

# Kentucky 96-Hour Salesperson Pre-License State Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of questions,**

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## 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.**

## 7. Use Other Tools

**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!**

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## **Questions**

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- 1. What is ad valorem tax based on?**
  - A. The annual income of the homeowner**
  - B. The assessed value of real estate property**
  - C. The market value of recent sales**
  - D. The condition of the property**
- 2. What happens in a situation with an open listing agreement when the seller finds a buyer without agent involvement?**
  - A. The agent is owed a commission for marketing efforts.**
  - B. The seller owes a commission to both the buyer and the agent.**
  - C. No one is owed a commission.**
  - D. The buyer is responsible for paying the seller's fee.**
- 3. Who carries the risk of loss or damage to a property prior to closing, according to KREC regulations?**
  - A. The buyer carries the risk**
  - B. The seller carries the risk**
  - C. The lender carries the risk**
  - D. The title company carries the risk**
- 4. What should Jennifer tell her assistant Kate about purging transaction files?**
  - A. Shred them immediately**
  - B. Store them in the office archives**
  - C. Put the purged documents in a locked bin**
  - D. Dispose of them in the regular trash**
- 5. What is a "contract for deed"?**
  - A. A lease agreement for renting property**
  - B. An installment purchase agreement where the seller retains the title**
  - C. A mortgage agreement transferring title immediately**
  - D. A down payment agreement for home buying**

**6. In a transaction where Kentucky broker Karl designates Marcee and George to represent the seller and buyer, respectively, who is/are the dual agent(s)?**

- A. Karl**
- B. Marcee**
- C. George**
- D. Both Marcee and George**

**7. What is one purpose of the Kentucky Real Estate Education, Research, and Recovery Fund?**

- A. Regulate the state's real estate market**
- B. Provide grants for real estate developers**
- C. Fund educational opportunities and research programs related to real estate**
- D. Licensing of real estate brokers**

**8. What function does an exclusive right-to-sell listing serve?**

- A. It allows multiple agents to sell the property simultaneously**
- B. It grants the broker the exclusive right to earn a commission if the property is sold**
- C. It provides a formal contract for lease agreements**
- D. It guarantees a sale within a specific timeframe**

**9. Are Kentucky closing companies allowed to disburse commission checks directly to licensees?**

- A. No, only brokers can receive commission payments**
- B. Yes, but only with written consent from the buyer**
- C. Yes, as long as the brokerage firm authorizes it**
- D. No, they must hold all funds until closing**

**10. How many years of experience are required to become a licensed broker in Kentucky?**

- A. One year**
- B. Two years**
- C. Three years**
- D. Four years**

## **Answers**

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

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## **Explanations**

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## 1. What is ad valorem tax based on?

- A. The annual income of the homeowner
- B. The assessed value of real estate property**
- C. The market value of recent sales
- D. The condition of the property

Ad valorem tax refers to a tax based on the assessed value of real estate property. This type of tax is levied as a percentage of the property's value, which is determined by a local government assessor. The assessment reflects various factors, including the property's market value, location, and any improvements made. This ensures that property owners are taxed in accordance with the value of their property, making it a fair system for funding local services and amenities. In contrast, other options do not accurately describe the basis for ad valorem taxes. Income does not determine property tax liabilities, nor does the condition of the property directly influence the ad valorem tax rate. Sales prices from recent transactions may inform property assessments but are not the sole basis for the tax itself. Therefore, relying on the assessed value of real estate property aptly captures the essence of what ad valorem taxes are based on.

## 2. What happens in a situation with an open listing agreement when the seller finds a buyer without agent involvement?

- A. The agent is owed a commission for marketing efforts.
- B. The seller owes a commission to both the buyer and the agent.
- C. No one is owed a commission.**
- D. The buyer is responsible for paying the seller's fee.

