

# Leasing Agent License Practice Exam (Sample)

## Study Guide



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**SAMPLE**

## **Questions**

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- 1. What is the primary purpose of late fees in a lease agreement?**
  - A. To encourage timely payments**
  - B. To increase overall rental income**
  - C. To penalize landlords for their errors**
  - D. To simplify the payment process**
- 2. Which action can make a contract voidable?**
  - A. Parties being of legal age**
  - B. Lack of consideration**
  - C. One party using excessive influence**
  - D. Signing without reading**
- 3. How are implied contracts formed?**
  - A. Through explicit statements**
  - B. By written documents only**
  - C. By the actions of the parties**
  - D. Through verbal agreements only**
- 4. What is a walk-through inspection?**
  - A. An emergency check of the property by first responders**
  - B. A review of property finances**
  - C. An evaluation of the property before or after a lease term**
  - D. A quick inspection of the property's exterior**
- 5. What is the primary feature of Tenancy in Common?**
  - A. Unity of possession with right of survivorship**
  - B. Unity of possession without right of survivorship**
  - C. Equal shares with no shared title**
  - D. Exclusive ownership of property**
- 6. What is required of landlords under the Fair Credit Reporting Act if they deny a tenant based on a credit report?**
  - A. Notify the tenant of the denial in writing.**
  - B. Provide a copy of the tenant's credit report.**
  - C. Inform the tenant and identify the reporting organization.**
  - D. Allow the tenant to appeal the decision.**

- 7. In the context of property ownership, what does concurrent ownership refer to?**
- A. Ownership by one individual**
  - B. Ownership by multiple individuals**
  - C. Ownership through a lease agreement**
  - D. Shared ownership of personal property**
- 8. How does the Fair Housing Act address real estate brokerage services?**
- A. It encourages competition among brokers**
  - B. It prohibits discrimination in providing brokerage services**
  - C. It requires brokers to offer free consultations**
  - D. It mandates training programs for brokers**
- 9. Which scenario would likely be regarded as discrimination under the Fair Housing Act?**
- A. Refusing a lease renewal due to prior eviction history**
  - B. Not renting to someone with a criminal record**
  - C. Charging higher rent to individuals of a certain ethnicity**
  - D. Preferring long-term tenants over new applicants**
- 10. Which of the following is NOT one of the Four Unities required for Joint Tenancy?**
- A. Possession**
  - B. Interest**
  - C. Time**
  - D. Individual Ownership**

## **Answers**

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

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## **Explanations**

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**1. What is the primary purpose of late fees in a lease agreement?**

- A. To encourage timely payments**
- B. To increase overall rental income**
- C. To penalize landlords for their errors**
- D. To simplify the payment process**

The primary purpose of late fees in a lease agreement is to encourage timely payments. By imposing a fee for late payments, landlords motivate tenants to pay their rent on time, thereby ensuring a consistent cash flow and reducing the risk of financial disruption. This practice helps create an environment where tenants understand the importance of adhering to payment deadlines, ultimately fostering better landlord-tenant relationships. While increasing overall rental income may be a secondary benefit of collecting late fees, it is not the foremost purpose. Late fees are not designed to penalize landlords for their mistakes or to simplify the payment process; instead, they serve as a deterrent against delays in payment, ensuring that obligations are met promptly.

**2. Which action can make a contract voidable?**

- A. Parties being of legal age**
- B. Lack of consideration**
- C. One party using excessive influence**
- D. Signing without reading**

A contract can be made voidable when one party uses excessive influence. This means that if one party has a position of power or trust over the other party and uses that position to persuade or pressure them into entering the contract, the influenced party may have the option to void the contract. In this context, excessive influence undermines the voluntary nature of the agreement. It suggests that one party did not enter the contract freely, which is a fundamental principle of contract law. The party who feels they have been excessively influenced may choose to affirm the contract or rescind it, depending on their preference and the situation involved. In contrast, parties being of legal age is crucial for a contract to be valid, but it does not make a contract voidable. Lack of consideration means that there is no exchange of value, which would generally render a contract void rather than voidable. Signing without reading could indicate issues regarding informed consent, but it doesn't inherently suggest that excessive influence has occurred; therefore, it doesn't constitute a basis for voiding the agreement.

