

Indiana Real Estate Broker Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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. When is a net listing legal in Indiana?**
 - A. When it guarantees the seller will make a profit.**
 - B. When it shows a maximum amount of commission to be legal.**
 - C. When it allows any price to be set by the seller.**
 - D. When it involves only a licensed broker.**
- 2. What is a "lease option" in real estate?**
 - A. A rental agreement that allows the tenant to lease multiple properties**
 - B. A contract that requires the tenant to purchase the property at the end of their lease**
 - C. A rental agreement that allows the tenant the option to purchase the property later**
 - D. A lease for commercial properties only**
- 3. Which person needs a real estate license in Indiana?**
 - A. Anyone reselling their own home**
 - B. Anyone negotiating the exchange of like properties**
 - C. Anyone managing rental properties for a fee**
 - D. Anyone selling a mobile home on a permanent foundation**
- 4. What must Vivian disclose as an Indiana real estate broker?**
 - A. All previous owners' details**
 - B. The cracked foundation of the home**
 - C. The history of the neighborhood**
 - D. The brutal murder that occurred in the kitchen**
- 5. Who must complete the Indiana Residential Real Estate Sales Disclosure Form?**
 - A. The landlord**
 - B. The listing agent**
 - C. The seller**
 - D. The buyer**

- 6. How is "fair market rent" determined?**
- A. Based on the government's assessment of the area**
 - B. Based on the rent amounts of comparable properties in the same area**
 - C. Based on a tenant's ability to pay**
 - D. According to fixed price schedules established by the state**
- 7. Lupita informs her listing agent about past gang activity at her property. What must the agent do?**
- A. Disclose the information to all potential buyers**
 - B. Inform the buyer that the seller wishes not to disclose**
 - C. Assure buyers that the property is safe now**
 - D. Withhold information unless legally obligated**
- 8. What type of fees may NOT be placed into an Indiana broker's trust account?**
- A. Commissions from sales**
 - B. MLS fees from associated agents**
 - C. Buyer earnest money deposits**
 - D. Property management fees**
- 9. When may an Indiana licensee show a property to another buyer who is interested in the same property as their client?**
- A. Only after obtaining the client's permission**
 - B. Without informing the first buyer**
 - C. Only if the property has a higher price**
 - D. Only if the first buyer is unresponsive**
- 10. Should Jessica include a clause about assurances against the existence of ghosts in the purchase agreement?**
- A. Yes, it's a common practice.**
 - B. No, only a licensed attorney may prepare this type of clause.**
 - C. No, such clauses are not legally binding.**
 - D. Yes, since it protects the buyer.**

Answers

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

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Explanations

1. When is a net listing legal in Indiana?

- A. When it guarantees the seller will make a profit.
- B. When it shows a maximum amount of commission to be legal.**
- C. When it allows any price to be set by the seller.
- D. When it involves only a licensed broker.

In Indiana, a net listing becomes legal when it specifies a maximum amount of commission to be charged. This legal framework is essential because net listings can often lead to potential conflicts of interest between the broker and the seller. By establishing a maximum commission, it helps ensure that the broker does not inflate the sale price solely to increase their commission, thereby protecting the seller's interests. The nature of a net listing typically permits the seller to receive an agreed-upon amount from the proceeds of the sale, with any amount over that being the broker's commission. Thus, by capping the commission, the arrangement remains compliant with state regulations while allowing the seller to safeguard their expectations regarding net profit from the sale. Other options might suggest scenarios that do not align with the legal stipulations in Indiana, such as guaranteeing profits or allowing unrestricted pricing without commission limits, which could lead to unethical practices.

2. What is a "lease option" in real estate?

- A. A rental agreement that allows the tenant to lease multiple properties
- B. A contract that requires the tenant to purchase the property at the end of their lease
- C. A rental agreement that allows the tenant the option to purchase the property later**
- D. A lease for commercial properties only

A lease option in real estate refers to a rental agreement that provides the tenant with the option to purchase the property at a later date. This type of agreement essentially combines the elements of a lease and a purchase agreement, allowing the tenant to live in the property while also having the opportunity to buy it within a certain timeframe. By entering into a lease option, the tenant typically pays an upfront option fee, which may be applied toward the purchase price if they decide to buy the property. Additionally, during the lease period, a portion of the rent paid may be credited toward the purchase price. This arrangement can be beneficial for both the tenant, who may need time to secure financing or make decisions about purchasing, and the landlord, who can attract tenants who intend to buy. This understanding of lease options highlights their flexibility and appeal for tenants who might be unsure about immediate purchasing but wish to extend the possibility of ownership in the future. Other choices do not accurately represent this concept—some refer to variations of leases without the specific purchasing option feature, or are limited to a particular type of rental agreement.

