

KANSAS REAL ESTATE SALESPERSON PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
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. What is the term for the portion of the property's purchase price that is paid in cash?**
 - A. Down Payment
 - B. Closing Cost
 - C. Equity
 - D. Investment

- 2. In a mortgage agreement, who is referred to as the lender?**
 - A. Mortgagor
 - B. Mortgagee
 - C. Broker
 - D. Seller

- 3. Which federal law requires lenders to make credit equally available without discrimination?**
 - A. Equal Credit Opportunity Act (ECOA)
 - B. Fair Housing Act
 - C. Real Estate Settlement Procedures Act
 - D. Truth in Lending Act

- 4. Which of the following terms reflects a lender's additional costs that are a percentage of the loan amount?**
 - A. Discount Points
 - B. Application Fees
 - C. Processing Fees
 - D. Service Charges

- 5. What does depreciation in real estate signify?**
 - A. A decrease in property value over time
 - B. A rise in property value over time
 - C. A stable property value
 - D. A calculated rental income

- 6. What type of insurance covers the lender against losses due to a default on a home loan?**
- A. Homeowners insurance
 - B. Mortgage insurance
 - C. Disability insurance
 - D. Life insurance
- 7. What is a bi-weekly mortgage?**
- A. A loan with monthly payments
 - B. A loan with bi-weekly payments
 - C. A type of loan for seniors
 - D. A mortgage with annual payments
- 8. What does a condo conversion entail?**
- A. Building a new condo
 - B. Changing existing ownership structure to condo
 - C. Transforming condos into rentals
 - D. Creating mixed-use developments
- 9. What is the term for an arrangement made to repay delinquent installments or advances?**
- A. Forbearance agreement
 - B. Repayment plan
 - C. Debt consolidation
 - D. Loan modification
- 10. What is the term for the limit on the interest rate fluctuations during an adjustment period in an adjustable rate mortgage?**
- A. Periodic rate cap
 - B. PITI
 - C. Point
 - D. Prepayment

Answers

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

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Explanations

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1. What is the term for the portion of the property's purchase price that is paid in cash?

- A. Down Payment**
- B. Closing Cost
- C. Equity
- D. Investment

The term for the portion of the property's purchase price that is paid in cash is known as the down payment. This represents the upfront amount that the buyer contributes toward the purchase of the property, which is often expressed as a percentage of the total price. The down payment is crucial because it reduces the loan amount required and can influence the terms of the mortgage, such as interest rates and private mortgage insurance (PMI) requirements. A larger down payment may also demonstrate to lenders that the buyer is financially responsible, potentially leading to more favorable loan conditions. Closing costs refer to the fees and expenses associated with finalizing a real estate transaction, which can include title insurance, appraisals, and attorney fees, but do not constitute the cash used for the purchase price itself. Equity is the value of the property minus any debts against it, and investment generally denotes the act of allocating resources, usually financial, with the expectation of generating an income or profit. While all these terms are relevant in real estate transactions, none reflects the specific cash component of the purchase price as accurately as the down payment.

2. In a mortgage agreement, who is referred to as the lender?

- A. Mortgagor
- B. Mortgagee**
- C. Broker
- D. Seller

In a mortgage agreement, the lender is referred to as the mortgagee. This is the party that provides the funds to the borrower (the mortgagor) in exchange for a security interest in the property until the debt is repaid. The mortgagee has the right to foreclose on the property if the borrower defaults on the loan, as they hold the legal claim to the property as collateral for the loan. This terminology is a critical part of understanding real estate transactions, as it clarifies the relationship and responsibilities between the parties involved in the mortgage process. The other roles mentioned in the choices represent different aspects of real estate transactions and do not accurately define the lender in this context. The mortgagor is the borrower who receives the loan, a broker typically acts as an intermediary between buyers and sellers, and the seller is the individual or entity selling the property, none of whom are considered the lender in a mortgage agreement.

