

# Metro Brokers 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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**SAMPLE**

# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>6</b>
<b>Answers</b> .....	<b>9</b>
<b>Explanations</b> .....	<b>11</b>
<b>Next Steps</b> .....	<b>17</b>

# 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 is the purpose of land trusts?**
  - A. To transfer property without taxes**
  - B. To hold title for the benefit of another**
  - C. To manage real estate exclusively**
  - D. To provide collective ownership**
- 2. What does the covenant against encumbrances guarantee?**
  - A. The property is free from all lien**
  - B. The grantor has full ownership rights**
  - C. The property is not encumbered except as noted in the deed**
  - D. The tenant can occupy the property without issues**
- 3. Under what condition can a borrower avoid paying PMI?**
  - A. If they put at least 20% down**
  - B. If they have a co-signer**
  - C. If they choose a shorter loan term**
  - D. If they take a higher interest rate**
- 4. What does "caveat emptor" mean in real estate transactions?**
  - A. Let the seller beware**
  - B. Let the buyer beware**
  - C. Secure property protection**
  - D. Trust the expert**
- 5. What must an owner demonstrate to successfully defend a claim of ownership?**
  - A. That they have a clear title**
  - B. That constructive notice was provided**
  - C. That they paid all property taxes**
  - D. That the property is free from liens**



- 6. Does the Federal Housing Administration provide loans directly to borrowers?**
- A. Yes**
  - B. No**
  - C. Only to first-time homebuyers**
  - D. Only for multi-family units**
- 7. What does a Certificate of Reasonable Value (CRV) relate to?**
- A. An appraisal of property value for FHA loans**
  - B. A veteran's eligibility for VA loans**
  - C. The terms of a mortgage agreement**
  - D. A loan amount cap from the lender**
- 8. What does the Covenant of Good Repair require from the borrower?**
- A. Maintain the property in poor condition**
  - B. Keep the property in good shape**
  - C. Invest in upgrades**
  - D. Allow for inspections**
- 9. What are the rights attached to land that allow its owner to use and control it called?**
- A. Possessory rights**
  - B. Bundle of rights**
  - C. Real estate rights**
  - D. Land ownership rights**
- 10. What are some common demands for loans in real estate?**
- A. Government financing and personal loans**
  - B. Consumer credit, real estate purchasers, and industry building**
  - C. Investment funding and business loans**
  - D. Only government provided loans**

## **Answers**

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

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## **Explanations**

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## 1. What is the purpose of land trusts?

- A. To transfer property without taxes
- B. To hold title for the benefit of another**
- C. To manage real estate exclusively
- D. To provide collective ownership

The purpose of land trusts is to hold title for the benefit of another. Land trusts are legal entities created to hold real property on behalf of an individual or group. The primary attraction of a land trust is that it allows for privacy and can simplify the management of real estate while separating legal ownership from beneficial ownership. This means that while the land trust holds the title to the property, the benefits of ownership—such as the right to use, benefit from, or sell the property—are enjoyed by the beneficiaries of the trust. This arrangement can be particularly advantageous for estate planning and protecting the assets from claims in certain situations. Other options may touch on important aspects of property management or ownership, such as collective ownership or tax implications, but they do not specifically capture the role of a land trust in serving as a vehicle for holding property on behalf of another party, which is the core function of this legal structure.

## 2. What does the covenant against encumbrances guarantee?

- A. The property is free from all lien
- B. The grantor has full ownership rights
- C. The property is not encumbered except as noted in the deed**
- D. The tenant can occupy the property without issues

The covenant against encumbrances guarantees that the property is not encumbered except as noted in the deed. This means that the seller (grantor) asserts that there are no additional liens, easements, or other rights that could affect the buyer's (grantee's) use of the property other than those explicitly mentioned in the deed. This covenant provides assurance to the buyer that they will not face unexpected claims or restrictions on the property that were not disclosed during the transaction. Understanding this covenant is crucial because it protects the buyer's legal interest in the property, ensuring that they can enjoy it without interference from undisclosed encumbrances. This is particularly important in real estate transactions, where buyers expect clear title and free use of their property unless otherwise specified.