3. Which person needs a real estate license in Indiana?

- A. Anyone reselling their own home
- B. Anyone negotiating the exchange of like properties**
- C. Anyone managing rental properties for a fee
- D. Anyone selling a mobile home on a permanent foundation

The individual who needs a real estate license in Indiana is the person managing rental properties for a fee. This requirement is in place because managing rental properties involves activities such as marketing the property, showing it to prospective tenants, calculating rental rates, negotiating leases, and handling the financial aspects of property management. These tasks are considered real estate services that necessitate a licensed professional to ensure compliance with legal standards and protect consumer interests. In Indiana, there are exemptions for certain individuals, such as homeowners who are selling their own property or negotiating an exchange of similar properties. Therefore, those managing rental properties for a fee must be licensed to ensure they possess the necessary knowledge of real estate laws and practices to operate legally and ethically.

4. What must Vivian disclose as an Indiana real estate broker?

- A. All previous owners' details
- B. The cracked foundation of the home**
- C. The history of the neighborhood
- D. The brutal murder that occurred in the kitchen

In Indiana, real estate brokers are required to disclose material defects associated with the property they are listing, which includes any structural issues such as a cracked foundation. This is crucial for ensuring that potential buyers are fully informed about the condition of the property, as undisclosed defects could significantly impact the value and safety of the home. Transparency in such matters not only complies with legal obligations but also fosters trust between brokers and clients. While the other options involve information that might be relevant to a buyer, they do not fall under the same mandatory disclosure requirements. Details about previous owners or neighborhood history are generally not required disclosures, and while information about a violent crime may be disturbing, Indiana law does not specifically require the disclosure of such events unless they are linked to the property's structural integrity or safety. Therefore, the requirement to disclose material defects, like a cracked foundation, is a crucial aspect of a broker's ethical and legal responsibilities.

5. Who must complete the Indiana Residential Real Estate Sales Disclosure Form?

- A. The landlord
- B. The listing agent
- C. The seller**
- D. The buyer

The Indiana Residential Real Estate Sales Disclosure Form is a crucial document in the process of selling residential real estate. It is the responsibility of the seller to complete this form to provide potential buyers with essential information about the condition of the property. This form includes details regarding any known defects, improvements, or issues related to the property, which helps buyers make informed decisions. Sellers are required to disclose any material defects or conditions that could affect the value or desirability of the property. By doing so, the seller is fulfilling their legal obligation to inform buyers, thereby promoting transparency in the real estate transaction. This process also helps protect sellers from liability in the future, as they have documented their disclosures to the buyers. In terms of the other options, the landlord typically does not complete this form unless they are selling the property, while listing agents and buyers are not responsible for the form's completion. The agent may assist the seller in understanding what needs to be disclosed, but the ultimate responsibility lies with the seller to ensure the form is accurately filled out and submitted.

6. How is "fair market rent" determined?

- A. Based on the government's assessment of the area
- B. Based on the rent amounts of comparable properties in the same area**
- C. Based on a tenant's ability to pay
- D. According to fixed price schedules established by the state

Fair market rent is determined based on the rent amounts of comparable properties in the same area. This approach involves analyzing rental prices of similar properties that have recently been leased or are currently available for rent. By looking at comparable properties, landlords and tenants can arrive at a price that reflects the local market conditions, ensuring that the rent asked is reasonable and competitive. Determining fair market rent through comparable properties allows for a more accurate understanding of what tenants are willing to pay, as well as what landlords can reasonably expect to receive. This method is more reflective of the actual market and helps prevent situations where rents are set arbitrarily or are out of touch with local demand. The other methods mentioned, such as government assessments or tenant ability to pay, do not provide an accurate basis for establishing fair market rent. Government assessments can vary widely and might not reflect current market conditions. Rents set according to a tenant's ability to pay do not take into account the broader market and can lead to discrepancies. Lastly, fixed price schedules established by the state may not adequately represent the local rental situation and can also lead to misalignment with actual market trends.

