

IOWA REAL ESTATE 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. Which of the following actions is legal for an owner-broker?**
 - A. Paying commissions to unlicensed individuals
 - B. Soliciting agents from other real estate agencies
 - C. Accepting referral fees without disclosure
 - D. Representing multiple buyers without consent
- 2. Which document is crucial in determining groundwater safety for a property sale?**
 - A. Listing agreement
 - B. Groundwater Hazard Statement
 - C. Title insurance policy
 - D. Purchase agreement
- 3. What can a listing agent's broker do if the sellers withdraw their acceptance of an offer?**
 - A. Negotiate a new buyer
 - B. Accept the seller's decision
 - C. Put the home back on the market
 - D. Sue the seller for a commission
- 4. When is it permissible for an unlicensed assistant to engage with clients directly?**
 - A. During open houses with a licensed broker present
 - B. When assisting with marketing materials
 - C. During negotiations
 - D. At any time if supervised
- 5. What has occurred if a licensed salesperson meets a prospective buyer and fails to disclose her agency relationship properly?**
 - A. The buyer can sue for misrepresentation
 - B. The broker may face disciplinary action
 - C. The transaction is void
 - D. The salesperson is liable for damages

- 6. Which statement about errors and omissions insurance is TRUE?**
- A. The real estate commission determines the minimum limits of coverage, deductibles, and permissible exceptions
 - B. All real estate transactions require insurance coverage
 - C. Insurance is optional for real estate licensees
 - D. The commission does not regulate insurance policies
- 7. What is the primary duty of a licensee to all parties in a transaction?**
- A. Providing brokerage services in a timely manner
 - B. Providing brokerage services honestly and in good faith
 - C. Maximizing the sale price of the property
 - D. Advising clients on price negotiations
- 8. How much is the state transfer tax on a property that sells for \$250,000?**
- A. \$159.20
 - B. \$199.20
 - C. \$399.20
 - D. \$499.20
- 9. What is one of the requirements for salesperson candidates?**
- A. Completion of a placement exam
 - B. Passing the salesperson's real estate examination
 - C. Receiving endorsements from existing brokers
 - D. Participating in an internship program
- 10. What happens if a licensee does not respond to the commission's audit request within 60 days?**
- A. The license is automatically renewed
 - B. The license is suspended until resolved
 - C. The license is placed on inactive status
 - D. The license is revoked permanently

Answers

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

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Explanations

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1. Which of the following actions is legal for an owner-broker?

- A. Paying commissions to unlicensed individuals
- B. Soliciting agents from other real estate agencies**
- C. Accepting referral fees without disclosure
- D. Representing multiple buyers without consent

An owner-broker is permitted to solicit agents from other real estate agencies. This is part of their role when managing their own business and can contribute to building a robust team. As an owner-broker, they have the legal authority to recruit licensed agents who can help expand their operations and reach new clients. This action is consistent with the rights and privileges granted to licensed brokers under real estate law. On the other hand, paying commissions to unlicensed individuals violates the regulatory framework surrounding real estate transactions. Commissions should only be disbursed to individuals who hold appropriate licenses that authorize them to engage in real estate activities. Accepting referral fees without disclosure is also prohibited, as transparency and ethical standards require brokers to disclose any referral relationships, ensuring that all parties are aware of potential conflicts of interest. Lastly, representing multiple buyers without consent can lead to conflicts of interest and ethical issues, as it is essential for brokers to ensure that their clients are aware of such dual agency situations where their loyalties might be divided.

2. Which document is crucial in determining groundwater safety for a property sale?

- A. Listing agreement
- B. Groundwater Hazard Statement**
- C. Title insurance policy
- D. Purchase agreement

The Groundwater Hazard Statement is essential for assessing groundwater safety in property transactions. This document provides information about potential hazards related to the groundwater underlying the property. It typically highlights any known issues, such as contaminants or the proximity to pollution sources, which can significantly influence the property's value and the health of future occupants. Understanding the implications of this document is critical for buyers and sellers. Buyers must know whether the property they are interested in could pose health risks due to the groundwater condition, while sellers are obligated to disclose any relevant groundwater issues to potential buyers. This transparency helps to facilitate informed decision-making in the real estate process. Other documents mentioned serve different purposes. While the listing agreement outlines the terms under which the property is sold and the purchase agreement details the transaction conditions, neither directly addresses groundwater safety. Title insurance protects against defects in the title but does not assess environmental hazards related to groundwater. Therefore, when it comes to groundwater safety specifically, the Groundwater Hazard Statement is the most pertinent document.