In the case of an open listing agreement, the seller retains the right to sell the property themselves without owing a commission to the real estate agent if they find a buyer independently. An open listing allows multiple agents to work with the seller, but only the agent who brings in a buyer is entitled to a commission. When the seller successfully finds a buyer without any agent's involvement, there is no contractual obligation to pay a commission because the agreement typically outlines that commission applies only when an agent facilitates the sale. This means that if the seller closes the deal on their own, none of the agents involved, including the one who may have marketed the property previously, earn a commission. Therefore, in this scenario, no one is owed a commission as the seller did not put the property under the agent's contractual arrangement when they found a buyer independently.

**3. Who carries the risk of loss or damage to a property prior to closing, according to KREC regulations?**

- A. The buyer carries the risk**
- B. The seller carries the risk**
- C. The lender carries the risk**
- D. The title company carries the risk**

The seller carries the risk of loss or damage to a property prior to closing according to KREC regulations. This principle is based on the concept that until the transfer of ownership is finalized through closing, the seller maintains control and responsibility over the property. This means if any damage or loss occurs before the transaction is officially completed, it is the seller who is held accountable for rectifying the situation. This regulation helps to protect the buyer, ensuring they receive the property in the condition agreed upon in the sales contract at the time of closing. The buyer is not liable for any issues that arise in this period, as they do not yet hold ownership rights to the property. Therefore, the seller's responsibility assures buyers that they will not incur unexpected expenses or receive a diminished asset upon acquisition.

**4. What should Jennifer tell her assistant Kate about purging transaction files?**

- A. Shred them immediately**
- B. Store them in the office archives**
- C. Put the purged documents in a locked bin**
- D. Dispose of them in the regular trash**

When dealing with transaction files, it's essential to prioritize confidentiality and security. Telling Kate to put the purged documents in a locked bin is the correct approach because it ensures that sensitive information remains protected while awaiting proper disposal. This method allows for a secure way to collect these documents before they are shredded or otherwise destroyed, minimizing the risk of unauthorized access to personal or proprietary data. Also, utilizing a locked bin provides a clear system for managing sensitive paperwork, demonstrating a commitment to privacy and security standards. This practice is particularly important in the real estate industry, where client confidentiality is paramount. Storing documents in the office archives, shredding them immediately, or disposing of them in regular trash do not align with best practices for managing sensitive information. Archiving may imply retaining documents longer than necessary, shredding them immediately does not provide a secure temporary holding, and regular trash disposal poses a significant risk of data breaches.

## 5. What is a "contract for deed"?

- A. A lease agreement for renting property**
- B. An installment purchase agreement where the seller retains the title**
- C. A mortgage agreement transferring title immediately**
- D. A down payment agreement for home buying**

A "contract for deed," also known as a land contract, is an arrangement where the seller finances the sale of a property for the buyer. In this scenario, the buyer makes regular installment payments directly to the seller over a specified period of time. Although the buyer is usually allowed to occupy and use the property during this period, the seller retains legal title to the property until the full purchase price has been paid off. This setup differs significantly from a lease agreement, where no ownership is transferred and rights are limited to the terms of the lease. It is also not akin to a mortgage, where title typically transfers immediately but is subject to the lender's interest. Additionally, a down payment agreement suggests a preliminary stage of a purchase rather than the ongoing payments associated with a contract for deed. Therefore, the correct understanding revolves around the seller maintaining title while allowing the buyer to make payments, ultimately leading to ownership upon completion of those payments.

## 6. In a transaction where Kentucky broker Karl designates Marcee and George to represent the seller and buyer, respectively, who is/are the dual agent(s)?

- A. Karl**
- B. Marcee**
- C. George**
- D. Both Marcee and George**

In this scenario, the correct identification of the dual agent involves understanding the role of the broker in a designated agency situation. Here, broker Karl has designated Marcee to represent the seller and George to represent the buyer. A dual agent in this context is a broker who represents both parties in a transaction, which is permissible under certain conditions in Kentucky. Since Karl acts as the broker managing the overall transaction and maintains responsibility for representing both the seller and the buyer through his designated agents (Marcee and George), he remains the dual agent. Marcee and George are not considered dual agents because they each represent only one party in the transaction—the seller and the buyer, respectively. This system is designed to allow each agent to fully advocate for their client's best interests while the broker oversees the entire process. Thus, the correct answer is that Karl is the dual agent in this situation.

