

Gold Coast Real estate Sales Associate Pre-License Practice Test (Sample)

Study Guide



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SAMPLE

Questions

- 1. Which of the following is a characteristic of a breach of contract?**
 - A. Failure to continue negotiating**
 - B. Violation of agreed terms in the contract**
 - C. Death of a party involved in the contract**
 - D. Legal impossibility of performing actions**
- 2. Which scenario best describes an illegal dual agency?**
 - A. A broker representing the buyer and seller without consent**
 - B. A transaction broker managing a client relationship**
 - C. A sub-agent working under a different broker**
 - D. A single agent acting under the instructions of the principal**
- 3. How is the intangible tax calculated on a new mortgage loan?**
 - A. $.001 \times \text{total loan}$**
 - B. $.002 \times \text{new loan}$**
 - C. $.005 \times \text{total loan}$**
 - D. $.0005 \times \text{new loan}$**
- 4. What is a "blind ad" in real estate?**
 - A. An ad containing false information**
 - B. An ad without the registered name of the broker**
 - C. An ad targeting specific demographics**
 - D. An ad published without payment**
- 5. What does tract building involve in real estate development?**
 - A. Acquiring a small piece of land for single-family homes**
 - B. Recording a subdivision plat map and using a model center for sales**
 - C. Building structures without regulatory oversight**
 - D. Concentrating on urban properties only**

- 6. What additional term must be included in the name of a corporation if it is formed under Florida law?**
- A. "Limited Liability Company"**
 - B. "Foreign Corporation"**
 - C. "Domestic Corporation"**
 - D. "Limited Partnership"**
- 7. In the disciplinary process, what is the first step involving the Complaint Analyst?**
- A. Determine if the violation occurred**
 - B. Assess the complaint for legal sufficiency**
 - C. Initiate penalty recommendations**
 - D. Conduct a formal investigation**
- 8. What is a requirement for a sales associate to practice real estate?**
- A. Must operate independently**
 - B. Must be employed by a real estate broker or owner developer**
 - C. Must have a degree in real estate**
 - D. Must pass the broker's exam first**
- 9. Which property valuation method is best for estimating special purpose properties?**
- A. Sales Comparison Approach**
 - B. Cost Depreciation Approach**
 - C. Investment Analysis**
 - D. Market Value Analysis**
- 10. What should a mortgagor receive after paying off a mortgage in Florida?**
- A. Title insurance**
 - B. A letter of satisfaction**
 - C. A new mortgage contract**
 - D. Tax reimbursement**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Which of the following is a characteristic of a breach of contract?

- A. Failure to continue negotiating**
- B. Violation of agreed terms in the contract**
- C. Death of a party involved in the contract**
- D. Legal impossibility of performing actions**

A breach of contract occurs when one party fails to fulfill their obligations as stipulated in a legally binding agreement. The correct choice identifies the core component of a breach, which is the violation of the agreed terms in the contract. This can manifest in various forms, such as failing to deliver goods on time, not making payments as scheduled, or not performing the duties outlined in the contract. This characteristic is fundamental because it directly reflects the concept that a contract is an agreement that creates enforceable obligations; when those obligations are not met, a breach has occurred. The repercussions of a breach can lead to legal action, including the possibility of the non-breaching party seeking damages or specific performance to enforce the contract. Other options may involve situations that are relevant to contracts but do not define a breach. For instance, failure to continue negotiating does not equate to violating a contract; it merely relates to discussions that may or may not lead to a contract. Similarly, the death of a party can affect a contract but does not inherently constitute a breach, as contracts can often be assigned or fulfilled by others depending on the circumstances. Lastly, legal impossibility involves scenarios where a contract cannot be performed due to external factors, which may excuse a party from performing but does

2. Which scenario best describes an illegal dual agency?

- A. A broker representing the buyer and seller without consent**
- B. A transaction broker managing a client relationship**
- C. A sub-agent working under a different broker**
- D. A single agent acting under the instructions of the principal**

