

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

- 1. What is the primary duty of confidentiality in a brokerage relationship?**
 - A. To disclose all terms to the other party**
 - B. To maintain harmful information received confidential**
 - C. To fully disclose offers to all clients**
 - D. To limit communication with the principal**
- 2. Which clause in a mortgage is legally necessary and protects the borrower?**
 - A. Exculpatory Clause**
 - B. Defeasance Clause**
 - C. Escalation Clause**
 - D. ECOA**
- 3. Under what condition is a broker entitled to compensation?**
 - A. When the buyer pays upfront fees**
 - B. When a ready, willing, and able buyer meets the seller's requirements**
 - C. Only when a sale is finalized**
 - D. When the buyer signs a contract**
- 4. Which of the following factors is prohibited from being the basis for discrimination in housing under the 1968 Civil Rights Act?**
 - A. Financial status**
 - B. Race**
 - C. Geographic location**
 - D. Age**
- 5. Which of the following is a disadvantage of investing in real estate?**
 - A. High liquidity of properties**
 - B. Illiquidity of property**
 - C. Guaranteed appreciation**
 - D. Stable income generation**

- 6. What is the yearly fee added to the license fee for real estate brokers related to the recovery fund?**
- A. \$5.00**
 - B. \$3.50**
 - C. \$10.00**
 - D. \$2.00**
- 7. What does Regulation Z require concerning the disclosure of credit terms?**
- A. Disclosure of APR**
 - B. Disclosure of loan duration**
 - C. Disclosure of fees associated with credit**
 - D. Disclosure of personal credit history**
- 8. What is the Equity of Redemption?**
- A. The right of a borrower to avoid foreclosure by paying the owed amount**
 - B. The right of a lender to seize property for unpaid debts**
 - C. The process of selling property to cover debts**
 - D. The process of transferring property ownership**
- 9. What can be used to settle disputes over escrow funds if both parties agree?**
- A. Mediation**
 - B. Litigation**
 - C. Declaratory decree**
 - D. All of the above**
- 10. What type of partnership operates under the same requirements as a general partnership?**
- A. Limited Liability Brokerage Partnership**
 - B. Sole Proprietorship**
 - C. Joint Venture**
 - D. General Partnership**

Answers

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

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Explanations

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1. What is the primary duty of confidentiality in a brokerage relationship?

- A. To disclose all terms to the other party
- B. To maintain harmful information received confidential**
- C. To fully disclose offers to all clients
- D. To limit communication with the principal

The primary duty of confidentiality in a brokerage relationship is to maintain harmful information received confidential. This means that a real estate agent or broker is obligated to keep sensitive information about their clients or the transaction private, as sharing such information could potentially harm the client's interests or position in the negotiation process. This obligation extends to various types of information, including financial details and personal circumstances that could influence the transaction. By preserving this confidentiality, agents build trust with their clients and ensure that they act in their best interests. In contrast, options that involve disclosing terms or offers do not align with the duty of confidentiality. The requirement to limit communication would also conflict with an agent's duty to facilitate clear and open lines of communication with their client. Thus, maintaining confidentiality is fundamental in protecting the interests and privacy of clients within a brokerage relationship.

2. Which clause in a mortgage is legally necessary and protects the borrower?

- A. Exculpatory Clause
- B. Defeasance Clause**
- C. Escalation Clause
- D. ECOA

The defeasance clause is an essential component in a mortgage contract that acts as a safeguard for the borrower. This clause ensures that the borrower will receive certain rights after they pay off the loan, as it outlines the lender's obligations in connection with the performance of the loan. When the loan is fulfilled, the defeasance clause effectively cancels any claims the lender has against the borrower, thus confirming that the property is no longer encumbered by the mortgage. This gives borrowers peace of mind, knowing that they will regain full ownership of the property and clear title once their financial obligations are satisfied. In contrast, the exculpatory clause limits the lender's ability to pursue a borrower's other assets beyond the property in case of default, but it does not grant any additional rights to the borrower upon fulfilling loan obligations. The escalation clause modifies how interest rates can change over time, often in conjunction with market rates, and does not specifically protect a borrower once the mortgage is paid. The ECOA, or Equal Credit Opportunity Act, pertains to anti-discrimination measures in lending rather than specific mortgage clauses.

