

KOVATS REAL ESTATE SCHOOL PRACTICE TEST (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. For what duration must records of unaccepted offers and expired listings be kept?**
 - A. One year
 - B. Three months
 - C. Six months
 - D. One year and a half
- 2. What is an example of a freehold estate?**
 - A. A leasehold estate
 - B. A life estate
 - C. A personal property estate
 - D. A periodic tenancy estate
- 3. What is the "fair market value" of a property?**
 - A. The price a property would sell for on the open market, determined by supply and demand
 - B. The appraised value set by the local assessor
 - C. The tax value determined by state law
 - D. The price the owner is willing to sell for
- 4. What does "reverse mortgage" mean?**
 - A. A loan type that allows homeowners aged 62 or older to convert part of their equity into cash
 - B. A standard mortgage that requires monthly payments
 - C. A government-backed loan for first-time homebuyers
 - D. A loan taken against an investment property for capital improvements
- 5. In a life estate, how does the property interest change upon the death of the life tenant?**
 - A. It transfers to the life tenant's heirs
 - B. It reverts to the grantor or their heirs
 - C. It is sold for estate taxes
 - D. It remains vacant

- 6. 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
- 7. What is an escrow agent in real estate?**
- A. A legal advisor for property transactions
 - B. An independent entity that manages funds and documents
 - C. A real estate salesperson facilitating sales
 - D. A party representing the buyer during negotiations
- 8. An example of personal property is?**
- A. a household furnishing
 - B. real estate
 - C. land
 - D. commercial property
- 9. What typically must occur for a government to rightfully execute eminent domain?**
- A. Approval from all neighbors
 - B. Public announcement of intent
 - C. Due legal process with just compensation
 - D. A petition by local businesses
- 10. Where must a salesperson display their real estate license?**
- A. At their residence
 - B. In a broker's main office
 - C. At any property they are selling
 - D. In their personal office

Answers

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

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Explanations

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1. For what duration must records of unaccepted offers and expired listings be kept?

- A. One year
- B. Three months
- C. Six months**
- D. One year and a half

The period for retaining records of unaccepted offers and expired listings is set at six months. This timeframe is aligned with best practices in real estate recordkeeping, ensuring that agents maintain necessary documentation while also avoiding excessive retention of outdated information. Keeping these records for this duration allows for a review if any disputes arise or if there is a need to verify past transactions. Proper management of these records is crucial for compliance and efficient operation within the real estate business.

2. What is an example of a freehold estate?

- A. A leasehold estate
- B. A life estate**
- C. A personal property estate
- D. A periodic tenancy estate

A freehold estate refers to an ownership interest in real property that is of indeterminate duration. It provides the owner with complete control over the property, subject to any applicable laws or restrictions. A life estate is a specific type of freehold estate where ownership is granted for the duration of a person's life. This means that the individual holds the property until they pass away, at which point the ownership transfers to another party, often defined by the terms of the life estate. This distinguishes a life estate from other types, such as leasehold estates, which are limited by time and do not convey ownership rights but rather a temporary interest in the property. Personal property estates, while they involve ownership, do not pertain to real estate. Periodic tenancy, meanwhile, is a rental agreement type that renews after a set period but does not qualify as an ownership interest in real property. Thus, a life estate stands out as a clear example of a freehold estate due to its inherent qualities of ownership and duration linked to a person's lifetime.

3. What is the "fair market value" of a property?

- A. The price a property would sell for on the open market, determined by supply and demand**
- B. The appraised value set by the local assessor
- C. The tax value determined by state law
- D. The price the owner is willing to sell for

The term "fair market value" refers to the amount a property would sell for on the open market, where both buyer and seller are typically motivated, informed, and acting in their own best interests. This concept is grounded in economic principles of supply and demand, meaning that the fair market value is influenced by market conditions and comparable property sales. It provides a realistic measure of a property's worth based on what buyers are willing to pay and what sellers are willing to accept under normal market conditions. In contrast, the appraised value set by a local assessor often reflects a property's value for tax purposes and may not necessarily represent current market conditions. Similarly, the tax value determined by state law may use valuation formulas or criteria that do not align with actual market dynamics. Lastly, the price a property owner is willing to sell for can be influenced by emotional factors or personal circumstances, which may not accurately represent the true fair market value of the property. Thus, fair market value is specifically tied to the nature of transactions in an open market rather than external assessments or individual motivations.