### 3. Under what condition can a borrower avoid paying PMI?

- A. If they put at least 20% down**
- B. If they have a co-signer**
- C. If they choose a shorter loan term**
- D. If they take a higher interest rate**

A borrower can avoid paying Private Mortgage Insurance (PMI) if they put at least 20% down on their home purchase. PMI is typically required by lenders when the borrower's down payment is less than 20% of the home's purchase price, as it serves as protection for the lender against the risk of default. By making a down payment of 20% or more, borrowers demonstrate a lower risk profile, meaning they have more equity in the home from the outset. This significant equity reduces the lender's risk and generally allows the borrower to avoid the additional PMI expense. The other options do not directly relate to the requirement of PMI. A co-signer can improve the chances of loan approval or terms but does not eliminate the need for PMI based on the percentage of the down payment. Choosing a shorter loan term might have advantages in interest rates or total interest paid, but it does not impact PMI requirements. Similarly, taking a higher interest rate might change the monthly payment structure but would not affect whether PMI is required based on the down payment size.

### 4. What does "caveat emptor" mean in real estate transactions?

- A. Let the seller beware**
- B. Let the buyer beware**
- C. Secure property protection**
- D. Trust the expert**

The phrase "caveat emptor" translates to "let the buyer beware." This principle places the responsibility on the buyer to conduct due diligence and thoroughly investigate a property before making a purchase. In real estate transactions, this means that buyers should be cautious and aware of potential issues with the property, as it is generally not the seller's responsibility to disclose everything about the property's condition. In practice, this concept encourages buyers to take proactive steps, such as obtaining inspections, reviewing property disclosures, and researching the market, to ensure they are fully informed about what they are purchasing. Understanding this principle is crucial for both buyers and real estate professionals, as it underlines the importance of transparency and responsibility in the buying process.

**5. What must an owner demonstrate to successfully defend a claim of ownership?**

- A. That they have a clear title**
- B. That constructive notice was provided**
- C. That they paid all property taxes**
- D. That the property is free from liens**

To successfully defend a claim of ownership, it's essential for the owner to demonstrate that constructive notice was provided. Constructive notice refers to the legal concept that information is assumed to be known by all parties, even if they are not actually aware of it, because that information has been made publicly accessible. This is typically achieved through proper recording of deeds and other property-related documents in the public records. By providing constructive notice, the owner establishes their claim to the property in such a way that potential challengers have been informed about the ownership rights. This is crucial in real estate law, as it helps prevent disputes and fosters clarity regarding ownership rights. Establishing constructive notice effectively communicates the owner's title to the property and can dissuade claims from parties who may assert ownership without having made their claim known. The other choices highlight important aspects of property ownership but do not directly address the specific legal concept necessary for successfully defending a claim. Clear title, payment of property taxes, and ensuring the property is free from liens are all significant to an owner's standing and can influence ownership status, yet they don't encapsulate the principle of constructive notice which plays a pivotal role in ownership claims.

**6. Does the Federal Housing Administration provide loans directly to borrowers?**

- A. Yes**
- B. No**
- C. Only to first-time homebuyers**
- D. Only for multi-family units**

The Federal Housing Administration (FHA) does not provide loans directly to borrowers. Instead, it insures loans made by approved lenders to eligible borrowers. This insurance protects the lender against losses if the borrower defaults on the loan, which encourages banks and mortgage companies to offer loans to individuals who may not qualify for traditional financing due to lower credit scores or smaller down payments. By insuring these loans, the FHA helps make homeownership more accessible for a broader segment of the population, particularly first-time homebuyers and those with less-than-perfect credit. The loans are issued through private lenders, meaning that borrowers work with banks or mortgage companies to secure the financing they need. This structure is essential in facilitating the flow of credit in the housing market while minimizing risk for lenders. The other options provided do not accurately reflect the role of the FHA in the mortgage process. The FHA's support is not limited to first-time homebuyers or multi-family units; it applies to various types of conventional home purchases, aligning with its mission to promote affordable housing.