3. Which federal law requires lenders to make credit equally available without discrimination?

- A. Equal Credit Opportunity Act (ECOA)**
- B. Fair Housing Act
- C. Real Estate Settlement Procedures Act
- D. Truth in Lending Act

The Equal Credit Opportunity Act (ECOA) is the federal law designed to ensure that all consumers have equal access to credit, regardless of race, color, religion, national origin, sex, marital status, or age. This legislation was enacted to prevent discrimination in lending practices, making it illegal for lenders to deny credit based on these protected characteristics. The ECOA mandates that lenders evaluate applications based solely on creditworthiness and not on the personal biases that could affect decisions. Its purpose is to promote fairness in the credit market, ensuring that everyone has a fair chance at obtaining loans and credit services. In contrast, while other laws like the Fair Housing Act also address discrimination, they primarily focus on housing-related transactions, specifically prohibiting housing discrimination rather than directly regulating credit availability. The Real Estate Settlement Procedures Act focuses on transparency in the closing process for real estate transactions, and the Truth in Lending Act deals with allegations of disclosures regarding the cost of borrowing rather than directly addressing credit discrimination. Therefore, the correct answer neatly aligns with the mandates of the ECOA.

4. Which of the following terms reflects a lender's additional costs that are a percentage of the loan amount?

- A. Discount Points**
- B. Application Fees
- C. Processing Fees
- D. Service Charges

The correct answer is discount points. Discount points represent a form of prepaid interest on a loan where the borrower pays upfront fees to the lender in exchange for a reduced interest rate over the life of the loan. Each point typically costs 1% of the total loan amount. Borrowers often choose to pay discount points to lower their monthly mortgage payments or to make their loan more affordable over time. Other terms like application fees, processing fees, and service charges may involve costs associated with securing a loan, such as administrative tasks and processing paperwork, but they do not specifically represent a percentage of the loan amount in the same manner as discount points do. Instead, these fees are generally fixed amounts or structured differently and do not directly relate to the long-term interest rate adjustments that discount points provide. Thus, discount points specifically reflect costs tied to the loan amount as a percentage, making it the correct answer.

5. What does depreciation in real estate signify?

A. A decrease in property value over time

B. A rise in property value over time

C. A stable property value

D. A calculated rental income

Depreciation in real estate specifically refers to a decrease in property value over time, making the first choice the correct answer. This decline in value can occur due to a variety of factors, including wear and tear, physical deterioration, changes in market demand, or obsolescence. For real estate professionals, understanding depreciation is critical in determining property values, tax assessments, and the potential return on investment. It influences investment strategies, such as when to sell a property, and impacts financial calculations related to rental income, property taxes, and maintenance costs. The other options do not accurately portray the concept of depreciation. A rise in property value reflects appreciation, not depreciation, while stable property values would not signify depreciation at all. Calculated rental income relates to the income potential of the property rather than its value decline. Depreciation is thus a fundamental part of real estate investment and valuation that highlights the importance of market conditions, property upkeep, and economic factors.

6. What type of insurance covers the lender against losses due to a default on a home loan?

A. Homeowners insurance

B. Mortgage insurance

C. Disability insurance

D. Life insurance

Mortgage insurance is specifically designed to protect the lender from losses that may arise if a borrower defaults on their home loan. When a borrower makes a down payment that is less than 20% of the home's purchase price, lenders often require mortgage insurance as a condition of the loan. This insurance provides a safety net for the lender, ensuring that they can recover some of their losses in the event that the borrower fails to make their mortgage payments. Homeowners insurance, on the other hand, protects the homeowner against losses related to damage to the property and personal liability but does not cover the lender's interests in case of default. Disability insurance provides income in the event of a disability, while life insurance offers a death benefit to beneficiaries but does not relate to the repayment of home loans. Thus, mortgage insurance is the correct choice for covering lenders against default losses on home loans.

