

Iowa Real Estate 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. What publication does the Iowa Real Estate Commission provide annually?**
 - A. Real estate market analysis**
 - B. List of licensed individuals**
 - C. Real estate regulations update**
 - D. Consumer protection guidelines**

- 2. In which situation is a real estate license NOT required?**
 - A. Auctioning real estate owned by the auctioneer**
 - B. Managing a property for a fee**
 - C. Auctioning others' personal property**
 - D. Negotiating leases for office space**

- 3. If a real estate salesperson decides to sell their personal residence "by owner," what are they allowed to do with earnest money?**
 - A. Deposit it into their broker's account**
 - B. Keep it until closing**
 - C. Deposit it into their personal checking account**
 - D. Use it for personal expenses**

- 4. If a broker is in doubt about the legal handling of funds, what is the safest course of action?**
 - A. Deposit the funds into their personal account**
 - B. Consult with a lawyer before proceeding**
 - C. Deposit the funds in the trust account**
 - D. Wait for further instructions from the client**

- 5. What is the primary purpose of the homestead tax credit?**
 - A. To increase property values**
 - B. To protect the homeowner's equity in their home**
 - C. To provide tax deductions for renovations**
 - D. To encourage homeownership**

6. If a salesperson receives a referral fee from a lender, what does this indicate?

- A. They are acting in the best interest of the public**
- B. They have violated Iowa code**
- C. They have improved client relations**
- D. It is standard practice in real estate**

7. Who has the power to issue subpoenas for witness attendance and document submission during a real estate hearing?

- A. The Real Estate Commission**
- B. The Governor of Iowa**
- C. The Department of Justice**
- D. The Iowa Legislature**

8. What does Iowa's Groundwater Hazard Statement disclosure require?

- A. Disclosure of financial transactions**
- B. Notification about remodeling plans**
- C. Details about burial sites and hazardous waste**
- D. An inspection report of the property**

9. What's the maximum number of terms a real estate commissioner can serve?

- A. Two terms**
- B. Three terms**
- C. Four terms**
- D. No limit on terms**

10. By what date must the second half of the previous fiscal year's real estate tax be paid to avoid delinquency in Iowa?

- A. January 31**
- B. February 28**
- C. March 31**
- D. March 15**

Answers

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

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Explanations

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1. What publication does the Iowa Real Estate Commission provide annually?

- A. Real estate market analysis**
- B. List of licensed individuals**
- C. Real estate regulations update**
- D. Consumer protection guidelines**

The Iowa Real Estate Commission provides an annual publication of a list of licensed individuals. This roster includes all real estate professionals who are legally licensed to operate in the state of Iowa. The publication is essential for several reasons, including maintaining transparency in the industry, assisting consumers in confirming the credentials of real estate agents, brokers, and other professionals, and ensuring that practitioners can be contacted for business transactions. This list is a valuable tool for both consumers seeking real estate services and other professionals within the industry. It fosters trust in the profession by allowing the public easy access to verify the legitimacy and standing of licensed individuals, which enhances the overall integrity of the real estate market in Iowa.

2. In which situation is a real estate license NOT required?

- A. Auctioning real estate owned by the auctioneer**
- B. Managing a property for a fee**
- C. Auctioning others' personal property**
- D. Negotiating leases for office space**

A real estate license is not required when auctioning others' personal property because this activity falls outside the scope defined by real estate regulations. Personal property typically includes items that are movable and not permanently attached to land or buildings, such as furniture, antiques, or vehicles. Auctioneers can conduct sales of these items without a real estate license, as the licensing requirements specifically focus on transactions involving real property, which refers to land and buildings. In contrast, auctioning real estate owned by the auctioneer and negotiating leases both involve handling real property, necessitating a real estate license to ensure that transactions comply with legal and ethical standards. Similarly, managing a property for a fee involves a professional service relationship with the property owner that requires a license to practice. Thus, among the options provided, auctioning personal property stands out as an activity not governed by real estate licensing requirements.

