The primary mortgage market is where borrowers directly obtain home loans from lenders such as banks, credit unions, and mortgage companies. It's characterized by the direct interaction between borrowers and lenders for the purpose of funding loans. Therefore, options A, B, and C are incorrect because they do not reflect this direct interaction between borrowers and lenders. Option A refers to the secondary mortgage market, where lenders may sell packages of loans as a source of income. Option B mentions prohibited actions, which are not relevant to the characteristics of the primary mortgage market. Option C is incorrect because loans in the primary market are not required to be sold on the secondary market.

6. Where can an agent report an antitrust violation?

- A. Citizens Complaint Center of the Antitrust Division**
- B. The Department of Housing and Urban Development**
- C. The Department of State**
- D. The Federal Bureau of Investigation**

An agent can report an antitrust violation to the Citizens Complaint Center of the Antitrust Division because they specialize in handling antitrust violations. Options B, C, and D do not have the relevant expertise or jurisdiction to handle antitrust violations. The Department of Housing and Urban Development deals with housing and development issues, the Department of State deals with foreign relations and diplomacy, and the Federal Bureau of Investigation deals with criminal investigations. Therefore, these options are incorrect and would not be the appropriate places to report an antitrust violation.

7. Which market characteristic is described by being slow to respond to national changes?

- A. Unique**
- B. Highly influenced by governmental policy**
- C. Indestructible**
- D. Slow to respond**

Indestructible is the correct answer because it means that the market is resistant to changes and is not easily affected by external factors, such as national changes or government policies. This makes the market slow to respond because it is not easily influenced, unlike the other options. Option A, unique, does not accurately describe the market characteristic as it does not relate to its response time to national changes. Option B, highly influenced by governmental policy, suggests that the market is not independent and can quickly adapt to changes, which is contradictory to the question. Option D, slow to respond, is a near-synonym of the correct answer, but it does not fully capture the idea of resilience against national changes.

8. What does the Floor Area Ratio include?

- A. Only non-habitable structures**
- B. All habitable structures on a lot**
- C. Only parking structures and lots**
- D. Gardens and outdoor recreational spaces**

The Floor Area Ratio (FAR) is a planning tool used to regulate the relationship between a building's total floor area and the area of the lot on which it is built. The FAR is calculated by dividing the total floor area of all habitable structures on a lot by the total area of the lot. This means that both habitable and non-habitable structures are included in the calculation, making options A, C, and D incorrect. The only correct option is B, which mentions all habitable structures on a lot. This includes buildings such as residential homes, apartment buildings, offices, and commercial spaces. Therefore, the FAR takes into account all structures that are intended for human use on a lot.

9. Which of the following is considered illegal commingling?

- A. Failing to keep appropriate records**
- B. Having more in an escrow account than can be accounted for by escrow funds**
- C. Placing client funds in the firm's general business account**
- D. Stealing a client's trust funds**

Illegal commingling refers to the mixing of client funds with firm funds. Having client funds in the firm's general business account falls under this definition, making it the correct answer. Option A may seem like a possible answer, but it is not considered illegal commingling unless there is evidence that it was done intentionally. Option B may also seem correct, but it could simply be a mistake or error in accounting rather than intentional illegal commingling. Option D is also incorrect as it is considered embezzlement, not commingling.

10. What's it called when you contact the public with unsolicited offers via multiple communication vehicles, even with your buyer's permission?

A. Fraud

B. Harassment

C. Misrepresentation

D. Panic selling

Unsolicited offers can be defined as communication that is initiated by a seller, rather than requested by a buyer. In this scenario, the buyer may have given permission for the seller to contact them, but the unsolicited nature and the use of multiple communication vehicles can still be considered a form of harassment. This is because it can become overwhelming and invasive for the buyer, who may not be interested in the offers being presented. Fraud, misrepresentation, and panic selling do not encompass the use of multiple communication vehicles and therefore, are not the most accurate terms to describe this behavior.