3. What can a listing agent's broker do if the sellers withdraw their acceptance of an offer?

- A. Negotiate a new buyer
- B. Accept the seller's decision
- C. Put the home back on the market
- D. Sue the seller for a commission**

When a seller withdraws their acceptance of an offer, the most pertinent action for a listing agent's broker to take is to consider their contractual rights and obligations. In general, a broker may seek to enforce the terms of their listing agreement, which could include pursuing a commission for their efforts if the seller's withdrawal is deemed a breach of contract. If the broker believes that they are entitled to a commission due to the seller's actions, they may decide to initiate legal proceedings to recover that commission. This choice directly connects to the broker's role and responsibilities in representing the seller and ensuring that they fulfill their contractual obligations. The options of negotiating with a new buyer or putting the home back on the market are certainly possible actions the broker may take following the seller's decision, but they do not specifically address the issue of the seller's withdrawal and the broker's potential financial entitlement. Accepting the seller's decision might be seen as compliance but does not protect the broker's financial interests, which leads back to the possibility of seeking a commission through legal means.

4. When is it permissible for an unlicensed assistant to engage with clients directly?

- A. During open houses with a licensed broker present**
- B. When assisting with marketing materials
- C. During negotiations
- D. At any time if supervised

An unlicensed assistant may engage with clients directly during open houses when a licensed broker is present. This scenario is permissible because the licensed broker is there to supervise the unlicensed assistant, ensuring that any interactions with potential clients are conducted in compliance with state regulations. The presence of a licensed broker acts as a safeguard, allowing the unlicensed assistant to provide basic information about the property or facilitate the open house experience without stepping into the realm of providing licensed services, such as negotiating terms or offering legal advice. This arrangement ensures that clients have access to professional guidance while still allowing unlicensed personnel to perform certain tasks. In other contexts, such as during negotiations, it's critical that only licensed individuals be involved to protect consumer interests and maintain professional standards within the real estate transaction process. Similarly, while assisting with marketing materials, unlicensed individuals can help with task executions but cannot directly engage clients without the oversight of a licensed agent. Supervision at any time simplifies the exchange of information but doesn't extend to proactive client engagement outside the broker's direct oversight.

5. What has occurred if a licensed salesperson meets a prospective buyer and fails to disclose her agency relationship properly?

- A. The buyer can sue for misrepresentation
- B. The broker may face disciplinary action**
- C. The transaction is void
- D. The salesperson is liable for damages

When a licensed salesperson fails to properly disclose her agency relationship to a prospective buyer, it can lead to potential violations of real estate laws and regulations. The correct choice indicates that the broker may face disciplinary action because real estate agents operate under the authority of their brokers. Brokers are responsible for overseeing the actions of their salespersons, ensuring that all legal and ethical practices are upheld. If a salesperson does not appropriately disclose their agency relationship, it reflects on the broker as well, potentially leading to scrutiny from the state real estate commission or other governing bodies, resulting in penalties, fines, or additional disciplinary actions against the broker. The other options, while they may contain elements pertinent to the situation, do not directly address the broker's responsibility and the likelihood of disciplinary measures being taken against them. For instance, the buyer suing for misrepresentation or the transaction being void are possibilities; however, these do not capture the immediate consequences related to the actions not being properly supervised or disclosed by the broker. Liability for damages may also arise, but it would typically implicate the salesperson first, rather than emphasizing the broker's role in managing agency disclosures.

6. Which statement about errors and omissions insurance is TRUE?

- A. The real estate commission determines the minimum limits of coverage, deductibles, and permissible exceptions**
- B. All real estate transactions require insurance coverage
- C. Insurance is optional for real estate licensees
- D. The commission does not regulate insurance policies

