

INDIANA 90-HOUR BROKER COURSE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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. A property manager acts as which type of agent for the owner?**
 - A. Special agent
 - B. General agent
 - C. Designated agent
 - D. Sub-agent

- 2. What best defines the general concept of an investment?**
 - A. Risking the loss of something valuable now in the hopes of obtaining a similar value in the future
 - B. Committing funds to a project with the expectation of a guaranteed return
 - C. Risking the loss of something valuable now in the hopes of receiving something of greater value in the future
 - D. Investing money only in low-risk options for safety

- 3. In the transaction between Sima and Burt, who is considered the client?**
 - A. Burt
 - B. Aubrey
 - C. Sima
 - D. All parties involved

- 4. Who is responsible for reviewing transactional documents and ensuring collateral for a loan is clear of encumbrances at a closing?**
 - A. The title insurance representative
 - B. The real estate broker
 - C. The buyer's attorney
 - D. The seller's agent

- 5. What is a potential benefit of a short sale to the homeowner?**
 - A. Avoiding foreclosure proceedings
 - B. Guaranteeing a high sale price
 - C. Receiving full market value for the property
 - D. Ensuring a quick sale without conditions

- 6. Which statement about real property is correct?**
- A. All real property is homogeneous
 - B. Real property is usually homogeneous, but exceptions exist
 - C. Real property is usually not homogeneous, but there are occasions when it is
 - D. Real property has the same qualities throughout
- 7. For an effective property investment, what type of entity is not typically used?**
- A. Corporation
 - B. Syndicate
 - C. Partnership
 - D. Individual Sole Proprietorship
- 8. Brokers can be held liable for the acts or omissions of their licensees. This is known as ____.**
- A. Vicarious liability
 - B. Direct liability
 - C. Negligence
 - D. Due diligence
- 9. What is the definition of "commission" in real estate?**
- A. The fee paid to real estate agents for their services
 - B. The total value of a property
 - C. The interest rate on a property loan
 - D. The amount due at closing
- 10. If Shelly provided Brian with a loan estimate, who does she most likely represent?**
- A. Client
 - B. Lender
 - C. Borrower
 - D. Real estate agent

Answers

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

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Explanations

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1. A property manager acts as which type of agent for the owner?

- A. Special agent
- B. General agent**
- C. Designated agent
- D. Sub-agent

A property manager typically acts as a general agent for the owner. This relationship allows the property manager to perform a wide range of tasks on behalf of the property owner, such as collecting rent, maintaining the property, managing tenants, and handling day-to-day operations. Unlike a special agent, who is appointed to perform a specific task or transaction on behalf of the principal, a general agent has broader authority to act in the best interests of the principal across multiple ongoing tasks and responsibilities. This structure enables property owners to delegate comprehensive management duties while maintaining ownership of the property. As general agents, property managers are trusted to make decisions and take actions that are necessary for the effective management of the property, reflecting a higher level of authority than that granted to a special agent or other types of agents.

2. What best defines the general concept of an investment?

- A. Risking the loss of something valuable now in the hopes of obtaining a similar value in the future
- B. Committing funds to a project with the expectation of a guaranteed return
- C. Risking the loss of something valuable now in the hopes of receiving something of greater value in the future**
- D. Investing money only in low-risk options for safety

The definition of an investment revolves around the idea of allocating resources, typically money, with the anticipation of deriving a profit or benefit in the future. The selected answer captures this concept accurately by highlighting the aspect of risk associated with investing, where something of value is committed in the present with the expectation of receiving something that outweighs that initial value. This definition acknowledges that investments inherently involve uncertainty and the possibility of loss; therefore, the notion of "risking the loss of something valuable now" is crucial. It underscores that in order to gain a greater future return or benefit, one must first accept some level of risk today. This reflects the essential risks and rewards that underpin most investment decisions across various contexts, whether they be in stocks, real estate, or other financial ventures. The other options do not encapsulate the comprehensive nature of investing effectively. For instance, suggesting a guaranteed return does not reflect the risk that is fundamental to all types of investments, as investment outcomes are often uncertain. Similarly, limiting investments only to low-risk options does not align with the broader definition, which includes a range of risk levels. The selected choice represents the essential idea that successful investments often require a willingness to engage with risk for the chance of greater rewards in the future.