**7. What is one purpose of the Kentucky Real Estate Education, Research, and Recovery Fund?**

- A. Regulate the state's real estate market**
- B. Provide grants for real estate developers**
- C. Fund educational opportunities and research programs related to real estate**
- D. Licensing of real estate brokers**

The purpose of the Kentucky Real Estate Education, Research, and Recovery Fund is to fund educational opportunities and research programs related to real estate. This fund plays a crucial role in ensuring that real estate professionals are equipped with the necessary knowledge and resources to operate effectively within the industry. By financing educational initiatives, the fund helps enhance the professional standards and competencies of real estate agents, ultimately contributing to a more informed and ethical real estate market. This aligns with the objectives of promoting better practices in real estate transactions and improving overall consumer protection. The focus on education and research also helps the industry evolve in response to changing market needs and regulatory requirements. In this context, the fund's mission is integral to fostering a well-informed real estate community that can adequately serve clients and uphold the integrity of the profession.

**8. What function does an exclusive right-to-sell listing serve?**

- A. It allows multiple agents to sell the property simultaneously**
- B. It grants the broker the exclusive right to earn a commission if the property is sold**
- C. It provides a formal contract for lease agreements**
- D. It guarantees a sale within a specific timeframe**

An exclusive right-to-sell listing is a type of agreement in real estate that grants a specific broker the sole authority to market the property and earn a commission from the sale, regardless of who actually finds the buyer. This means that even if the property owner sells the property themselves or if another broker assists in the transaction, the listing broker is entitled to their commission due to the exclusive agreement established. This type of listing is beneficial for both the broker and the property owner; the broker is assured compensation for their marketing efforts, while the owner gains a dedicated professional working to sell their property effectively. It creates a strong incentive for the broker to invest time and resources into selling the property. In contrast to other options, the right-to-sell listing does not allow multiple agents to sell the property simultaneously, as that would be characteristic of an open listing instead. It is also not a lease agreement and does not guarantee a sale within a specific timeframe; rather, it enables the broker to work diligently until the property is sold.

**9. Are Kentucky closing companies allowed to disburse commission checks directly to licensees?**

- A. No, only brokers can receive commission payments**
- B. Yes, but only with written consent from the buyer**
- C. Yes, as long as the brokerage firm authorizes it**
- D. No, they must hold all funds until closing**

In Kentucky, the regulations governing real estate practices stipulate that commission payments should generally be handled by the brokerage firm. However, it is permissible for closing companies to disburse commission checks directly to licensees, provided that the brokerage firm has given its authorization for this arrangement. This stipulation recognizes the role of the brokerage in overseeing commission disbursements while allowing flexibility in how funds are managed at closing. This approach ensures that all parties are in agreement and helps maintain compliance with state regulations regarding trust funds and commission distribution. The importance lies in the brokerage's oversight, serving to protect both the licensee and the interests of buyers and sellers involved in the transaction.

**10. How many years of experience are required to become a licensed broker in Kentucky?**

- A. One year**
- B. Two years**
- C. Three years**
- D. Four years**

To become a licensed broker in Kentucky, the requirement is to have two years of experience as a licensed salesperson. This experience helps ensure that the individual has a solid understanding of the real estate industry and is prepared for the additional responsibilities that come with being a broker. The two-year requirement allows for practical exposure to the various aspects of real estate transactions, client relationships, and industry regulations, which are essential for successfully operating as a broker. Other time frames mentioned do not meet the state requirements. A year may not provide enough experience, while three or four years exceed what is specified by Kentucky law. Thus, the requirement of two years is both a standard in preparing candidates for the complexity of the broker role and a legal stipulation in the state.

# 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://ky96hrsalspersonprelicense.examzify.com>**

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

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