3. Under what condition is a broker entitled to compensation?

- A. When the buyer pays upfront fees
- B. When a ready, willing, and able buyer meets the seller's requirements**
- C. Only when a sale is finalized
- D. When the buyer signs a contract

A broker is entitled to compensation when there is a ready, willing, and able buyer who meets the seller's requirements. This condition is pivotal as it establishes that the broker has performed their role effectively by bringing a qualified buyer to the table. The phrase "ready, willing, and able" signifies that the buyer is not only interested in purchasing but also has the financial capacity and intent to do so, along with the necessary prerequisites to fulfill the seller's criteria for the sale. In real estate transactions, a broker's primary duty is to facilitate the connection between buyers and sellers. Once a buyer who meets all the seller's stipulated conditions is identified, this triggers the broker's entitlement to a commission. The broker's work is typically compensated based on their success in introducing such buyers, regardless of whether the sale is ultimately closed or not. Other conditions like upfront fees, finalization of the sale, or mere signing of a contract do not inherently ensure that a broker is entitled to compensation. Compensation arises from the successful configuration of buyer-seller dynamics, emphasizing the broker's role in navigating these essential elements of real estate transactions.

4. Which of the following factors is prohibited from being the basis for discrimination in housing under the 1968 Civil Rights Act?

- A. Financial status
- B. Race**
- C. Geographic location
- D. Age

The 1968 Civil Rights Act, also known as the Fair Housing Act, was established to eliminate discrimination in housing based on specific characteristics. One of the key prohibitions of this Act is discrimination based on race. This means that it is illegal to refuse to sell or rent housing, or to make housing unavailable to someone solely on the basis of their race. This foundational principle is critical in promoting equal housing opportunities. In contrast, while financial status, geographic location, and age may affect housing options or access to certain areas, they are not categories specifically protected under the Fair Housing Act. Thus, while these factors can have an impact on housing decisions, they do not enjoy the same level of legal protection against discrimination that race does. This emphasis on race as a protected category highlights society's ongoing commitment to addressing historical injustices and promoting equal rights in housing.

5. Which of the following is a disadvantage of investing in real estate?

- A. High liquidity of properties**
- B. Illiquidity of property**
- C. Guaranteed appreciation**
- D. Stable income generation**

Investing in real estate carries several potential disadvantages, one of which is the illiquidity of property. Illiquidity refers to the difficulty of quickly converting real estate assets into cash without significantly affecting the asset's price. Compared to stocks or bonds, which can be sold quickly on the market, real estate transactions typically require more time, effort, and associated costs for closing, which can slow down the process of accessing funds when needed. This aspect can create challenges for investors who may require immediate cash flow or who might need to respond quickly to financial opportunities or emergencies. Unlike liquid assets, which can be sold and converted to cash almost instantaneously, investments in property often require a lengthy sales process and may involve negotiation steps, inspections, and legal procedures, contributing to their illiquid nature. Understanding this characteristic of the real estate market is crucial for potential investors, as it influences their overall investment strategy and liquidity management. The other options, such as guaranteed appreciation and stable income generation, generally represent positive aspects of real estate investment, making them less relevant when considering disadvantages. High liquidity of properties, in contrast, does not apply to real estate, further reinforcing the significance of recognizing illiquidity as a drawback in this investment sphere.

6. What is the yearly fee added to the license fee for real estate brokers related to the recovery fund?

- A. \$5.00**
- B. \$3.50**
- C. \$10.00**
- D. \$2.00**

The yearly fee added to the license fee for real estate brokers related to the recovery fund is \$3.50. This fee is essential as it contributes to the Real Estate Recovery Fund, which is set up to provide financial protection to consumers who may suffer financial losses due to unethical actions by real estate licensees. This fund helps ensure that there is a safety net for consumers, promoting trust in real estate transactions and accountability among brokers and agents. While other options may represent different amounts, \$3.50 is the specific fee established for this purpose, making it crucial for compliance with state regulations.