3. In the transaction between Sima and Burt, who is considered the client?

- A. Burt
- B. Aubrey
- C. Sima
- D. All parties involved

In a real estate transaction, the client is typically defined as the party with whom the real estate agent has a contractual relationship. This relationship establishes obligations and duties, enabling the agent to act on behalf of the client in the transaction. In the scenario involving Sima and Burt, if Sima has engaged a broker to represent her interests in the transaction, she would be the client. This means that Sima has a fiduciary relationship with her broker, who is obligated to act in her best interests when negotiating or conducting the sale or purchase. It's also important to note that Burt could be involved as a party in the transaction, perhaps as the seller or buyer, but unless he has a contractual relationship with an agent, he would not be considered the client in this context. This distinction is crucial for understanding the responsibilities of real estate agents and the nature of the representation they provide, ensuring that the client's needs and goals are prioritized throughout the transaction.

4. Who is responsible for reviewing transactional documents and ensuring collateral for a loan is clear of encumbrances at a closing?

- A. The title insurance representative
- B. The real estate broker
- C. The buyer's attorney
- D. The seller's agent

The title insurance representative is responsible for reviewing transactional documents and ensuring that the collateral for a loan, typically the property being purchased, is clear of encumbrances at closing. This role is crucial as it involves conducting a thorough title search to identify any claims, liens, or other issues that may affect the property's title. By reviewing these documents, the title insurance representative provides assurances to both the lender and the buyer that the property can be transferred without legal complications. They also facilitate the issuance of title insurance, which protects the buyer and lender from future claims against the title. While other parties such as the buyer's attorney or the real estate broker may assist in the transaction or provide legal counsel, the specific duty of ensuring the title is clear of encumbrances falls primarily to the title insurance representative. This clarity is vital for a smooth transaction and for safeguarding the interests of the parties involved.

5. What is a potential benefit of a short sale to the homeowner?

- A. Avoiding foreclosure proceedings
- B. Guaranteeing a high sale price
- C. Receiving full market value for the property
- D. Ensuring a quick sale without conditions

A short sale can provide significant relief for homeowners facing financial difficulties, primarily by helping them avoid the lengthy and stressful process of foreclosure. When a homeowner sells their property for less than the amount owed on the mortgage with the lender's approval, it allows them to settle their debts in a more manageable fashion. This can help maintain their credit score better than a foreclosure, which typically has a more damaging long-term impact on credit. Moreover, it offers the homeowner the opportunity to control the sale process and possibly find a buyer without the pressure and additional costs associated with foreclosure proceedings. Other options present outcomes that do not accurately reflect the nature of a short sale. Guaranteeing a high sale price is not realistic for a homeowner in a financial bind, as a short sale tends to occur when property values are lower than the mortgage balance. Similarly, receiving full market value for the property contradicts the definition of a short sale, where the sale price is typically below the market value to attract buyers and expedite the selling process. Finally, while a short sale can potentially lead to a quicker sale than foreclosure, it might not always come without conditions; lenders often impose specific requirements that must be met before approving the sale.

6. Which statement about real property is correct?

- A. All real property is homogeneous
- B. Real property is usually homogeneous, but exceptions exist
- C. Real property is usually not homogeneous, but there are occasions when it is
- D. Real property has the same qualities throughout

The correct assertion regarding real property is that it is usually not homogeneous, but there are occasions when it is. This means that while many properties can differ significantly from one another in terms of features, location, and other characteristics, there are instances where properties could be similar or uniform in certain respects. In real estate, the uniqueness of property is a fundamental concept; each piece of real property is distinguishable because of its specific location, the land it's situated on, and the structures built upon it. This individuality can affect value, use, and desirability in the market. However, in certain development situations—like in a new housing subdivision where homes may be built with similar designs and features—it is possible to encounter properties that are quite homogeneous. This understanding speaks to the emphasis on the principle of "uniqueness" in real estate, which states that no two parcels of land are exactly the same, thus reinforcing the idea that real property is typically not homogeneous. Familiarity with these concepts is essential for real estate professionals addressing property valuation, marketing, and development.