3. If a real estate salesperson decides to sell their personal residence "by owner," what are they allowed to do with earnest money?

- A. Deposit it into their broker's account**
- B. Keep it until closing**
- C. Deposit it into their personal checking account**
- D. Use it for personal expenses**

When a real estate salesperson sells their personal residence "by owner," the proper handling of earnest money is crucial. The acceptable practice in this scenario allows the salesperson to deposit the earnest money into their personal checking account. This option is valid because, unlike transactions involving clients where earnest money needs to be safeguarded and handled according to specific rules, a salesperson selling their own property can manage their funds directly without the oversight required in broker-client transactions. The rationale behind this allowance is that the salesperson is acting in a personal capacity rather than as an agent for a client. Thus, any funds related to their personal sale do not require the same level of trust and regulatory compliance as funds collected on behalf of a client. By depositing the earnest money into their personal account, the salesperson is effectively managing their own transaction, which is permissible when dealing with their own property. Other choices involve practices that are not permitted for various reasons, including regulatory compliance and ethical considerations when handling third-party funds.

4. If a broker is in doubt about the legal handling of funds, what is the safest course of action?

- A. Deposit the funds into their personal account**
- B. Consult with a lawyer before proceeding**
- C. Deposit the funds in the trust account**
- D. Wait for further instructions from the client**

The safest course of action when a broker is uncertain about the legal handling of funds is to deposit the funds in the trust account. Trust accounts are specifically designed to hold client funds in a separate account, ensuring that these funds are protected and properly managed in accordance with regulatory requirements. This step minimizes the risk of commingling personal and client funds, which can have serious legal consequences. Maintaining a trust account also provides a clear, transparent method of tracking client funds, which is essential for proper accounting and safeguarding fiduciary responsibilities. By placing the funds in a trust account, the broker adheres to the ethical and legal standards expected in real estate practice, thereby protecting both the client and themselves. The other options are less advisable: depositing funds into a personal account can lead to legal issues and potential accusations of misappropriation; consulting with a lawyer is certainly a prudent step, but doing so does not provide immediate protection for the funds; and waiting for further instructions from the client could result in mismanagement or unauthorized access to those funds. Thus, using a trust account is both a compliant and responsible choice in the face of uncertainty.

5. What is the primary purpose of the homestead tax credit?

- A. To increase property values
- B. To protect the homeowner's equity in their home**
- C. To provide tax deductions for renovations
- D. To encourage homeownership

The primary purpose of the homestead tax credit is to protect the homeowner's equity in their home. This credit is designed to offer financial relief to individuals who occupy their property as their principal residence, effectively lowering the amount of property tax they are required to pay. By reducing the tax burden, it helps homeowners retain a larger portion of their equity, which can be particularly beneficial during fluctuations in property values or economic downturns. While increasing property values, providing tax deductions for renovations, and encouraging homeownership are important aspects of real estate policy, they do not directly address the specific goal of the homestead tax credit. The credit is primarily aimed at offering protection and support to homeowners, ensuring that they can maintain their residence without being disproportionately affected by property tax increases. This stability plays a crucial role in fostering a sense of security and investment in homeownership.

6. If a salesperson receives a referral fee from a lender, what does this indicate?

- A. They are acting in the best interest of the public
- B. They have violated Iowa code**
- C. They have improved client relations
- D. It is standard practice in real estate

Receiving a referral fee from a lender can suggest a violation of Iowa code, particularly in situations where the fee is not disclosed or where it conflicts with the ethical obligations that real estate professionals have towards their clients. In many cases, real estate agents and salespersons must adhere to strict regulations regarding compensation and must ensure that any financial arrangements are transparent and compliant with state laws. In Iowa, like in many other states, the real estate codes are designed to protect consumers and maintain ethical standards within the industry. If a salesperson is receiving compensation from a lender for directing clients to them, without suitable disclosure, it could indicate that they are not prioritizing their clients' best interests and could thus be in violation of professional standards or legal requirements. While referral fees can be common in certain industries, real estate has specific guidelines that aim to avoid conflicts of interest and ensure that clients receive unbiased advice. It is crucial for professionals in real estate to be aware of these regulations to maintain their integrity and the trust of their clients.

