

# Hawaii Pre-Licensing National Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of 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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## 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.**

## 7. Use Other Tools

**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!**

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## **Questions**

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**1. What is a real estate "wholesaler"?**

- A. An individual who contracts a home under market value and sells the contract to an end buyer for a profit**
- B. A licensed real estate agent**
- C. A developer building new properties**
- D. An investor owning rental properties**

**2. What is a lease that includes periodic rent increases termed?**

- A. Net lease**
- B. Graduated lease**
- C. Flat lease**
- D. Standard lease**

**3. What is adverse possession?**

- A. A legal procedure for transferring property ownership.**
- B. A law that allows temporary use of another's property without permission.**
- C. A legal doctrine that allows a person to claim ownership of land under certain conditions, without the actual title.**
- D. A type of lease agreement that grants limited property access.**

**4. According to the Federal Fair Housing Act, who is allowed to reside in housing with a familial status exemption?**

- A. A single mother with young children**
- B. A sixty-three-year-old employed postal worker**
- C. A family with multiple children**
- D. A grandparent living with grandchildren**

**5. Which term describes the legal right to access another's property for a specific purpose?**

- A. An easement**
- B. A trust deed**
- C. A subordination**
- D. A mortgage lien**

**6. According to the Federal Fair Housing Act as amended in 1988, which condition is considered handicapping?**

- A. Having a minor physical injury**
- B. Having a mental impairment that substantially limits a major life activity**
- C. Having a learning disability only**
- D. Being over the age of 65**

**7. What are property taxes primarily used for?**

- A. To support private educational institutions**
- B. To fund local government services such as schools, roads, and public safety**
- C. To subsidize mortgage interest for homeowners**
- D. To pay for maintenance of commercial properties**

**8. In a property sale, how should a salesperson inform prospective buyers of a 40-foot easement and a required 50-foot building setback?**

- A. Only inform them of the setback**
- B. Only inform them of the easement**
- C. Inform them of the existence of both the easement and the setback line**
- D. Keep this information confidential**

**9. What information is included in the Housing and Urban Development (HUD) settlement statement?**

- A. Buyers' and sellers' closing costs**
- B. Property maintenance history**
- C. Buyers' credit scores**
- D. Real estate agent commissions**

**10. How can a restrictive covenant affect property use?**

- A. By providing tax incentives for development**
- B. By preventing certain types of construction or property changes**
- C. By increasing property value automatically**
- D. By ensuring all properties in an area are the same size**

## **Answers**

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

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## **Explanations**

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## 1. What is a real estate "wholesaler"?

**A. An individual who contracts a home under market value and sells the contract to an end buyer for a profit**

**B. A licensed real estate agent**

**C. A developer building new properties**

**D. An investor owning rental properties**

A real estate "wholesaler" is an individual who identifies a property that is often under market value and secures it under a purchase contract. They do not actually take ownership of the property itself; instead, they sell the contract to another buyer, typically an investor or someone looking to flip the property, for a profit. This practice allows wholesalers to benefit from the difference between the price they secured the property for and what the end buyer pays. This method requires a strong understanding of the local real estate market, negotiation skills, and the ability to find motivated sellers.

Wholesaling is a strategy often used by those looking to enter the real estate market with limited capital, as it doesn't require them to finance a property outright. In contrast, the other choices pertain to different roles within real estate. A licensed real estate agent facilitates transactions for buyers and sellers but does not engage in wholesaling unless they are also operating in that capacity. Developers are focused on creating new properties, which is very different from the wholesaling process. Similarly, investors owning rental properties are involved in long-term property management and investment, rather than the short-term transactional nature that characterizes wholesaling.

## 2. What is a lease that includes periodic rent increases termed?

**A. Net lease**

**B. Graduated lease**

**C. Flat lease**

**D. Standard lease**

A lease that includes periodic rent increases is known as a graduated lease. This type of lease is structured to allow the landlord to increase the rental amount at predetermined intervals, such as annually or every few years. The increases are usually specified in the lease agreement, providing clarity for both the landlord and tenant regarding future financial obligations. In a graduated lease, the schedule of increases is typically outlined at the beginning of the lease term, ensuring that the tenant is aware of how their rent will change over time. This can be beneficial for landlords in maintaining rental income that keeps pace with inflation or market changes. Other types of leases, such as a net lease, typically focus on the payment of expenses in addition to rent, while a flat lease maintains a consistent rental amount throughout the lease term with no scheduled increases. A standard lease is a more general term that does not specifically imply minor or periodic increases in rent.

