

Hawaii Pre-Licensing National Practice Exam (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

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- 1. In what situation can a broker rescind a listing contract?**
 - A. When the broker receives a better offer**
 - B. Following the terms of the listing contract**
 - C. When the property is sold**
 - D. If the owner requests it**

- 2. What is the purpose of a bill of sale in a transaction involving a riding lawn mower?**
 - A. To establish ownership**
 - B. To fulfill a legal requirement**
 - C. To outline maintenance responsibilities**
 - D. To secure financing**

- 3. A developer who leases real property from the owner with the intent of constructing an office building has which of the following interests in the property?**
 - A. Fee simple**
 - B. Leasehold**
 - C. Life estate**
 - D. Equitable interest**

- 4. Which document provides an overview of the financial details at the settlement, including closing costs?**
 - A. Closing disclosure**
 - B. HUD-1 form**
 - C. Affidavit of title**
 - D. Loan estimate**

- 5. In real estate, what is a "listing agreement"?**
 - A. A contract between a buyer and seller outlining the terms of sale.**
 - B. An agreement that gives a real estate agent the right to sell a property.**
 - C. A rental agreement between a landlord and tenant.**
 - D. A document detailing the closing costs associated with a property sale.**

6. What constitutes "good and marketable title"?

- A. A title free of disputes and defects**
- B. A title that's been notarized**
- C. A title that has been insured**
- D. A title with a warranty deed**

7. What is a comparative market analysis (CMA)?

- A. An evaluation of similar properties in the area to determine a property's worth**
- B. A financial assessment of future property values**
- C. A method to calculate property taxes**
- D. An analysis of real estate trends over time**

8. Which of the following best defines a legal claim against a property?

- A. A mortgage lien**
- B. A property appraisement**
- C. A real estate tax lien**
- D. A sale agreement**

9. What is the significance of the Fair Housing Act?

- A. It promotes investment in low-income housing**
- B. It regulates interest rates for mortgages**
- C. It prohibits discrimination in housing transactions**
- D. It enforces zoning laws**

10. In a competitive market analysis, what should be adjusted for a comparable property that is newer and has fewer baths than the subject property?

- A. Sale price of the comparable property down for age**
- B. Sale price of the comparable property up for age**
- C. Sale price of the comparable property down for the number of baths**
- D. Sale price of the comparable property down for age and up for the number of baths**

Answers

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

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Explanations

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1. In what situation can a broker rescind a listing contract?

- A. When the broker receives a better offer**
- B. Following the terms of the listing contract**
- C. When the property is sold**
- D. If the owner requests it**

The situation in which a broker can rescind a listing contract is when following the terms of the listing contract itself allows for such action. Typically, a listing agreement outlines the specific conditions under which it can be terminated, such as the expiration of the contract period, fulfillment of its purpose (like selling the property), or mutual agreement between the broker and the owner. If the terms of the listing agreement specify conditions under which the broker can terminate the contract, then the broker is within their legal rights to rescind it. This ensures that both parties adhere to the established guidelines, which help prevent disputes and misunderstandings. In contrast, simply receiving a better offer does not provide the broker with the authority to rescind an existing contract, as this would contradict their obligations to the current listing. Similarly, a property being sold would typically fulfill the contract rather than serve as grounds for rescission, and the owner's request would need to align with the terms set forth in the listing agreement to be valid for rescission.

2. What is the purpose of a bill of sale in a transaction involving a riding lawn mower?

- A. To establish ownership**
- B. To fulfill a legal requirement**
- C. To outline maintenance responsibilities**
- D. To secure financing**

The purpose of a bill of sale in a transaction involving a riding lawn mower is primarily to establish ownership. A bill of sale serves as a legal document that records the transfer of ownership from the seller to the buyer. It includes important details about the item being sold, such as its description, the sale price, and the names of the parties involved. This documentation is crucial for the buyer because it provides proof of purchase and ownership, which can be important for future reference, such as warranty claims, insurance considerations, or if disputes arise regarding ownership. While fulfilling legal requirements can be a factor depending on jurisdiction or the value of the mower, the primary and most direct purpose is to confirm that ownership has been successfully transferred. The other options, such as outlining maintenance responsibilities or securing financing, are not typically functions of a bill of sale in this context.

3. A developer who leases real property from the owner with the intent of constructing an office building has which of the following interests in the property?

