

# Kovats Real Estate School Practice Test (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

- 1. What are funds received for deposit in the Guaranty Fund used for?**
  - A. To cover operational costs of the brokerage**
  - B. To indemnify aggrieved participants in real estate transactions**
  - C. To invest in real estate properties**
  - D. To pay real estate agents their commissions**
- 2. What action must a broker take if they terminate the employment of a salesperson?**
  - A. File a report with the state**
  - B. Retrain the salesperson**
  - C. Immediately return the salesperson's license to the Real Estate Commission**
  - D. Pay the salesperson a severance fee**
- 3. What is "zoning" in real estate?**
  - A. Laws that regulate land use and development in specific areas**
  - B. A tax levied on property owners**
  - C. The process of valuing a property for tax purposes**
  - D. A type of insurance for real estate transactions**
- 4. What is one typical task a Real Estate Broker can perform?**
  - A. Negotiate bank loans for clients**
  - B. Prepare a purchase and sale agreement**
  - C. Serve as a notary public**
  - D. Conduct home inspections**
- 5. What type of advertisement is a broker allowed to properly use?**
  - A. Free market study**
  - B. A promotional contest for new clients**
  - C. Exclusive listings with hefty discounts**
  - D. Selling personal real estate properties**



- 6. When completing a sale of real property that includes removable items, the seller should also provide?**
- A. a deed of title**
  - B. an affidavit of ownership**
  - C. a bill of sale**
  - D. a lease agreement**
- 7. What is the primary role of the National Association of Realtors (NAR)?**
- A. To boost sales of commercial real estate**
  - B. To create regulations for property taxes**
  - C. To establish ethical standards for real estate professionals**
  - D. To mediate disputes between buyers and sellers**
- 8. What is the duration of a life estate?**
- A. Lasts until the owner sells it**
  - B. Lasts for a lifetime**
  - C. Lasts for a fixed number of years**
  - D. Lasts until the property is transferred**
- 9. What is the maximum fine for violations of the Real Estate Sales Full Disclosure Act?**
- A. \$25,000 per violation**
  - B. \$50,000 per violation**
  - C. \$100,000 per violation**
  - D. \$10,000 per violation**
- 10. What is "market value"?**
- A. The cost of constructing a new property**
  - B. The price a property could sell for in a competitive and open market**
  - C. The value determined by the property owner**
  - D. The amount paid in property taxes**

## **Answers**

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

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## **Explanations**

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**1. What are funds received for deposit in the Guaranty Fund used for?**

- A. To cover operational costs of the brokerage**
- B. To indemnify aggrieved participants in real estate transactions**
- C. To invest in real estate properties**
- D. To pay real estate agents their commissions**

Funds received for deposit in the Guaranty Fund are specifically designated to indemnify aggrieved participants in real estate transactions. This means that if a consumer suffers a financial loss due to the actions of a licensed real estate professional—such as fraud, misrepresentation, or other wrongful acts—they may be compensated from this fund. The purpose of establishing such a fund is to provide a safety net for consumers, ensuring that they have recourse in case ethical standards are not met by professionals in the real estate industry. The Guaranty Fund plays a critical role in maintaining trust and stability in the real estate market by protecting consumers, which in turn helps to uphold the overall integrity of the profession. Other choices reflect uses that are not aligned with the primary purpose of the fund; for example, funds should not be used for operational costs, investing in properties, or paying agents' commissions, as those functions are separately handled within the brokerage and real estate transaction processes.

**2. What action must a broker take if they terminate the employment of a salesperson?**

- A. File a report with the state**
- B. Retrain the salesperson**
- C. Immediately return the salesperson's license to the Real Estate Commission**
- D. Pay the salesperson a severance fee**

When a broker terminates the employment of a salesperson, it is necessary for them to immediately return the salesperson's license to the Real Estate Commission. This action serves several important purposes. First, licenses are issued under the brokerage's sponsorship, and when the employment relationship ends, the sponsorship is no longer valid. The Real Estate Commission needs to maintain accurate records of who is authorized to practice real estate. Returning the license ensures that there is clarity regarding which individuals are currently licensed and which are not, helping to uphold the integrity of the real estate profession. Further, the return of the license prevents any potential misuse of the license by the salesperson after their termination. If the license were to remain with the broker, the former salesperson could engage in activities that require a license without the broker's approval. In this context, the other options do not address the immediate obligations placed on the broker surrounding the termination of employment. Notably, filing a report with the state or paying a severance fee would not be standard legal requirements in this situation, and retraining the salesperson is not relevant after employment has ended. Overall, the correct answer reflects the procedural steps a broker must take to comply with regulatory standards following the termination of a salesperson's employment.

