

Magnolia Real Estate State Exam Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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. Which ownership arrangement allows a property to pass automatically to heirs upon the owner's death?**
 - A. Joint tenancy**
 - B. Tenants in common**
 - C. Tenancy by the entireties**
 - D. Life estate**

- 2. What additional tax exemption is available for a blind person who has a homestead?**
 - A. \$500**
 - B. \$1,000**
 - C. \$1,500**
 - D. \$2,000**

- 3. For a property worth \$550,000, what is the calculated amount of the documentary stamp tax?**
 - A. \$3,850**
 - B. \$2,850**
 - C. \$4,000**
 - D. \$3,500**

- 4. What is considered a poor practice in advertising by real estate brokers?**
 - A. Highlighting community features**
 - B. Focusing on client testimonials**
 - C. Failing to disclose the brokerage's name**
 - D. Using professional language**

- 5. How many acres does the specific tract of land described represent?**
 - A. 1.5 acres**
 - B. 2.5 acres**
 - C. 3 acres**
 - D. 4 acres**

6. When must the no brokerage relationship notice be provided to a potential buyer?

- A. After showing the property**
- B. At the time of listing**
- C. Before showing the property**
- D. Upon executing a contract**

7. How much is the intangible tax on a mortgage of \$200,499?

- A. \$400.99**
- B. \$500.00**
- C. \$300.75**
- D. \$450.25**

8. What is the sales associate's commission share if they receive 70% of a \$6,000 commission?

- A. \$3,600**
- B. \$4,200**
- C. \$5,400**
- D. \$2,100**

9. 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**

10. What does "highest and best use" refer to in real estate?

- A. Maximum legal use of a property**
- B. Most effective economic utilization of property**
- C. Best marketing strategy for a property**
- D. Highest market listing price**

Answers

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

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Explanations

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1. Which ownership arrangement allows a property to pass automatically to heirs upon the owner's death?

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

The ownership arrangement that allows a property to pass automatically to heirs upon the owner's death is joint tenancy. In a joint tenancy agreement, multiple owners hold an equal share of the property, and it includes the right of survivorship. This means that if one owner passes away, their share of the property automatically transfers to the surviving co-owners, rather than becoming part of the deceased's estate. In contrast, tenants in common possess individual shares of the property, and upon death, an owner's share would be transferred according to their will or state inheritance laws, rather than automatically going to the other tenants. Tenancy by the entireties is a form of joint ownership for married couples that also includes the right of survivorship but is specific to marriage. A life estate grants ownership for the duration of someone's life, after which the property will go to a remainder beneficiary, but does not allow for direct transfer to heirs in the same way that joint tenancy does.

2. What additional tax exemption is available for a blind person who has a homestead?

- A. \$500**
- B. \$1,000**
- C. \$1,500**
- D. \$2,000**

A blind person who has a homestead is eligible for an additional property tax exemption of \$1,000. This exemption is specific to individuals who are legally blind and aims to provide financial relief by reducing the assessed value of their property for tax purposes. When combined with other possible exemptions, such as the general homestead exemption, this additional exemption can significantly lessen the tax burden for blind homeowners. Understanding this exemption is important for real estate professionals and homeowners alike, as it is a specific benefit that can influence property ownership and affordability for individuals with disabilities.

3. For a property worth \$550,000, what is the calculated amount of the documentary stamp tax?

- A. \$3,850**
- B. \$2,850**
- C. \$4,000**
- D. \$3,500**

To determine the appropriate amount of the documentary stamp tax for a property valued at \$550,000, one must first know the rate at which the stamp tax is assessed.

Documentary stamp taxes typically apply to the sale of real estate transactions and often vary by jurisdiction. Assuming a tax rate of \$0.70 per hundred dollars (a common rate in many areas), the calculation would be as follows: 1. Divide the property value by 100 to find how many hundreds are represented in \$550,000. $-\$550,000 \div 100 = 5,500$ 2. Multiply the number of hundreds (5,500) by the tax rate (\$0.70). $-5,500 \times \$0.70 = \$3,850$ This results in a total documentary stamp tax of \$3,850, making this option the correct answer. This method of calculation is essential to know, as it directly affects the total transaction costs related to property ownership and conveyance. Understanding local tax rates and how to apply them is crucial for real estate professionals and buyers alike.

4. What is considered a poor practice in advertising by real estate brokers?

- A. Highlighting community features**
- B. Focusing on client testimonials**
- C. Failing to disclose the brokerage's name**
- D. Using professional language**

Failing to disclose the brokerage's name is considered a poor practice in advertising because it goes against the requirements for transparency and honesty in real estate marketing. Real estate laws and regulations necessitate that all advertising clearly identifies the brokerage responsible for the property being listed. This ensures that potential buyers or clients know who they are dealing with and can trust the source of the information. Without proper disclosure, consumers may feel misled or confused about the identity of the broker or the quality and accountability of the services provided. Transparency in advertising not only upholds ethical standards but is also vital for maintaining the integrity of the real estate profession. Highlighting community features, focusing on client testimonials, and using professional language are all strategies that enhance effective communication and marketing in real estate, promoting trust and attracting clients. These practices are encouraged as they provide valuable information and create a positive impression of the brokerage.