### 3. What is adverse possession?

- A. A legal procedure for transferring property ownership.
- B. A law that allows temporary use of another's property without permission.
- C. A legal doctrine that allows a person to claim ownership of land under certain conditions, without the actual title.**
- D. A type of lease agreement that grants limited property access.

Adverse possession is a legal doctrine that allows an individual to claim ownership of land under specific circumstances, even if they do not have the legal title to that property. This typically requires that the possession of the property be open, notorious, continuous, exclusive, and adverse to the interests of the true owner for a certain period, which varies by jurisdiction. In essence, if someone occupies a property and meets these criteria, they may eventually gain legal ownership of it, despite the absence of formal title. This concept is based on the idea that property should be put to productive use and that the rights of the original owner can be forfeited if they do not take action against the unauthorized use of their property within a reasonable time frame. The doctrine also serves to provide a clear title to properties that may have unclear ownership or where the original owner has abandoned their claim. The other choices describe different legal concepts that do not accurately represent adverse possession, which is specifically about claiming ownership of land through certain conditions rather than transferring ownership, temporary use, or leasing agreements.

### 4. According to the Federal Fair Housing Act, who is allowed to reside in housing with a familial status exemption?

- A. A single mother with young children
- B. A sixty-three-year-old employed postal worker**
- C. A family with multiple children
- D. A grandparent living with grandchildren

The Federal Fair Housing Act includes a familial status exemption that typically applies to housing designated for older adults, where the intent is to create communities that are primarily comprised of individuals of a certain age, usually 55 and older. This exemption allows certain housing providers to refuse to rent to families with children in communities that are meant for older persons. In this context, a sixty-three-year-old employed postal worker is allowed to reside in housing with a familial status exemption because they are over the typical age threshold for such housing designed for older adults. This means that they fall within the criteria that allows for the housing exemption, which is established to encourage a community atmosphere for older adults. The other choices do not connect with the familial status exemption criteria. A single mother with young children and a family with multiple children are examples of households that do not fit the eligibility of residing in age-restricted housing intended for older adults. A grandparent living with grandchildren may not necessarily qualify under the exemption if the housing is specifically restricted to those above a certain age, as it could still be considered a family unit with children.

**5. Which term describes the legal right to access another's property for a specific purpose?**

- A. An easement**
- B. A trust deed**
- C. A subordination**
- D. A mortgage lien**

The term that describes the legal right to access another's property for a specific purpose is an easement. An easement grants one party the authority to use a portion of another party's property for a defined purpose, such as for utilities, road access, or placing a fence. This right is typically established by an agreement or may arise by necessity or implication, allowing for specific uses without transferring ownership. A trust deed pertains to the method of securing a loan with real property and does not relate to the right of access. Subordination refers to the ranking of interests or claims, particularly in the context of multiple loans or liens on a property, and it also does not pertain to access rights. A mortgage lien is a legal claim against a property that secures payment of a loan, primarily involving the borrower's obligation to the lender, and similarly does not grant access for specific purposes. Understanding the role and significance of easements is crucial for real estate and property law, especially in discerning the rights and responsibilities associated with property ownership and usage.

**6. According to the Federal Fair Housing Act as amended in 1988, which condition is considered handicapping?**

- A. Having a minor physical injury**
- B. Having a mental impairment that substantially limits a major life activity**
- C. Having a learning disability only**
- D. Being over the age of 65**

The correct answer identifies a condition described in the Federal Fair Housing Act, specifically regarding what constitutes a handicap or disability. According to the act, a condition is considered a handicap if it results from a mental impairment that substantially limits one or more major life activities. This aligns with the legal definition, emphasizing the significant impact that such impairments can have on an individual's daily life. In the context of the act, it is important to note that "major life activities" can include tasks such as walking, communicating, or caring for oneself. This broader consideration aims to protect individuals with various disabilities from discrimination in housing situations. The definition under the Fair Housing Act is comprehensive and acknowledges mental impairments alongside physical disabilities. Other conditions listed, such as having a minor physical injury or being over the age of 65, do not meet the legal thresholds as outlined in the Fair Housing Act. Similarly, having a learning disability alone may not encompass the broader implications of impairing major life activities as required for protection under the act. Thus, the focus on mental impairment that substantially limits major life activities accurately captures the intention of the legislation.

