

Magnolia Real Estate State Exam Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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SAMPLE

Questions

- 1. What is the result of multiplying 43,560 by 20?**
 - A. 871,200**
 - B. 800,000**
 - C. 900,000**
 - D. 850,000**

- 2. What is an advertisement called if it does not include the brokerage firm's name?**
 - A. Covert advertisement**
 - B. Blind advertisement**
 - C. Anonymous advertisement**
 - D. Misleading advertisement**

- 3. What is a group license?**
 - A. A license for brokers who own multiple offices**
 - B. A license issued to owners with several properties**
 - C. A license for sales associates or broker associates under an owner-developer**
 - D. A temporary license for group transactions**

- 4. What is the total square footage for a property that is 5 acres in size?**
 - A. 217,800**
 - B. 150,000**
 - C. 300,000**
 - D. 500,000**

- 5. In what capacity do primary lenders operate?**
 - A. As intermediaries for insurance companies**
 - B. By marketing mortgage-backed securities**
 - C. By directly funding mortgage loans**
 - D. As servicers of existing loans**

- 6. What is a key consideration for investors when assessing risk?**
- A. The expected return on investment**
 - B. The overall market trends**
 - C. The potential for loss**
 - D. The number of properties owned**
- 7. Which of the following is true about a valid contract?**
- A. It must be witnessed**
 - B. It must have a written form**
 - C. It must include an offer and acceptance**
 - D. It must be signed by all parties involved**
- 8. What title arrangement should be used if you want your property interest to pass to your heirs after your death?**
- A. Joint tenancy**
 - B. Tenancy by the entireties**
 - C. Tenants in common**
 - D. Life estate**
- 9. What is the height and dimension of each floor of the building mentioned?**
- A. 3 stories high, 100x50**
 - B. 4 stories high, 100x50**
 - C. 5 stories high, 50x100**
 - D. 4 stories high, 50x100**
- 10. What should a broker do if an oral offer is received followed by a better written offer?**
- A. Submit only the better written offer**
 - B. Submit both offers**
 - C. Ignore the oral offer**
 - D. Consult with the seller before submitting**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What is the result of multiplying 43,560 by 20?

A. 871,200

B. 800,000

C. 900,000

D. 850,000

Multiplying 43,560 by 20 yields 871,200, which reflects the fundamental concept of multiplication as repeated addition. In this instance, multiplying 43,560 by 20 means that you are adding 43,560 together twenty times. To break down the calculation: - First, you can perform the multiplication directly: $43,560 \times 20 = 871,200$. Additionally, if you want to verify this through conceptual understanding, consider simplifying the multiplication: - You could also break it down into smaller components. For example, you could calculate: $43,560 \times 10 = 435,600$ (which is half the result), - and then simply double that amount to find the total for 20, leading to 871,200 again. This reinforces how multiplication is a scalable operation, allowing for different methods to arrive at the same answer. Thus, the result of multiplying 43,560 by 20 is indeed 871,200.

2. What is an advertisement called if it does not include the brokerage firm's name?

A. Covert advertisement

B. Blind advertisement

C. Anonymous advertisement

D. Misleading advertisement

A advertisement that does not include the brokerage firm's name is referred to as a blind advertisement. This term specifically describes a marketing piece that omits essential identifying details about the brokerage, which can lead to confusion for potential clients. Blind advertisements often indicate that the source of the information is not clearly disclosed, which can detract from transparency and trust in the real estate industry. It's important for advertisements to maintain a level of clarity and professionalism, and the inclusion of the brokerage's name is typically a legal requirement to ensure consumers know who they are dealing with. Such regulations help protect consumers from misleading practices and reinforce the credibility of real estate professionals.

3. What is a group license?

- A. A license for brokers who own multiple offices
- B. A license issued to owners with several properties
- C. A license for sales associates or broker associates under an owner-developer**
- D. A temporary license for group transactions

A group license is specifically designed for sales associates or broker associates who work under an owner-developer. This type of license allows individuals to represent the owner-developer in transactions involving multiple properties managed by that developer. The concept of a group license is particularly useful in situations where a developer has multiple project developments and needs licensed individuals to oversee and facilitate sales across those various properties without requiring each associate to obtain separate individual licenses for each project. In contrast, other options do not accurately represent the nature or purpose of a group license. A license for brokers who own multiple offices refers to a different kind of operational structure and does not pertain to group licenses in the context of owner-developers. Similarly, a license issued to owners with several properties addresses ownership rather than the activity of licensed associates. Lastly, a temporary license for group transactions implies a short-term validity which does not align with the established use and longevity associated with group licenses.

4. What is the total square footage for a property that is 5 acres in size?

- A. 217,800**
- B. 150,000
- C. 300,000
- D. 500,000

To determine the total square footage for a property that measures 5 acres, it's important to understand the conversion between acres and square feet. One acre is defined as 43,560 square feet. To find the total square footage, multiply the number of acres by the square footage per acre: $5 \text{ acres} \times 43,560 \text{ square feet/acre} = 217,800 \text{ square feet}$. This calculation clearly shows how the total square footage for a 5-acre property equates to 217,800 square feet, making this the correct answer. Other choices do not reflect accurate calculations or conversions related to acres and square footage, hence they do not provide the correct figure needed for this question.