### 3. What is "zoning" in real estate?

- A. Laws that regulate land use and development in specific areas**
- B. A tax levied on property owners**
- C. The process of valuing a property for tax purposes**
- D. A type of insurance for real estate transactions**

Zoning in real estate refers to laws and regulations set by local governments that dictate how land can be used and developed in specific areas. These laws help establish the types of activities that are permissible in particular zones—such as residential, commercial, industrial, or agricultural uses. By implementing zoning regulations, municipalities aim to ensure that land use is orderly and beneficial to the community, addressing factors like density, aesthetics, and the overall character of neighborhoods. The significance of zoning lies in its impact on property values and community planning. For example, areas designated for residential use may have restrictions on commercial operations, ensuring that neighborhoods remain quiet and family-friendly. This structured approach to land management helps prevent conflicts between incompatible types of development and promotes sustainable growth. Understanding zoning is essential for real estate professionals, as it influences property development potential, investment strategies, and compliance with local laws. Without clarity about zoning ordinances, property owners and investors could face legal challenges or unanticipated limitations on how they can use their land.

### 4. What is one typical task a Real Estate Broker can perform?

- A. Negotiate bank loans for clients**
- B. Prepare a purchase and sale agreement**
- C. Serve as a notary public**
- D. Conduct home inspections**

Preparing a purchase and sale agreement is a typical task performed by a Real Estate Broker because this document is essential in the process of buying and selling property. The broker is responsible for ensuring that the agreement captures the terms and conditions of the transaction, reflecting both the buyer's and seller's intentions. This task requires a strong understanding of real estate laws, market conditions, and the specific details of the transaction. In contrast, negotiating bank loans generally falls outside the broker's role, as this is typically handled by financial institutions or mortgage brokers. Serving as a notary public is not a standard function of a real estate broker; while brokers can be notaries, it is not a core aspect of their duties in real estate transactions. Conducting home inspections is usually performed by licensed inspectors who specialize in evaluating the condition of properties, rather than by brokers, who focus more on the negotiations and facilitation of property transactions.

**5. What type of advertisement is a broker allowed to properly use?**

**A. Free market study**

**B. A promotional contest for new clients**

**C. Exclusive listings with hefty discounts**

**D. Selling personal real estate properties**

A broker is allowed to properly use a free market study as a type of advertisement because it serves as an informative tool aimed at educating potential clients about market trends, property values, and other relevant real estate information. This type of advertisement is often viewed as a valuable resource, helping clients make informed decisions about buying or selling properties. It aligns with ethical advertising practices by providing clients with useful insights rather than making exaggerated claims or selling tactics. Different advertising methods may not be permissible or could raise legal and ethical concerns. For instance, promotional contests might be subject to specific regulations regarding fairness and transparency. Exclusive listings with hefty discounts can lead to misleading advertising practices, suggesting that a particular property is more valuable than it is or creating unfair competition. Selling personal real estate properties can blur the lines between personal and professional business dealings, potentially leading to conflicts of interest. By choosing a free market study, a broker demonstrates professionalism and a commitment to providing value without engaging in questionable practices that could harm their reputation or breach legal guidelines in real estate advertising.