- A. Fee simple**
- B. Leasehold**
- C. Life estate**
- D. Equitable interest**

A developer leasing real property from an owner to construct an office building holds a leasehold interest in the property. This interest is created through the lease agreement, which grants the developer the right to use and develop the property for a specific duration under the terms set forth in the lease. A leasehold interest means that while the developer can possess and utilize the property for the purposes outlined in the lease, they do not own the underlying land; that ownership remains with the property owner. The leasehold interest is a temporary arrangement and typically has a defined term, after which the rights revert to the property owner. Understanding this distinction is crucial because it highlights the nature of the rights the developer possesses—enabling them to use the property while not granting them full ownership or fee simple title, which would entail absolute ownership of the land. In contrast, options like fee simple would indicate complete ownership rights, life estate implies ownership limited to the duration of an individual's life, and equitable interest refers to rights based on fairness and justice rather than formal legal title, none of which apply to the developer in this context.

4. Which document provides an overview of the financial details at the settlement, including closing costs?

- A. Closing disclosure**
- B. HUD-1 form**
- C. Affidavit of title**
- D. Loan estimate**

The document that provides an overview of the financial details at the settlement, including closing costs, is known as the **Closing Disclosure**. This document is designed to summarize all costs associated with the settlement of a real estate transaction, outlining important financial details that the buyer and seller need to be aware of prior to closing. The **Closing Disclosure** is required under the **Real Estate Settlement Procedures Act (RESPA)** and the **Truth in Lending Act (TILA)**, and it must be provided to the borrower at least three business days before closing. This allows the parties involved to review and understand the financial obligations and fees they will be responsible for. The **HUD-1 form** is also related to settlement costs, but it was primarily used for transactions occurring before the implementation of the **TILA-RESPA Integrated Disclosure rule**, which introduced the **Closing Disclosure**. The **Affidavit of Title** does not detail financial information but rather serves to affirm the seller's ownership and rights to the property. The **Loan Estimate** is provided earlier in the loan process and offers a summary of loan terms and costs, but it is not the final document presented at closing. In summary, the **Closing Disclosure** gives a comprehensive overview of all financial aspects at settlement, ensuring that all parties are informed of the total closing costs.

5. In real estate, what is a "listing agreement"?

- A. A contract between a buyer and seller outlining the terms of sale.**
- B. An agreement that gives a real estate agent the right to sell a property.**
- C. A rental agreement between a landlord and tenant.**
- D. A document detailing the closing costs associated with a property sale.**

A listing agreement is indeed an agreement that grants a real estate agent the authority to sell a property on behalf of the property owner. This contract outlines important details such as the terms of the selling process, the agent's commission, and the duration of the listing. It establishes the professional relationship between the property seller and the real estate agent, ensuring that the agent has the legal right to represent the seller in marketing and selling the property. This understanding is critical in real estate as it creates a clear framework for the responsibilities and expectations of both the agent and the seller. The listing agreement not only specifies what the agent will do to promote and sell the property, but it also protects the seller's interests by ensuring that the agent acts in the seller's best interest during the transaction. Other options may refer to important documents and agreements in real estate but do not define what a listing agreement is. For instance, the first option pertains to the sales contract between a buyer and seller, which is separate from the listing agreement. The third option describes a rental agreement, which is unrelated to the sale of real estate, and the fourth option focuses on closing costs, also not relevant to the listing agreement specifically. Thus, the chosen answer accurately reflects the meaning and purpose of

6. What constitutes "good and marketable title"?

- A. A title free of disputes and defects**
- B. A title that's been notarized**
- C. A title that has been insured**
- D. A title with a warranty deed**

A title is considered "good and marketable" when it is free of disputes and defects, meaning that it can be sold or transferred without any legal problems that might arise from claims or issues regarding ownership. This type of title demonstrates clear ownership, providing assurance to potential buyers that the property is free from liens, encumbrances, or other legal claims that could disrupt the transaction or affect their use of the property. When a title is free of disputes, it indicates that there are no ongoing legal disputes or challenges to the ownership, which is crucial for buyer confidence. Similarly, the absence of defects suggests that there are no issues that could impair the title's validity. In real estate transactions, good marketability ensures that the title can be easily transferred without concern for future claims, thus encouraging smoother sales processes and peace of mind for both buyers and sellers. While other options like notarization, title insurance, or warranty deeds may contribute to a title's integrity, they do not alone guarantee that the title is free of disputes and defects. Notarization serves as a form of verification of documents rather than an assurance of clear title. Title insurance provides protection against defects that may arise after the purchase but does not confirm that the title was free from defects at the