### 3. How are implied contracts formed?

- A. Through explicit statements
- B. By written documents only
- C. By the actions of the parties**
- D. Through verbal agreements only

Implied contracts are formed through the actions or conduct of the parties involved, rather than through explicit statements or written documents. This means that an agreement is established through behavior and circumstances that indicate that both parties intend to enter into a contract, even if they have not explicitly stated the terms. For example, consider a scenario where a person goes to a restaurant, orders food, and eats it. The actions of ordering and consuming the food imply an agreement to pay for it, even though no verbal or written contract was established. The expectation in such circumstances is that the consumer will pay for the service provided, reflecting the principles of an implied contract. In contrast, explicit statements and written documents pertain to express contracts, where the terms are clearly articulated between the parties. The focus of the question is specifically on implied contracts; therefore, the option relating to actions aligns with how these types of agreements are recognized and enforced in various legal contexts.

### 4. What is a walk-through inspection?

- A. An emergency check of the property by first responders
- B. A review of property finances
- C. An evaluation of the property before or after a lease term**
- D. A quick inspection of the property's exterior

A walk-through inspection is a thorough evaluation of the property that typically occurs before a tenant moves in or after they move out. This process allows both the landlord and the tenant to assess the property's condition and ensure that all agreed-upon terms regarding repairs, cleanliness, and other expectations are met. It is a critical part of the leasing process, as it helps document the state of the property, which can prevent disputes over damage and security deposits after the tenancy ends. Conducting a walk-through inspection before a lease begins helps set a clear standard for maintenance and care expected from the tenant. Conversely, performing it after a lease concludes can aid in identifying any damage or necessary repairs that may have occurred during the rental period, ensuring accountability for both parties. This makes it an essential component of managing a rental property effectively and fostering good communication between landlords and tenants.

## 5. What is the primary feature of Tenancy in Common?

- A. Unity of possession with right of survivorship
- B. Unity of possession without right of survivorship**
- C. Equal shares with no shared title
- D. Exclusive ownership of property

The primary feature of Tenancy in Common is unity of possession without right of survivorship. In this ownership arrangement, each co-owner has the right to possess and use the entire property, regardless of the proportional share that each one owns. This means that all tenants in common can occupy and benefit from the property as a whole. A significant aspect of Tenancy in Common is that there is no right of survivorship, which distinguishes it from joint tenancy. If one co-owner passes away, their share of the property does not automatically transfer to the other co-owners; instead, it is inherited by their heirs or specified in a will. This allows for flexibility in how ownership can be transferred upon death and permits the co-owners to have different shares in the property, which can vary in size. Understanding this feature is crucial as it impacts decisions regarding inheritances and the strategic management of shared property interests. In contrast to other ownership types like joint tenancy, where co-owners have a right of survivorship and equal shares, tenancy in common provides a distinct approach to shared property ownership.

## 6. What is required of landlords under the Fair Credit Reporting Act if they deny a tenant based on a credit report?

- A. Notify the tenant of the denial in writing.
- B. Provide a copy of the tenant's credit report.
- C. Inform the tenant and identify the reporting organization.**
- D. Allow the tenant to appeal the decision.

Under the Fair Credit Reporting Act (FCRA), if a landlord denies a tenant's application based on information provided in a credit report, they are required to inform the tenant about the denial and must also identify the reporting organization that provided the credit information. This requirement is in place to ensure transparency and give the tenant the opportunity to understand why their application was denied. By notifying the tenant of the specific credit reporting agency that furnished the report, the landlord allows the tenant to directly contact that agency for more details, which can help the tenant address any inaccuracies or issues that may have influenced the decision. This requirement is a key component of the FCRA designed to protect consumers and ensure fairness in the rental application process. While it could also be important to notify tenants in writing or provide them with a copy of their credit report, the primary requirement under the FCRA centers on informing them of the denial and the source of the report that contributed to that decision. Allowing tenants to appeal the decision is not a mandated requirement under the FCRA, although some landlords may choose to provide such an option as a courtesy.