7. Who has the power to issue subpoenas for witness attendance and document submission during a real estate hearing?

- A. The Real Estate Commission**
- B. The Governor of Iowa**
- C. The Department of Justice**
- D. The Iowa Legislature**

The Real Estate Commission is empowered to issue subpoenas for witness attendance and document submission during a real estate hearing. This authority is crucial for ensuring that proceedings related to real estate matters can gather essential testimony and evidence. By allowing the commission to assert this power, the process maintains its integrity and efficiency, enabling thorough investigation of issues arising within the real estate field. The other entities listed, while significant in their respective roles and capacities within government and legal frameworks, do not hold the specific authority regarding real estate hearings. The Governor's role generally involves executive functions and state leadership rather than direct involvement in commission hearings. The Department of Justice primarily prosecutes legal matters rather than managing administrative hearings, while the Iowa Legislature creates laws and policies but does not engage in the operational aspects of real estate commission hearings.

8. What does Iowa's Groundwater Hazard Statement disclosure require?

- A. Disclosure of financial transactions**
- B. Notification about remodeling plans**
- C. Details about burial sites and hazardous waste**
- D. An inspection report of the property**

The Groundwater Hazard Statement disclosure in Iowa specifically requires sellers of residential property to provide information regarding any known groundwater hazards. This includes disclosing details about burial sites, hazardous waste, and other potential sources of contamination that could affect groundwater quality. The purpose of this requirement is to protect public health and the environment by ensuring that buyers are aware of any issues that could impact the safety and usability of groundwater resources near the property. Other responses do not align with the specific focus of the Groundwater Hazard Statement. For instance, financial transactions and remodeling plans do not pertain to groundwater hazards or environmental concerns. Similarly, an inspection report, while generally valuable in real estate transactions, is not a specific requirement tied to the disclosure about groundwater hazards. This underscores the importance of understanding what particular disclosures are mandated by law to ensure informed decisions in real estate.

9. What's the maximum number of terms a real estate commissioner can serve?

- A. Two terms**
- B. Three terms**
- C. Four terms**
- D. No limit on terms**

A real estate commissioner typically serves in a position that does not have a maximum term limit, allowing them to serve continuously as long as they are appointed and confirmed for each term. This lack of restrictions means they can remain in office indefinitely until they resign, retire, or are removed for cause. The continuity in leadership can enhance stability and foster long-term strategic planning within the regulatory framework of real estate. In many states, such as Iowa, the appointment of a real estate commissioner is often subject to political processes, but there are no established limits on how many times a commissioner can be reappointed. This flexibility can be beneficial for the real estate sector, allowing experienced commissioners to maintain oversight and regulatory consistency over time. Other options imply limits on the number of terms, which do not accurately reflect the common practice seen in the role of a real estate commissioner.

10. By what date must the second half of the previous fiscal year's real estate tax be paid to avoid delinquency in Iowa?

- A. January 31**
- B. February 28**
- C. March 31**
- D. March 15**

In Iowa, the key date for the payment of the second half of the previous fiscal year's real estate tax to avoid delinquency is March 31. This deadline is established by state law to ensure that property owners have ample time to pay their taxes following the initial half's payment, which is typically due in the fall of the previous year. By setting the deadline at the end of March, it allows property owners to organize their finances effectively and ensures the local jurisdictions have the necessary funds for services. Paying real estate taxes on time is critical, as failure to do so can lead to penalties and interest charges, as well as potential liens on the property. Therefore, being aware of these deadlines is crucial for property owners in Iowa to maintain good standing regarding their real estate obligations.

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://iowarealestate.examzify.com>

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

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