In the context of real estate, dual agency occurs when a broker represents both the buyer and the seller in a transaction. For this representation to be legal, both parties must give informed consent. The first scenario describes an illegal dual agency situation because it highlights the broker representing both parties without obtaining their consent, which violates the ethical and legal guidelines established to prevent conflicts of interest and ensure fair representation for each client. This scenario is problematic because it places the broker in a position where they may struggle to remain impartial, as they have conflicting loyalties to both parties. Without proper disclosure and consent, the broker cannot fulfill their fiduciary duty to either client, creating a significant risk of misrepresentation and damage to the clients' interests. The other scenarios do not describe illegal dual agency. A transaction broker managing a client relationship generally serves without representing either party in a fiduciary capacity, thus avoiding dual agency issues altogether. A sub-agent working under a different broker is answering to a different party and is not engaged in dual agency. Meanwhile, a single agent acting under the instructions of the principal is fulfilling their duty as per the client's direction and is not in a dual representation situation.

3. How is the intangible tax calculated on a new mortgage loan?

- A. .001 X total loan**
- B. .002 X new loan**
- C. .005 X total loan**
- D. .0005 X new loan**

The intangible tax on a new mortgage loan is calculated by multiplying the amount of the new loan by a specified rate, which reflects the tax imposed on the privilege of borrowing money secured by real property. In this case, the calculation is .002 times the new loan amount. This means that for every dollar borrowed, the borrower incurs a tax of two-tenths of a percent. Understanding this calculation is crucial for anyone involved in real estate transactions, as it directly impacts the closing costs for the buyer. Knowing the rate for the intangible tax allows buyers and real estate professionals to budget appropriately and ensures compliance with local tax laws related to mortgage financing.

4. What is a "blind ad" in real estate?

- A. An ad containing false information**
- B. An ad without the registered name of the broker**
- C. An ad targeting specific demographics**
- D. An ad published without payment**

A "blind ad" in real estate refers to advertising that does not include the registered name of the broker or brokerage firm responsible for the advertisement. This practice is significant because it can lead to confusion among potential clients regarding whom they are dealing with in a transaction. In many jurisdictions, including Florida, real estate laws require that all advertisements clearly display the broker's name to ensure transparency and accountability. Failing to do so can result in legal repercussions and can undermine consumer trust in the industry. In contrast, advertisements containing false information, targeting specific demographics, or published without payment do not align with the specific definition of a blind ad, which focuses primarily on the omission of the broker's name.

5. What does tract building involve in real estate development?

- A. Acquiring a small piece of land for single-family homes**
- B. Recording a subdivision plat map and using a model center for sales**
- C. Building structures without regulatory oversight**
- D. Concentrating on urban properties only**

Tract building in real estate development refers specifically to the process of recording a subdivision plat map, which outlines how land is divided into lots for development, and utilizing a model center for sales to showcase the homes that will be built. This process typically involves the development of multiple homes within a designated area, often in a planned community format, appealing to buyers through the availability of model homes that illustrate the design and features of the properties. Creating a subdivision plat map is a critical aspect of tract building, as it establishes the legal parameters for property ownership and development within the area. The model center plays an essential role in marketing the homes to potential buyers, providing them with a tangible example of the type of living environment they can expect once the development is complete. This approach allows buyers to visualize their future homes and fosters a sense of community among potential residents. The other options suggest different aspects of real estate that are not specific to the concept of tract building, emphasizing single-family homes, regulatory oversight, or limiting development focus to urban properties, none of which represent the comprehensive nature of tract building practices.

6. What additional term must be included in the name of a corporation if it is formed under Florida law?

- A. "Limited Liability Company"**
- B. "Foreign Corporation"**
- C. "Domestic Corporation"**
- D. "Limited Partnership"**

In Florida, if a corporation is formed under its laws, it must include the term "Corporation," "Incorporated," or an abbreviation such as "Corp." or "Inc." in its name. The term "Domestic Corporation" specifically refers to a corporation that is created under the laws of the state of Florida, distinguishing it from those established in other jurisdictions. This terminology helps clarify the legal status of the corporation and indicates that it is registered and operating in Florida. The correct choice emphasizes this requirement to ensure that the name of the corporation accurately reflects its jurisdiction of formation. Other terms mentioned, such as "Limited Liability Company," "Foreign Corporation," and "Limited Partnership," refer to different types of business entities or status and do not apply specifically to corporations formed under Florida law. Thus, they do not fulfill the requirement of naming conventions as stipulated for domestic corporations in the state.