**7. In the context of property ownership, what does concurrent ownership refer to?**

- A. Ownership by one individual**
- B. Ownership by multiple individuals**
- C. Ownership through a lease agreement**
- D. Shared ownership of personal property**

Concurrent ownership refers to a situation in property ownership where multiple individuals hold title to the same property simultaneously. This means that each owner has an undivided interest in the property, which allows them to enjoy the benefits and rights associated with ownership. In a concurrent ownership arrangement, the individuals may own equal or different shares of the property, and their rights and responsibilities can vary depending on the specific form of concurrent ownership, such as joint tenancy or tenancy in common. Understanding concurrent ownership is crucial because it involves various legal implications for how the property can be used, transferred, or inherited. It often requires clear agreements among the owners to manage shared responsibilities, such as maintenance and property taxes, and to outline what occurs in the event of a sale or the passing of an owner. Thus, the concept is essential for anyone dealing in real estate, as it impacts both property rights and co-ownership dynamics.

**8. How does the Fair Housing Act address real estate brokerage services?**

- A. It encourages competition among brokers**
- B. It prohibits discrimination in providing brokerage services**
- C. It requires brokers to offer free consultations**
- D. It mandates training programs for brokers**

The Fair Housing Act is a crucial piece of legislation aimed at ensuring equal housing opportunities for all individuals, regardless of race, color, national origin, religion, sex, familial status, or disability. When it comes to real estate brokerage services, the Act specifically prohibits discrimination in the providing of these services. This means that brokers are legally required to treat all clients with fairness and without bias based on any of the protected classes outlined in the Act. The prohibition against discrimination is foundational to the Fair Housing Act's purpose of promoting equal access to housing. This extends to all aspects of real estate transactions, including the provision of brokerage services, where brokers must not refuse services or discriminate in their practices. Therefore, recognizing and understanding this aspect of the Fair Housing Act is essential for anyone involved in real estate brokerage, as compliance with these regulations fosters an inclusive environment within the housing market. In contrast, the other options do not accurately reflect the provisions of the Fair Housing Act. While encouraging competition among brokers is a component of healthy market practices, it is not a focus of the Act. Offering free consultations or mandating training programs, while potentially beneficial, are not requirements set forth in the Fair Housing Act. The primary emphasis of the Act remains on ensuring non-discriminatory

**9. Which scenario would likely be regarded as discrimination under the Fair Housing Act?**

- A. Refusing a lease renewal due to prior eviction history**
- B. Not renting to someone with a criminal record**
- C. Charging higher rent to individuals of a certain ethnicity**
- D. Preferring long-term tenants over new applicants**

Charging higher rent to individuals of a certain ethnicity is a clear violation of the Fair Housing Act, which prohibits discrimination based on race, color, religion, sex, national origin, familial status, and disability. This Act is designed to ensure equal housing opportunities for all individuals, regardless of their background. When property owners or leasing agents impose different rental prices based solely on a person's ethnicity, it constitutes discriminatory practice because it treats individuals unfairly based on an inherent characteristic that should have no bearing on their ability or worthiness as tenants. This sort of differential treatment is the essence of what the Fair Housing Act aims to eliminate, as it fosters inequality in housing access and affordability.

**10. Which of the following is NOT one of the Four Unities required for Joint Tenancy?**

- A. Possession**
- B. Interest**
- C. Time**
- D. Individual Ownership**

In a joint tenancy, the Four Unities required to establish this form of co-ownership are possession, interest, time, and title. Each of these elements plays a crucial role in defining the legal characteristics of joint tenancy, which includes the right of survivorship. Possession means that all joint tenants have an equal right to possess and enjoy the entire property. Interest indicates that all joint tenants must have equal shares in the property; no tenant can have a larger interest than the others. Time signifies that all tenants must acquire their interests in the property at the same time. Title indicates that they must all hold the title to the property in the same document. The option referring to "Individual Ownership" does not fit within these Four Unities. In fact, individual ownership contradicts the principle of joint tenancy, which emphasizes collective ownership and shared rights among co-tenants. Therefore, the correct answer highlights the distinction of joint tenancy from individual forms of property ownership.