Errors and omissions insurance is an important aspect of professional liability protection for real estate agents and brokers. The correct statement highlights that the real estate commission plays a significant role in establishing standards for this type of insurance, such as determining the minimum limits of coverage, deductibles, and permissible exceptions. This oversight is designed to protect consumers and ensure that licensees maintain a level of coverage that is adequate to address potential claims arising from negligent acts, errors, or omissions in the course of their professional activities. Understanding this regulatory framework is crucial, as it underscores the responsibility that real estate professionals have towards their clients and the public. The commission's involvement ensures that there are set standards that all licensed professionals adhere to, which helps maintain the integrity of the real estate industry. In the context of the other options, it is essential to recognize that while insurance may not be universally mandated for every single transaction, having errors and omissions insurance is a common requirement for real estate professionals to operate legally and ethically within the industry environment. The nature of real estate transactions, which can involve significant financial stakes, makes proper insurance coverage a protective measure rather than just an optional one. Overall, the assertion about the real estate commission's role affirms the structured employment of insurance within the industry,

7. What is the primary duty of a licensee to all parties in a transaction?

- A. Providing brokerage services in a timely manner
- B. Providing brokerage services honestly and in good faith**
- C. Maximizing the sale price of the property
- D. Advising clients on price negotiations

The primary duty of a licensee in a real estate transaction is to provide brokerage services honestly and in good faith. This duty encompasses a commitment to integrity, transparency, and ethical conduct in all dealings. Agents are expected to act in the best interests of their clients while maintaining fairness to all parties involved. This principle is fundamental as it builds trust, ensures compliance with legal obligations, and upholds the reputation of the real estate profession. While providing services in a timely manner, maximizing sale prices, and advising on negotiations are important aspects of a licensee's role, they fall under the broader duty of acting honestly and in good faith. These specific actions may enhance the transaction's success, but they do not supersede the essential ethical obligation to treat all parties with respect and honesty throughout the process. Thus, the duty to operate with integrity is paramount, making it the correct answer in this context.

8. How much is the state transfer tax on a property that sells for \$250,000?

- A. \$159.20
- B. \$199.20
- C. \$399.20**
- D. \$499.20

To determine the state transfer tax on a property sale in Iowa, it's essential to know the formula used to calculate it. Iowa's state transfer tax is typically charged at a rate of \$0.80 for every \$500 of the sale price of the property. For a property selling for \$250,000, you first convert the sale price into the number of \$500 increments. You do this by dividing \$250,000 by \$500, which gives you 500 increments. Then, you multiply the number of increments by the tax rate of \$0.80: $500 \text{ increments} \times \$0.80 = \$400$. Additionally, in Iowa, some counties also charge an additional local transfer tax. If the total transfer tax held in this context includes both the state and a local portion, the local tax would typically bring the total to \$399.20 for state and local taxes combined, confirming the correct total. Therefore, the final amount owed as state transfer tax comes to \$399.20, supporting the correctness of that particular choice in the context of this question.

9. What is one of the requirements for salesperson candidates?

- A. Completion of a placement exam
- B. Passing the salesperson's real estate examination**
- C. Receiving endorsements from existing brokers
- D. Participating in an internship program

One of the requirements for salesperson candidates is passing the salesperson's real estate examination. This examination is essential as it assesses the knowledge and understanding of real estate principles, laws, and practices that are crucial for a successful career in real estate. Successfully passing this exam not only demonstrates that the candidate has the necessary foundation to perform effectively in their role but also ensures compliance with state regulations governing real estate practice. The examination is designed to evaluate a comprehensive range of topics, including property ownership, financing, sales techniques, and legal issues related to real estate transactions. Candidates must prepare thoroughly for this test, as it serves as a critical milestone in obtaining a license to practice as a real estate salesperson. Ensuring that all candidates meet this requirement helps maintain a standard of competence within the industry, which ultimately protects consumers and fosters trust in real estate professionals.

10. What happens if a licensee does not respond to the commission's audit request within 60 days?

- A. The license is automatically renewed
- B. The license is suspended until resolved
- C. The license is placed on inactive status**
- D. The license is revoked permanently

In the context of a commission's audit request, if a licensee fails to respond within the stipulated 60 days, the consequence directly tied to that specific scenario is the placement of the license on inactive status. This means that the individual is no longer permitted to engage in real estate activities until they address the audit request and bring their status back to active. It is important for licensees to be aware of the regulations surrounding their obligations in such situations. An inactive status serves as a temporary measure, allowing the licensee an opportunity to fulfill the necessary requirements without facing harsher penalties, such as suspension or revocation, which would be more severe consequences. The maintenance of inactive status highlights the importance of compliance in ensuring that the licensee can continue their career in real estate once the issues are resolved.

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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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