7. What does Regulation Z require concerning the disclosure of credit terms?

A. Disclosure of APR

B. Disclosure of loan duration

C. Disclosure of fees associated with credit

D. Disclosure of personal credit history

Regulation Z, implemented under the Truth in Lending Act, mandates that lenders provide clear and conspicuous disclosures of credit terms to consumers. One of the primary requirements is the disclosure of the Annual Percentage Rate (APR). The APR is a comprehensive measure of the cost of borrowing that reflects not only the interest rate but also any additional fees or costs associated with the loan, expressed as a yearly rate. This requirement ensures that borrowers can more easily compare different loan offers and understand the true cost of credit over time. Understanding the APR is crucial for borrowers because it helps them make informed decisions about which credit options are more favorable for their financial situation. This focus on transparency and clarity in lending practices helps protect consumers from hidden fees and misleading interest rates. Other disclosures, such as loan duration, fees associated with credit, and personal credit history, are also important but do not encapsulate the main requirement highlighted by Regulation Z in the same essential manner as the disclosure of the APR. Each of these aspects may be covered in the lending documentation, but the APR stands out as a critical piece of information that directly influences borrowers' understanding of the total cost of their loans.

8. What is the Equity of Redemption?

A. The right of a borrower to avoid foreclosure by paying the owed amount

B. The right of a lender to seize property for unpaid debts

C. The process of selling property to cover debts

D. The process of transferring property ownership

The concept of Equity of Redemption is fundamentally rooted in the rights of borrowers in a mortgage agreement. This term refers specifically to the right that a borrower has to reclaim their property after defaulting on a loan by paying off the amount owed, including any interest and fees. This right is exercised before the property is sold or foreclosed upon. The ability to redeem the property reflects an important protective measure for borrowers, allowing them the opportunity to regain their financial standing and retain ownership before legal action can strip them of their property rights. This aspect highlights the equity that homeowners have built up over time and affirms their stake in the property, despite potential financial difficulties. While the other options pertain to various aspects of foreclosure and property transfer, they do not capture the specific essence of the Equity of Redemption, which is uniquely tied to the borrower's capacity to reverse the consequences of defaulting on a loan prior to foreclosure actions being finalized.

9. What can be used to settle disputes over escrow funds if both parties agree?

- A. Mediation**
- B. Litigation**
- C. Declaratory decree**
- D. All of the above**

In the context of disputes over escrow funds when both parties have reached an agreement, all the mentioned methods—mediation, litigation, and declaratory decree—can indeed be employed to settle such matters effectively. Mediation involves a neutral third-party facilitator who assists both parties in reaching a mutually agreeable solution. This process is generally quicker and less adversarial than litigation, making it an attractive option for those who want to preserve a working relationship. Litigation, on the other hand, is the process of taking the dispute to court. This is a more formal legal route that can result in a binding decision made by a judge. While it tends to be lengthier and can impose higher costs on the parties involved, it is an avenue available if mediation does not successfully resolve the dispute. A declaratory decree is a legal determination made by a court that clarifies the rights and obligations of the parties involved regarding the escrow funds. This can provide a clear resolution and help avoid further disputes. Given that each of these approaches is viable for resolving disputes over escrow funds when both parties agree, it is clear why the choice to include all of them is valid. Each option has its own benefits and context in which it may be the most appropriate course of action.

10. What type of partnership operates under the same requirements as a general partnership?

- A. Limited Liability Brokerage Partnership**
- B. Sole Proprietorship**
- C. Joint Venture**
- D. General Partnership**

The correct answer is that a general partnership operates under the same requirements as a general partnership. In this type of partnership, all partners are equally responsible for managing the business and are personally liable for its debts. Each partner has a say in the decision-making processes, and profits are typically shared among the partners according to their partnership agreement. The other options represent different structures that do not have the same characteristics as a general partnership. A limited liability brokerage partnership involves different liability protection for its partners. A sole proprietorship is owned and run by a single individual and is not a partnership at all. A joint venture is a temporary partnership formed for a specific project or goal, which can have different laws or requirements compared to a general partnership. Understanding these distinctions is important in real estate and business practice.

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://goldcoastresalesassocprelicense.examzify.com>

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