7. For an effective property investment, what type of entity is not typically used?

- A. Corporation
- B. Syndicate
- C. Partnership

D. Individual Sole Proprietorship

An individual sole proprietorship is not typically used for effective property investment because it exposes the investor to unlimited personal liability. In a sole proprietorship, there is no legal distinction between the individual and the business, meaning personal assets can be at risk if the investment encounters financial difficulties or legal issues. On the other hand, a corporation, syndicate, and partnership all provide various levels of liability protection and can offer tax benefits, which are advantageous in property investment. A corporation limits personal liability to the extent of the investment in the company, protecting personal assets. Syndicates involve pooling resources from multiple investors to manage larger real estate projects, distributing the financial risk. Partnerships also limit individual liability while allowing for shared benefits and responsibilities in managing and investing in properties. In summary, the individual sole proprietorship is less common for property investment due to its inherent risks, whereas the other entities offer structures that better suit the complexities and financial dynamics involved in real estate investment.

8. Brokers can be held liable for the acts or omissions of their licensees. This is known as ____.

A. Vicarious liability

- B. Direct liability
- C. Negligence
- D. Due diligence

The concept of vicarious liability is based on the principle that a broker can be held responsible for the actions or omissions of their employees or agents that occur in the course of their employment or duties. This means that if a licensee makes a mistake or engages in misconduct while performing activities related to their work, the broker can face legal consequences, even if the broker was not directly involved in those actions. Vicarious liability emphasizes the broker's responsibility to supervise their licensees properly and ensure they are acting within the legal and ethical boundaries of their profession. This principle is crucial for maintaining trust and accountability within the real estate industry. On the other hand, direct liability refers to situations where the broker is personally negligent or fails in their responsibilities, such as failing to provide adequate training. Negligence generally involves a failure to meet a standard of care that results in harm. Due diligence is related to the broker's efforts to investigate and be aware of critical information before making decisions, but it does not encompass the liability aspect regarding their licensees.

9. What is the definition of "commission" in real estate?

A. The fee paid to real estate agents for their services

B. The total value of a property

C. The interest rate on a property loan

D. The amount due at closing

The correct answer is that "commission" refers to the fee paid to real estate agents for their services. In the context of real estate transactions, the commission is typically a percentage of the sale price of the property that is agreed upon in advance by the parties involved. This fee is compensated to real estate professionals for their role in facilitating the sale, which includes marketing the property, negotiating offers, and guiding clients through the various stages of the transaction. Understanding this definition is crucial for both agents and clients, as it outlines the compensation structure within real estate. This fee reflects the agent's expertise, time, and resources invested in ensuring a successful sale, making it an essential component of real estate transactions. The other provided options represent different aspects of real estate but do not pertain to the definition of "commission." The total value of a property is related more to market appraisal and valuation. The interest rate on a property loan pertains to financing and mortgage terms, while the amount due at closing refers to various closing costs and fees that may need to be settled at the conclusion of a real estate transaction. These distinctions highlight why the definition of commission specifically focuses on the agent's fee.

10. If Shelly provided Brian with a loan estimate, who does she most likely represent?

A. Client

B. Lender

C. Borrower

D. Real estate agent

If Shelly provided Brian with a loan estimate, it indicates she is likely representing the lender. A loan estimate is a document that lenders are required to provide to potential borrowers under the Truth in Lending Act and the Real Estate Settlement Procedures Act. This document outlines important loan terms, projected payments, and closing costs. This context suggests that Shelly is acting in the capacity of a lender rather than an agent or client for Brian. Loan estimates are specifically tailored to borrowers, but the person issuing that estimate is representing the lending institution, ensuring that the borrower has a clear understanding of the financial commitment they are considering. Therefore, the role of the lender is about facilitating and managing the loan process, including providing critical information through the loan estimate, making the choice of representing the lender accurate in this scenario.

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://in90hrbroker.examzify.com>

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

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