## 7. What are property taxes primarily used for?

- A. To support private educational institutions
- B. To fund local government services such as schools, roads, and public safety**
- C. To subsidize mortgage interest for homeowners
- D. To pay for maintenance of commercial properties

Property taxes are primarily used to fund local government services, which include essential services such as public education, road maintenance, law enforcement, fire protection, and other municipal services. These taxes are a significant source of revenue for local governments, allowing them to provide necessary infrastructure and support to the community. When property taxes are collected, they are typically allocated according to the budget needs of various local agencies and services. For instance, a substantial portion often goes directly to public schools, ensuring that education remains adequately funded. Additionally, property taxes help maintain public infrastructure like roads and bridges, which are crucial for the day-to-day functioning of communities. The other options do not accurately reflect the primary use of property taxes. Supporting private educational institutions does not fall under the public funding typically provided by property taxes. Subsidizing mortgage interest is a federal and state issue rather than a local one, while maintenance of commercial properties is usually funded through different mechanisms, such as business licenses or specific commercial property taxes, rather than residential property taxes. This highlights the vital role of property taxes in sustaining essential public services and local governance.

## 8. In a property sale, how should a salesperson inform prospective buyers of a 40-foot easement and a required 50-foot building setback?

- A. Only inform them of the setback
- B. Only inform them of the easement
- C. Inform them of the existence of both the easement and the setback line**
- D. Keep this information confidential

A salesperson has a responsibility to provide prospective buyers with full and accurate information about a property, which includes any easements and building setbacks. Informing buyers about the existence of both the 40-foot easement and the 50-foot building setback is crucial because these factors can significantly affect how the property can be used. The easement allows certain rights to use part of the property, which can limit the buyer's ability to alter or develop that portion of the land. On the other hand, the building setback indicates how far structures must be from property lines, which plays an essential role in compliance with local zoning laws and can impact the potential design and layout of future construction. Providing complete information empowers buyers to make informed decisions about their purchase. Transparency in real estate transactions fosters trust and aids in preventing future disputes regarding property use. Therefore, the best approach for a salesperson is to share both pieces of information with prospective buyers.

## 9. What information is included in the Housing and Urban Development (HUD) settlement statement?

- A. Buyers' and sellers' closing costs**
- B. Property maintenance history**
- C. Buyers' credit scores**
- D. Real estate agent commissions**

The HUD settlement statement, also known as the HUD-1 form, provides a comprehensive overview of the financial aspects involved in a real estate transaction. Specifically, it details the closing costs for both buyers and sellers, outlining the various fees associated with the sale of the property. This includes costs like loan origination fees, title insurance, inspection fees, and any prepaid items such as property taxes and homeowners insurance. Including the buyers' and sellers' closing costs helps ensure transparency in the transaction, allowing both parties to clearly understand what they owe and what they are receiving. This level of detail is crucial for both parties to reconcile the funds transferred during the closing process. Other options do not accurately represent the information contained in the HUD settlement statement. Property maintenance history is not typically included, as it pertains more to the condition of the property rather than financial transactions. Buyers' credit scores are not disclosed in this document since they relate to the borrower's creditworthiness rather than the real estate transaction details. Real estate agent commissions might be reflected but are typically detailed through separate agreements and not generally specified in the HUD settlement statement itself. Thus, focusing on the accurate inclusion of closing costs clarifies the document's primary purpose and utility in real estate transactions.

## 10. How can a restrictive covenant affect property use?

- A. By providing tax incentives for development**
- B. By preventing certain types of construction or property changes**
- C. By increasing property value automatically**
- D. By ensuring all properties in an area are the same size**

A restrictive covenant is a provision in a property deed or lease that limits what the owner of the property can do with it. This can include restrictions on the types of constructions that can be built, alterations to existing structures, or even limitations on how the property may be used. The primary function of a restrictive covenant is to maintain a certain aesthetic or character within a neighborhood or development, which can promote uniformity and appeal. For example, if a neighborhood has a restrictive covenant against commercial buildings, the property owners are prevented from converting their homes into businesses, thereby preserving the residential nature of the area. This type of regulation allows for better planning and coordination within communities, ensuring that property values are maintained and that the area remains attractive to current and potential residents. Therefore, the impact of a restrictive covenant on property use is significant, as it directly affects what changes or developments are permissible on that property. In contrast, while tax incentives, automatic increases in property values, and uniformity in property size can all be relevant to real estate, they do not directly address the primary function of a restrictive covenant in regulating property use and activities.

# 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://hawaii-prelicensing.examzify.com>**

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

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