7. What is a comparative market analysis (CMA)?

A. An evaluation of similar properties in the area to determine a property's worth

B. A financial assessment of future property values

C. A method to calculate property taxes

D. An analysis of real estate trends over time

A comparative market analysis (CMA) is fundamentally defined as an evaluation of similar properties in a specific area to determine a property's worth. This process involves analyzing recently sold properties that are comparable in size, condition, location, and features to the property in question. The goal is to establish a reasonable market value based on current market conditions and buyer interest, making it a crucial tool for both real estate agents and sellers in pricing a property accurately. In contrast, the other options serve different purposes and do not capture the essence of a CMA. For instance, assessing future property values falls under market forecasting or financial analysis, which differs from the immediate comparison of current property sales.

Property tax calculations are typically based on assessed values and local regulations, rather than a comparative analysis. Lastly, while analyzing real estate trends can offer valuable insights over time, it does not specifically relate to determining the worth of an individual property using direct comparisons to similar homes.

8. Which of the following best defines a legal claim against a property?

A. A mortgage lien

B. A property appraisement

C. A real estate tax lien

D. A sale agreement

A mortgage lien is the correct answer because it represents a legal claim against a property that allows the lender to take possession of the property if the borrower fails to repay the loan. When a borrower secures a loan using their property as collateral, the lender places a lien on that property to ensure that they have a legal right to recover their investment. This lien remains in effect until the mortgage is paid off, making it a primary legal claim associated with borrowing money for property purchase. In contrast, a property appraisement is an evaluation of a property's value but does not constitute a claim against it. A real estate tax lien arises from unpaid property taxes, which is also a form of legal claim. However, in this context, it is less specific compared to the mortgage lien when discussing secured debts. A sale agreement relates to the transfer of ownership of property but does not signify a legal claim against it, as it primarily pertains to the intentions of the parties involved in a real estate transaction.

9. What is the significance of the Fair Housing Act?

- A. It promotes investment in low-income housing
- B. It regulates interest rates for mortgages
- C. It prohibits discrimination in housing transactions**
- D. It enforces zoning laws

The significance of the Fair Housing Act lies in its fundamental role in promoting equality and preventing discrimination in housing transactions. The Act was established to ensure that individuals have the right to buy or rent housing without facing bias based on race, color, national origin, religion, sex, familial status, or disability. By prohibiting such discrimination, the Fair Housing Act aims to foster inclusive communities and ensure fair treatment in the housing market, allowing all individuals equal access to housing opportunities. The other choices touch upon important aspects of housing and finance but do not encapsulate the primary purpose of the Fair Housing Act. While promoting investment in low-income housing is crucial for community development, it does not address discrimination directly. Regulating interest rates for mortgages relates to financial practices but is outside the scope of the Fair Housing Act's intention. Additionally, enforcing zoning laws is pertinent to land use and development policies, which again does not align with the Act's focus on fair access and non-discrimination in housing.

10. In a competitive market analysis, what should be adjusted for a comparable property that is newer and has fewer baths than the subject property?

- A. Sale price of the comparable property down for age
- B. Sale price of the comparable property up for age
- C. Sale price of the comparable property down for the number of baths
- D. Sale price of the comparable property down for age and up for the number of baths**

In a competitive market analysis, adjustments are made to comparable properties to ensure they reflect the value of the subject property accurately, taking into account differences in features and characteristics. When a comparable property is newer than the subject property, the adjustment generally involves considering the age difference and how that impacts market value. In this case, the sale price of the comparable property would be adjusted up for its newer condition because newer properties typically command higher prices due to reduced maintenance needs and modern features. Additionally, for the feature of fewer baths, the comparable property would have its sale price adjusted downward. Having fewer baths can negatively affect the property's functionality and desirability, particularly if the subject property offers more bathrooms, which many buyers might prefer. Therefore, by adjusting the sale price of the comparable property down for its fewer baths and up for its newer age, we arrive at the correct adjustment method. This comprehensive approach accounts for both the positive value associated with the newer property and the negative value due to fewer bathrooms, resulting in a balanced valuation that accurately reflects differences between the two properties.

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:

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

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