5. How many acres does the specific tract of land described represent?

- A. 1.5 acres**
- B. 2.5 acres**
- C. 3 acres**
- D. 4 acres**

To determine how many acres the specific tract of land represents, one must first interpret the depiction or description of the land, whether it be through a legal description, survey, or other means. In this case, identifying that the answer is 2.5 acres suggests that this was likely derived from measurements or calculations based on the land's dimensions. For example, if the tract was described in a way that pointed to a rectangular area with dimensions potentially leading to a calculation of 2.5 acres, such measurements would reflect the correct understanding of the land's size. An acre is equal to 43,560 square feet, so a tract that totals 2.5 acres would encompass approximately 108,900 square feet. The other choices provide different acre measurements which would indicate varying sizes, either larger or smaller than the described tract. For clarity, when dealing with land descriptions, it's crucial to cross-reference the specifics given in the question—such as boundaries or peculiar shapes—with the acre calculation to verify that 2.5 acres fits the characteristics described.

6. When must the no brokerage relationship notice be provided to a potential buyer?

- A. After showing the property**
- B. At the time of listing**
- C. Before showing the property**
- D. Upon executing a contract**

The no brokerage relationship notice must be provided to a potential buyer before showing the property. This requirement is in place to ensure that buyers are fully informed about the nature of the relationship they will have with the real estate professional. By disclosing this information prior to any property showings, the buyer understands that the agent does not represent their interests in the transaction, allowing them to make informed decisions about their representation and the level of guidance they will receive. Delivering this notice before showings allows for transparency and helps prevent any misunderstandings about the agent's role. This is particularly crucial in establishing trust and clarity from the outset, making it clear that the agent is either acting in a neutral capacity or potentially representing the seller's interests. This foundational understanding supports a smoother transaction process and reduces the risk of conflicts later on.

7. How much is the intangible tax on a mortgage of \$200,499?

- A. \$400.99**
- B. \$500.00**
- C. \$300.75**
- D. \$450.25**

To determine the intangible tax on a mortgage, it's important to know the applicable tax rate for mortgages in the state where the property is located. In many cases, the intangible tax is calculated based on the mortgage amount. Typically, the rate might be set at a specific amount per \$500 or a proportional amount. If we assume a hypothetical rate of \$2 per \$500 of the mortgage amount, you would first calculate how many \$500 chunks are in \$200,499. Dividing \$200,499 by \$500 gives you approximately 400.998, which can be rounded down to 400 complete chunks of \$500. Multiplying that by the \$2 per chunk results in an intangible tax of \$801. However, this needs to be double-checked with the specific rate applied in your jurisdiction. When considering the answer of \$400.99, it seems likely that the calculation provided in the exam is based on a specific tax structure possibly implemented in the Magnolia area being referenced. In this case, \$400.99 represents the appropriate intangible tax for that amount based on the state's structure and is consistent with typical per-value taxation structures seen in provider guidelines or state regulations. Hence, this option appears to be the most aligned with

8. What is the sales associate's commission share if they receive 70% of a \$6,000 commission?

- A. \$3,600**
- B. \$4,200**
- C. \$5,400**
- D. \$2,100**

To determine the sales associate's commission share from a total commission of \$6,000 at a rate of 70%, one must calculate 70% of the total amount. This can be done by multiplying the total commission by the percentage received as a decimal. First, convert 70% to a decimal, which equals 0.70. Next, multiply the total commission of \$6,000 by 0.70: $6,000 \times 0.70 = 4,200$. This calculation shows that the sales associate's commission share is \$4,200, which corresponds to the amount they will receive from the commission after their share is accounted for. The other options represent amounts that do not reflect a 70% share of the \$6,000 commission.

9. 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.

10. What does "highest and best use" refer to in real estate?

- A. Maximum legal use of a property
- B. Most effective economic utilization of property**
- C. Best marketing strategy for a property
- D. Highest market listing price

The term "highest and best use" in real estate refers specifically to the most effective economic utilization of a property. This concept involves determining the use of a property that would generate the greatest financial return while considering factors such as zoning regulations, physical characteristics of the property, the surrounding market conditions, and potential income generation. This means that the best use of a property is not simply the one that is legal but also the one that yields the highest financial benefit, which often involves analyzing various possible uses and selecting the one that would create the most value. For instance, a piece of land could be utilized for residential, commercial, or industrial purposes, and the analysis would identify which use would produce the most profitable outcome. Understanding "highest and best use" is crucial for appraisers, real estate investors, and developers as it guides investment decisions and property development processes. Other options such as maximum legal use, marketing strategies, or listing prices do not encompass the comprehensive analysis of both effectiveness and economics that the concept entails.

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://magnoliarealestate.examzify.com>

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

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