**6. When completing a sale of real property that includes removable items, the seller should also provide?**

**A. a deed of title**

**B. an affidavit of ownership**

**C. a bill of sale**

**D. a lease agreement**

When selling real property that includes removable items, it is essential for the seller to provide a bill of sale. This document serves as proof of the transaction and acknowledges the transfer of ownership for the removable items to the buyer. Including a bill of sale ensures that both parties are clear about what specific personal property is included in the sale. Removable items, often referred to as personal property, may not be automatically included with the transfer of real property unless explicitly stated. A bill of sale lists these items and confirms the buyer's right to possess them as part of the overall sale transaction. Other documents referenced, such as a deed of title, are related to the transfer of real estate ownership itself rather than personal property. An affidavit of ownership might be relevant in establishing clear title but does not address the conveyance of movable items directly. Similarly, a lease agreement pertains to rental arrangements and does not apply to the sale of property or goods. Thus, the bill of sale is the appropriate and necessary document to include in this scenario.

**7. What is the primary role of the National Association of Realtors (NAR)?**

- A. To boost sales of commercial real estate**
- B. To create regulations for property taxes**
- C. To establish ethical standards for real estate professionals**
- D. To mediate disputes between buyers and sellers**

The primary role of the National Association of Realtors (NAR) is to establish ethical standards for real estate professionals. NAR is a trade association that promotes professionalism within the real estate industry by providing a framework of ethics and guidelines that members are expected to follow. This includes enforcing a Code of Ethics that enhances the trustworthiness of real estate practitioners, thereby ensuring that consumers receive fair and competent service. By setting these ethical standards, NAR not only protects the interests of real estate professionals but also serves to safeguard consumers. This emphasis on ethics establishes a baseline level of conduct expected from Realtors, encouraging transparency and accountability in their business practices. In contrast, while the association may have resources related to sales training or mediating disputes, its primary and most recognized role revolves around creating and promoting ethical standards, which is integral to maintaining integrity within the real estate industry.

**8. What is the duration of a life estate?**

- A. Lasts until the owner sells it**
- B. Lasts for a lifetime**
- C. Lasts for a fixed number of years**
- D. Lasts until the property is transferred**

A life estate is a type of property ownership that lasts for the lifetime of a designated individual, known as the life tenant. This means that the rights to use and enjoy the property continue as long as the life tenant is alive. Once the life tenant passes away, the property does not remain with them nor can it be sold by them; instead, it transfers to another party as specified in the terms of the life estate. This nature of a life estate, being tied specifically to the life span of an individual, differentiates it from other types of estates, like a fixed-term lease or a fee simple ownership, which can last longer than a person's lifetime or be influenced by sale or transfer. The option indicating that it lasts for the duration of a lifetime captures the essence of what a life estate represents in real property law.



**9. What is the maximum fine for violations of the Real Estate Sales Full Disclosure Act?**

- A. \$25,000 per violation
- B. \$50,000 per violation**
- C. \$100,000 per violation
- D. \$10,000 per violation

The maximum fine for violations of the Real Estate Sales Full Disclosure Act is set at \$50,000 per violation. This statute aims to protect consumers by ensuring they receive all necessary information regarding real estate transactions, thus promoting transparency in the market. The significant fine serves as a deterrent to potential violators and underscores the seriousness of compliance with the law. Understanding the implications of these penalties helps real estate professionals maintain ethical practices and adhere to legal standards within their transactions. This awareness ultimately fosters trust and encourages responsible engagement in the real estate market.

**10. What is "market value"?**

- A. The cost of constructing a new property
- B. The price a property could sell for in a competitive and open market**
- C. The value determined by the property owner
- D. The amount paid in property taxes

Market value refers to the price a property could realistically sell for in a competitive and open market, where buyers and sellers engage in transactions without undue pressure or coercion. This concept is fundamental in real estate as it reflects what a property is worth based on current market conditions, taking into account factors like location, property condition, comparables, and overall demand. Construction costs, as mentioned in the first option, pertain to the expenses involved in building a property rather than its market value. The determination of value by the property owner is subjective and may not reflect the true market conditions; thus, it does not provide an accurate assessment of a property's worth in the marketplace. The amount paid in property taxes relates to the assessed value, which can differ significantly from market value, as it is often influenced by local tax regulations and may not reflect current market trends. In a competitive real estate market, market value is essentially what buyers are willing to pay and sellers are willing to accept, making it a pivotal metric used in real estate transactions, financing, and appraisals.

## 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://kovatsrealestate.examzify.com>**

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