7. In the disciplinary process, what is the first step involving the Complaint Analyst?

- A. Determine if the violation occurred**
- B. Assess the complaint for legal sufficiency**
- C. Initiate penalty recommendations**
- D. Conduct a formal investigation**

The first step in the disciplinary process involving the Complaint Analyst is to assess the complaint for legal sufficiency. This initial evaluation is crucial as it establishes whether the complaint meets the specific legal standards required for further action. By doing so, the Complaint Analyst determines if there are valid grounds to proceed with the case. This step ensures that only complaints that possess a legal basis are advanced through the disciplinary process, effectively filtering out any that may be unfounded or do not meet the statutory criteria. In subsequent steps, if the complaint is deemed legally sufficient, further actions could include conducting a formal investigation, but this cannot occur until the initial assessment has been completed affirmatively.

8. What is a requirement for a sales associate to practice real estate?

- A. Must operate independently**
- B. Must be employed by a real estate broker or owner developer**
- C. Must have a degree in real estate**
- D. Must pass the broker's exam first**

To practice real estate, a sales associate must be employed by a licensed real estate broker or an owner developer. This requirement is crucial because it ensures that sales associates operate within a legal and regulated framework. Brokers provide the necessary oversight, training, and resources that new associates need to conduct real estate transactions effectively and ethically. Operating independently is not permitted for a sales associate, as they are not licensed to perform real estate services on their own. A degree in real estate is not a requirement; instead, completing the necessary pre-license education and training is sufficient. Additionally, sales associates do not need to pass the broker's exam to begin their careers; they can work under the guidance of a broker while gaining experience and knowledge in the field.

9. Which property valuation method is best for estimating special purpose properties?

- A. Sales Comparison Approach**
- B. Cost Depreciation Approach**
- C. Investment Analysis**
- D. Market Value Analysis**

The Cost Depreciation Approach is particularly effective for estimating the value of special purpose properties because it focuses on calculating the cost of constructing a similar property and then adjusting that cost for depreciation. Special purpose properties often serve unique functions that may not be commonly found or comparable to other properties in the area, making it difficult to apply the Sales Comparison Approach effectively, which relies on comparative sales data. Using this approach, valuers consider what it would cost to replace the building and its unique features, taking into account any physical, functional, or economic obsolescence. This method provides a more accurate reflection of the property's value when traditional comparative methods fall short, especially for properties like schools, hospitals, or religious buildings that do not typically have a large number of recent market transactions for direct comparison. Thus, for special purpose properties, the Cost Depreciation Approach provides a tailored and reliable method to assess value based on the specific characteristics and utility of the property in question.

10. What should a mortgagor receive after paying off a mortgage in Florida?

- A. Title insurance**
- B. A letter of satisfaction**
- C. A new mortgage contract**
- D. Tax reimbursement**

After paying off a mortgage in Florida, the mortgagor should receive a letter of satisfaction. This document serves as official confirmation that the loan has been fully paid and that the lender has released its claim on the property. A letter of satisfaction is important because it provides proof that the mortgage obligation has been fulfilled, allowing the property owner to clear the title of any encumbrances associated with the mortgage. This document typically includes details such as the mortgage reference number, the property address, and the date the mortgage was paid off, ensuring that there are no remaining liens against the property related to that mortgage. This is crucial for future transactions involving the property, such as selling or refinancing. The other options do not accurately reflect what a mortgagor receives after paying off a mortgage. Title insurance is a policy that protects against future claims on the property, not a document received after paying off a mortgage. A new mortgage contract would imply that a new loan is being taken out, which is not the case after fulfilling an existing mortgage. Tax reimbursement does not relate to the mortgage payoff process directly; it pertains to tax situations rather than mortgage satisfaction documentation.