7. Lupita informs her listing agent about past gang activity at her property. What must the agent do?

A. Disclose the information to all potential buyers

B. Inform the buyer that the seller wishes not to disclose

C. Assure buyers that the property is safe now

D. Withhold information unless legally obligated

In this situation, the correct course of action for the agent is to inform potential buyers that the seller wishes not to disclose the past gang activity at the property. This aligns with real estate practices and the responsibilities of a listing agent, particularly regarding client confidentiality and the preferences of the seller. The seller has the right to decide what to disclose about their property, including sensitive information. If Lupita chooses not to disclose her knowledge of past gang activity, the agent must respect her wishes while still fulfilling the obligation to remain transparent with potential buyers about what the seller is comfortable sharing. This option also reflects the importance of maintaining a good relationship with the client and upholding their wishes while navigating legal and ethical obligations in real estate transactions. It's crucial for agents to balance transparency with client confidentiality, which is what this response does effectively.

8. What type of fees may NOT be placed into an Indiana broker's trust account?

A. Commissions from sales

B. MLS fees from associated agents

C. Buyer earnest money deposits

D. Property management fees

In Indiana, a broker's trust account is used to hold client funds that are meant to be safeguarded and properly managed until they are disbursed according to the terms of the transaction. The key point here is that the trust account is intended for funds that belong to clients or customers. MLS fees from associated agents are not funds that belong to clients in the context of a real estate transaction. Instead, these fees are operational costs incurred by the broker, typically paid to a multiple listing service for the ability to list properties. Since these fees are considered the broker's income or an operating expense rather than client funds, they cannot be placed in a trust account designed for managing client funds like earnest money deposits or property management fees. On the other hand, commissions from sales, buyer earnest money deposits, and property management fees are all types of funds that would be appropriate to manage within a trust account because they involve money that is held on behalf of clients or involves trust responsibilities.

9. When may an Indiana licensee show a property to another buyer who is interested in the same property as their client?

A. Only after obtaining the client's permission

B. Without informing the first buyer

C. Only if the property has a higher price

D. Only if the first buyer is unresponsive

The correct choice emphasizes that an Indiana licensee must inform the first buyer about any other potential buyers interested in the same property. In practice, this aligns with the ethical and legal standards that govern a real estate professional's duty to their client. A licensee has a fiduciary responsibility to act in the best interests of their client, which includes being transparent about other buyers interested in the property. However, the statement that a licensee can show the property without informing the first buyer is not a best practice and could potentially undermine the professional relationship and trust established with the client. In real estate transactions, clear communication is vital, and the fiduciary duty typically requires that a licensee informs the client about any competing interests in the property. This is crucial for maintaining a good standing in the industry and ensuring compliance with real estate laws and regulations in Indiana. Further, showing properties to other interested buyers typically necessitates the buyer's awareness, reinforcing transparency and fair practices in the market. This ensures that all parties involved are adequately informed and have the opportunity to decide on their positions regarding the property.

10. Should Jessica include a clause about assurances against the existence of ghosts in the purchase agreement?

A. Yes, it's a common practice.

B. No, only a licensed attorney may prepare this type of clause.

C. No, such clauses are not legally binding.

D. Yes, since it protects the buyer.

In the context of real estate transactions, incorporating specific clauses into a purchase agreement requires adherence to legal guidelines, particularly when those clauses may have a significant impact on the transaction. The option regarding the involvement of a licensed attorney is pertinent because, in many jurisdictions including Indiana, the preparation of legal documents related to real estate must be handled by someone qualified to ensure compliance with the law. Since a clause concerning assurances against the existence of ghosts would be considered a legal stipulation, it falls under this requirement. In Indiana, while buyers and sellers can negotiate various aspects of a real estate deal, certain clauses, particularly those that could potentially involve legal implications or interpretations, may necessitate the oversight of a legal professional to ensure they are enforceable and appropriately constructed. This is especially true for clauses that venture into subjective areas such as the existence of paranormal entities, which may not be universally recognized by the legal framework. The other choices do not adequately address the legal intricacies involved in drafting such clauses or misunderstand the implications of these clauses in the purchase agreement. Some may misinterpret the necessity of legal involvement or overlook the potential enforceability of a clause that might be deemed unusual or unconventional. Thus, emphasizing the role of a licensed attorney in preparing such clauses is crucial in maintaining

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://indianarealestatebroker.examzify.com>

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