7. What is a bi-weekly mortgage?

A. A loan with monthly payments

B. A loan with bi-weekly payments

C. A type of loan for seniors

D. A mortgage with annual payments

A bi-weekly mortgage is defined by its payment structure, which involves making payments every two weeks rather than monthly. This means that during a calendar year, there are typically 26 bi-weekly payments made instead of 12 monthly payments. The bi-weekly schedule allows homeowners to pay down their principal balance more quickly, effectively reducing the overall interest paid over the life of the loan. By making bi-weekly payments, borrowers can accelerate the amortization schedule, which leads to faster loan payoff and potential savings on interest. This option is clearly the most accurate description of a bi-weekly mortgage, highlighting the shifting of the payment frequency from monthly to bi-weekly, which is a significant characteristic of this type of mortgage. The other options do not align with this definition; for instance, a loan with monthly payments pertains to a standard mortgage structure, while a type of loan for seniors and a loan with annual payments refer to entirely different concepts.

8. What does a condo conversion entail?

- A. Building a new condo
- B. Changing existing ownership structure to condo**
- C. Transforming condos into rentals
- D. Creating mixed-use developments

A condo conversion refers to the process of changing the ownership structure of an existing property to a condominium format. This typically involves taking a multi-unit residential building, such as an apartment complex, and converting it into individually owned units. Each unit is sold off separately as a condominium, allowing homeowners to own their individual living space while sharing ownership of common areas, such as hallways, lobbies, and recreational facilities. This transformation often requires compliance with local regulations and may include securing the necessary permits, updating the building to meet condo standards, and drafting condo association documents. The emphasis on changing the existing ownership structure is key, as it distinguishes condo conversions from other real estate activities such as building new properties, turning condos into rental units, or creating mixed-use developments. In contrast, building a new condo would involve entirely new construction rather than the modification of an existing structure. Transforming condos into rentals would mean reversing the process of ownership, while creating mixed-use developments focuses on combining residential and commercial spaces rather than converting existing properties into condos.

9. What is the term for an arrangement made to repay delinquent installments or advances?

- A. Forbearance agreement
- B. Repayment plan**
- C. Debt consolidation
- D. Loan modification

The term that refers to an arrangement made to repay delinquent installments or advances is known as a repayment plan. This typically involves a structured payment schedule agreed upon by a borrower and lender, outlining how the borrower will catch up on missed payments over a specified timeframe. The goal of a repayment plan is to help the borrower manage their debt while also providing a solution for the lender to recover the overdue amounts. A forbearance agreement could also relate closely to this situation, as it involves the lender allowing the borrower to temporarily stop or reduce payments. However, it does not inherently involve a structured repayment plan for delinquent installments. Debt consolidation refers to combining multiple debts into a single loan, which does not specifically address the repayment of delinquent installments. Loan modification involves changing the terms of the loan itself, such as interest rates or loan duration, rather than simply creating a plan to repay overdue payments. Thus, the most accurate term for an arrangement made to repay specifically delinquent installments or advances is indeed a repayment plan.

10. What is the term for the limit on the interest rate fluctuations during an adjustment period in an adjustable rate mortgage?

A. Periodic rate cap

B. PITI

C. Point

D. Prepayment

The term for the limit on interest rate fluctuations during an adjustment period in an adjustable rate mortgage is known as a periodic rate cap. This feature is designed to protect borrowers from significant increases in their interest rates at each adjustment period, establishing a maximum amount by which the interest rate can increase or decrease. For example, if a borrower has a loan with a periodic rate cap of 2%, and the current interest rate is 4%, the maximum the rate could rise to at the next adjustment would be 6%. This ensures that the borrower can anticipate and manage possible changes in their mortgage payments, contributing to more stable financial planning. The other terms listed have different meanings in the context of real estate and mortgages. PITI refers to principal, interest, taxes, and insurance, which are the components of a monthly mortgage payment. A point is a fee that equals 1% of the total loan amount, generally used to buy down the interest rate. Prepayment refers to the payment of a loan before its due date, often incurring penalties or fees, depending on the loan agreement. Each of these terms is significant in their own right but does not pertain to limiting interest rate fluctuations, which is specifically addressed by the periodic rate cap.

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://ksrealestatesalesperson.examzify.com>

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

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