5. In what capacity do primary lenders operate?

- A. As intermediaries for insurance companies**
- B. By marketing mortgage-backed securities**
- C. By directly funding mortgage loans**
- D. As servicers of existing loans**

Primary lenders operate by directly funding mortgage loans, which allows them to provide the necessary capital to borrowers seeking to purchase real estate. These lenders, such as banks or credit unions, engage in the lending process by assessing the creditworthiness of borrowers and determining their eligibility for loans based on established criteria. This direct funding capacity is essential because it enables individuals and businesses to obtain the necessary financing for home purchases, construction, or refinancing existing mortgages. By originating these loans, primary lenders play a critical role in the real estate market, facilitating the flow of money necessary for property transactions. Other options refer to functions that are typically handled by different parties in the mortgage and financing arena. For instance, intermediaries for insurance companies focus more on connecting clients with insurance products rather than directly funding loans. Marketers of mortgage-backed securities are involved in facilitating investments rather than originating loans directly. Servicers of existing loans manage and collect payments for loans that have already been made, but they do not engage in the origination process like primary lenders do.

6. What is a key consideration for investors when assessing risk?

- A. The expected return on investment**
- B. The overall market trends**
- C. The potential for loss**
- D. The number of properties owned**

A key consideration for investors when assessing risk is the potential for loss. Understanding the risk of losing money on an investment is crucial because it directly impacts decision-making. Investors need to evaluate the likelihood of losing their capital compared to the potential gains. Evaluating risks involves taking into account various factors that could affect the performance of the investment, such as market volatility, economic conditions, and property-specific challenges. While the expected return on investment is important, and overall market trends can provide context for investment decisions, the potential for loss is fundamental to evaluating overall risk. Knowing how much an investor could lose allows them to strategize and implement risk management techniques, enabling them to make informed decisions that align with their risk tolerance and financial goals. Assessing the number of properties owned is more about diversification and portfolio management rather than the direct assessment of risk for an individual investment.

7. Which of the following is true about a valid contract?

- A. It must be witnessed**
- B. It must have a written form**
- C. It must include an offer and acceptance**
- D. It must be signed by all parties involved**

A valid contract is characterized by the presence of an offer and acceptance. This essential component establishes a mutual agreement between the parties involved, which is foundational to contract law. An offer is a proposal to enter into an agreement, while acceptance is the acknowledgment and agreement to the terms of that offer. The other aspects listed, while they can be important in certain contexts, are not universally requisite for all contracts. For example, some contracts do not necessarily need to be in written form or require witnesses to be considered valid, depending on the type of agreement and the jurisdiction. Similarly, while it is generally good practice to have all parties sign a contract, there are scenarios where an agreement may be valid even without every party's signature, particularly in informal arrangements or implied contracts. Thus, the presence of an offer and acceptance is a core characteristic that ensures a contract is not only valid but also enforceable.

8. What title arrangement should be used if you want your property interest to pass to your heirs after your death?

- A. Joint tenancy**
- B. Tenancy by the entirety**
- C. Tenants in common**
- D. Life estate**

If the goal is to ensure that property interest passes to heirs after death, using tenants in common is the most appropriate option. In a tenancy in common arrangement, each co-owner holds an individual share of the property, and upon the death of one owner, their interest does not automatically pass to the surviving co-owners. Instead, it becomes part of the deceased owner's estate and can be passed along to their heirs according to their will or state law. This provision allows for a straightforward transfer of ownership to heirs as outlined by the decedent's intentions. Other ownership arrangements, such as joint tenancy or tenancy by the entirety, involve rights of survivorship, where the deceased owner's share automatically passes to the surviving owner(s), effectively bypassing the heirs. A life estate grants ownership only for the duration of a person's life, with the property reverting back to the original owner or another designated party after their death, but it does not allow passing property interest directly to heirs. Thus, tenants in common stands out as the correct choice for ensuring that property is inherited by heirs after the owner's death.

9. What is the height and dimension of each floor of the building mentioned?

- A. 3 stories high, 100x50**
- B. 4 stories high, 100x50**
- C. 5 stories high, 50x100**
- D. 4 stories high, 50x100**

The correct answer indicates that the building has a height of 4 stories and dimensions of 100 feet by 50 feet. This combination suggests a fairly large structure, which is typical for buildings intended for commercial or multi-family residential use. A height of 4 stories allows for the accommodation of more tenants or businesses compared to a shorter building, making it a practical choice for maximizing usable space. The dimensions of 100 feet by 50 feet provide a substantial floor area for various types of layouts, including offices, apartments, or retail spaces. Overall, the selection aligns with common construction standards where both the number of stories and the footprint are designed to optimize utility and space efficiency for potential occupants.

10. What should a broker do if an oral offer is received followed by a better written offer?

- A. Submit only the better written offer**
- B. Submit both offers**
- C. Ignore the oral offer**
- D. Consult with the seller before submitting**

The most appropriate course of action for the broker in this scenario is to submit both offers, as this allows the seller to make a fully informed decision. A broker has a fiduciary duty to represent the best interests of their client, which includes providing all available options for consideration. By presenting both the oral offer and the better written offer, the seller can weigh the merits and details of each, ensuring they are making the best choice based on the available information. Transparency in the process also builds trust between the broker and the seller. Submitting only the better written offer would deprive the seller of knowledge concerning the initial oral offer and could lead to missed opportunities. Ignoring the oral offer altogether does not align with the standards of conduct expected of a real estate professional, as it neglects the responsibility to fully inform the client. Consulting with the seller before submitting offers may delay the process and is less efficient, as the broker is already in possession of both offers and can provide them for the seller's consideration without unnecessary delays.