**7. What does a Certificate of Reasonable Value (CRV) relate to?**

**A. An appraisal of property value for FHA loans**

**B. A veteran's eligibility for VA loans**

**C. The terms of a mortgage agreement**

**D. A loan amount cap from the lender**

A Certificate of Reasonable Value (CRV) specifically pertains to the appraisal of property value for FHA loans. It serves as an official document issued by the Department of Veterans Affairs after evaluating the property. The CRV determines the maximum loan amount that a veteran can obtain based on the appraised value of the home. This ensures that the financing provided reflects the property's true worth, guarding both the lender and the borrower against overvaluation. In the context of the options provided, the focus on FHA loans directly connects to the role of the CRV in assessing property values for this type of financing. Understanding the significance of the CRV is crucial for professionals in real estate and mortgage lending, as it affects not just the loan amount but also impacts underwriting and the decision-making process for VA loan applications.

**8. What does the Covenant of Good Repair require from the borrower?**

**A. Maintain the property in poor condition**

**B. Keep the property in good shape**

**C. Invest in upgrades**

**D. Allow for inspections**

The Covenant of Good Repair requires the borrower to keep the property in good shape. This obligation typically involves regular maintenance and repairs to ensure that the property remains functional, safe, and aesthetically pleasing. By adhering to this covenant, the borrower helps to protect the value of the property, prevent deterioration, and ensure that it complies with local housing codes and standards. While some may view the option of investing in upgrades as relevant, the primary requirement is focused on maintaining the property in its current good condition rather than enhancing it beyond what is needed for upkeep. Allowing for inspections may also be part of standard procedures or agreements related to property loans, but that doesn't define the specific covenant of good repair, which highlights the borrower's responsibility to actively maintain the property's condition.



**9. What are the rights attached to land that allow its owner to use and control it called?**

- A. Possessory rights**
- B. Bundle of rights**
- C. Real estate rights**
- D. Land ownership rights**

The term "bundle of rights" refers to the various rights that an owner possesses concerning their real property. This concept encapsulates several individual rights associated with property ownership, including the right to possess, use, sell, lease, and give away the property. Each right can be separated or conveyed to different entities, but collectively, they define the owner's relationship to the land. Understanding this bundle is crucial for navigating real estate transactions, as it emphasizes that ownership is not merely a singular right but rather a collection of interests the owner can exercise. For example, if an owner sells the land, they may retain certain rights, like mineral rights, while transferring other rights to the buyer. This nuance is essential for comprehending property law and real estate transactions. The other options don't correctly capture the comprehensive nature of property ownership rights. While possessory rights pertain specifically to the right to occupy and use the land, they do not encompass the entire range of rights included in the "bundle." Similarly, "real estate rights" and "land ownership rights" are more vague terms that don't fully convey the intricate package of rights that property owners hold. Therefore, "bundle of rights" is the most accurate and complete descriptor of the rights attached to land ownership.

**10. What are some common demands for loans in real estate?**

- A. Government financing and personal loans**
- B. Consumer credit, real estate purchasers, and industry building**
- C. Investment funding and business loans**
- D. Only government provided loans**

The correct response is grounded in the diverse nature of demands for loans in real estate. Consumer credit refers to the borrowing necessary for individuals to finance personal purchases, including home buying. Real estate purchasers often seek loans specifically tailored for buying properties, such as mortgages, to help facilitate homeownership. Additionally, industry building involves funding for commercial real estate projects, which can encompass loans for constructing, renovating, or expanding commercial properties. This choice encompasses a wide range of loan demands prevalent in the real estate market, reflecting both individual consumer needs and larger industry requirements. It showcases the varied aspects of borrowing in the real estate sector, thereby providing a more comprehensive picture of loan demands compared to the other options. The other selections, while they may touch on aspects of financing, do not encapsulate the breadth of different categories and purposes for loans within real estate as effectively.

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

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