4. What does "reverse mortgage" mean?

- A. A loan type that allows homeowners aged 62 or older to convert part of their equity into cash
- B. A standard mortgage that requires monthly payments
- C. A government-backed loan for first-time homebuyers
- D. A loan taken against an investment property for capital improvements

A reverse mortgage is a financial product designed specifically for homeowners aged 62 or older, allowing them to access the equity in their homes without the need to sell. This type of loan converts a portion of the home equity into cash, which can be used for various expenses, such as healthcare, living costs, or home improvements. Importantly, unlike traditional mortgages, borrowers are not required to make monthly payments on a reverse mortgage. Instead, the loan is repaid when the homeowner sells the home, moves out, or passes away. This arrangement provides a significant benefit to seniors who may need additional income while remaining in their own homes. Understanding the nature of a reverse mortgage helps differentiate it from other types of loans. Standard mortgages, for instance, require the borrower to make monthly payments on the principal and interest, which does not apply to a reverse mortgage. Government-backed loans for first-time homebuyers typically aim to facilitate home purchase rather than access existing equity. Similarly, loans taken against investment properties for capital improvements serve different purposes, focusing on properties that generate income rather than allowing for cash flow for homeowners looking to tap into their home equity.

5. In a life estate, how does the property interest change upon the death of the life tenant?

- A. It transfers to the life tenant's heirs
- B. It reverts to the grantor or their heirs
- C. It is sold for estate taxes
- D. It remains vacant

In a life estate, the property interest is specifically granted to a life tenant for the duration of their life. Upon the death of the life tenant, the interest in the property does not pass to the life tenant's heirs. Instead, it typically reverts back to the grantor or the grantor's heirs, restoring the property to their ownership. This arrangement ensures that the grantor or their designated heirs regain full ownership rights once the life tenant has passed away. This principle is essential to understanding how life estates function as a type of estate in real property, distinguishing it from other types of property interests like fee simple estates, which allow transfer to heirs. The life tenant has rights to use and enjoy the property during their lifetime, but those rights end with their death, ensuring that the original owner's intent is respected.

6. 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.

7. What is an escrow agent in real estate?

- A. A legal advisor for property transactions
- B. An independent entity that manages funds and documents**
- C. A real estate salesperson facilitating sales
- D. A party representing the buyer during negotiations

An escrow agent in real estate serves as an independent entity that manages funds and documents during property transactions. Their primary role is to hold and safeguard these assets until all terms of the purchase agreement are fully met by both the buyer and the seller. This typically involves ensuring that both parties fulfill their contractual obligations, such as inspections, repairs, and financing requirements. Once all conditions are satisfied, the escrow agent will facilitate the closing process, which includes disbursing the funds to the seller and transferring the property title to the buyer. This function promotes trust between the parties involved, as the escrow agent acts neutrally and is bound by legal and ethical guidelines to ensure a fair process. Therefore, the role of the escrow agent is crucial in real estate transactions, providing security and peace of mind to both buyers and sellers.

8. An example of personal property is?

- A. a household furnishing**
- B. real estate
- C. land
- D. commercial property

Personal property refers to items that are movable and not permanently attached to land or buildings. A household furnishing, such as a couch, table, or chair, exemplifies personal property because it can be easily transported and is not considered a fixture of the real estate. In contrast, real estate encompasses land and anything that is permanently affixed to it, like buildings and structures; therefore, choices that include real estate or land do not qualify as personal property. Similarly, commercial property also refers to non-movable, permanent structures and is part of real estate, further solidifying that a household furnishing is the correct representation of personal property in this context.

9. What typically must occur for a government to rightfully execute eminent domain?

- A. Approval from all neighbors
- B. Public announcement of intent
- C. Due legal process with just compensation**
- D. A petition by local businesses

For a government to rightfully execute eminent domain, due legal process with just compensation is essential. This process involves a formal procedure in which the government must provide notice to the property owner and offer just compensation for the property to be acquired. Just compensation typically refers to the fair market value of the property at the time of taking. This requirement safeguards the rights of property owners and ensures that they receive equitable treatment if their property is appropriated for public use, such as building roads, schools, or other infrastructure. This principle is grounded in the Fifth Amendment of the U.S. Constitution, which states that private property shall not be taken for public use without just compensation. Therefore, without following these legal parameters, any action taken by the government to seize property could be deemed unlawful and subject to challenge. Options that mention approval from neighbors or petitions by local businesses are not legally required components of the eminent domain process. Also, while a public announcement might be part of the process in some jurisdictions, it does not fulfill the legal obligation regarding due process and compensation.

10. Where must a salesperson display their real estate license?

- A. At their residence
- B. In a broker's main office**
- C. At any property they are selling
- D. In their personal office

A real estate salesperson is required to display their license at the broker's main office. This requirement is rooted in the principle of transparency and accountability in the real estate profession. By having the license displayed in the main office, clients and the public can verify the legitimacy of the salesperson's ability to practice real estate. This centralization helps maintain a professional environment where all relevant licenses are readily available for inspection, ensuring that potential clients can easily access this information. The broker is responsible for oversight of their agents, making it important that all licenses are visible and properly accounted for in the office setting. This arrangement enhances trust and promotes ethical practices in real estate transactions, as consumers can confidently engage with licensed professionals. Other options like displaying the license at a residence, any property being sold, or in a personal office do not align with the regulatory requirements that are designed to streamline verification and ensure that real estate activities are conducted under the supervision of a licensed broker. These alternative locations could hinder the process of validation for clients, making option B the most appropriate choice.

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://kovatsrealestate.examzify.com>

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

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