

# Michigan License Law 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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# 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 an important disclosure that must be made before a sale can proceed?**
  - A. Agent's commission rates**
  - B. Seller's disclosure statement regarding property defects**
  - C. Neighborhood crime statistics**
  - D. Financing options**
- 2. What is an "Escrow" in Michigan real estate transactions?**
  - A. A method of assessing property value**
  - B. A holding account for funds until conditions are met**
  - C. A type of real estate contract**
  - D. A negotiation tactic**
- 3. What is the fair housing law in Michigan?**
  - A. It allows discrimination in housing based on income**
  - B. It prohibits discrimination in housing based on specific characteristics**
  - C. It promotes housing for only certain demographics**
  - D. It regulates rental prices in the state**
- 4. Which action would be a violation of license law for broker Rhonda?**
  - A. Completing a standard real estate agreement**
  - B. Correcting a title defect document**
  - C. Providing market analysis to clients**
  - D. Conducting open houses for listed properties**
- 5. What educational requirement must be completed by a salesperson candidate in Michigan?**
  - A. Complete a 40-hour real estate pre-licensure course**
  - B. Obtain a bachelor's degree in business**
  - C. Finish an online course in commercial leasing**
  - D. Attend workshops on negotiation techniques**



- 6. What is required for compliance with the Michigan Real Estate License Act during advertising?**
- A. Using a personal business name only**
  - B. Adhering to the advertising standards set by real estate boards**
  - C. A license is not needed for advertising**
  - D. Exclusively promoting properties above a certain value**
- 7. What is a "short sale" in Michigan real estate?**
- A. A sale where the property is sold quickly**
  - B. A sale where the property is sold for more than owed on the mortgage**
  - C. A sale where the property is sold for less than the amount owed on the mortgage**
  - D. A sale that does not involve real estate agents**
- 8. Who is the main regulatory authority overseeing real estate agents in Michigan?**
- A. Michigan Real Estate Commission**
  - B. Michigan Department of Licensing and Regulatory Affairs (LARA)**
  - C. Michigan Association of Realtors**
  - D. Michigan Department of Agriculture**
- 9. Under what circumstance can a licensed salesperson hold concurrent licenses with more than one broker?**
- A. During a transition phase between jobs**
  - B. When one broker allows it**
  - C. Under no circumstances**
  - D. With written consent from both brokers**
- 10. What is an agent's responsibility when receiving multiple offers for a property?**
- A. To select the best offer based on their opinion**
  - B. To present all offers to the seller without delay**
  - C. To negotiate on behalf of the seller without presenting all options**
  - D. To inform the buyers of other offers**

## **Answers**

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

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## **Explanations**

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**1. What is an important disclosure that must be made before a sale can proceed?**

**A. Agent's commission rates**

**B. Seller's disclosure statement regarding property defects**

**C. Neighborhood crime statistics**

**D. Financing options**

The requirement for a seller's disclosure statement regarding property defects is crucial in real estate transactions. This document provides potential buyers with vital information about the condition of the property, including any known issues or defects that could affect its value or safety. By disclosing such information upfront, sellers help to ensure transparency in the transaction, which can foster trust between the buyer and seller. In many jurisdictions, including Michigan, the seller is legally obligated to provide this disclosure to potential buyers before completing the sale. This helps protect buyers from purchasing properties with undisclosed problems, which could lead to costly repairs or legal disputes in the future. The seller's disclosure not only serves as a protective measure for buyers but also aids agents in facilitating a smoother transaction process by ensuring all parties are informed. While other disclosures, like agent commission rates or financing options, may be important in the overall context of a real estate deal, they do not carry the same legal weight or necessity in terms of protecting the buyer's interests as the seller's disclosure statement does. Neighborhood crime statistics, while potentially relevant to a buyer's decision, do not have the same mandatory disclosure requirement under Michigan law.

**2. What is an "Escrow" in Michigan real estate transactions?**

**A. A method of assessing property value**

**B. A holding account for funds until conditions are met**

**C. A type of real estate contract**

**D. A negotiation tactic**

In Michigan real estate transactions, an escrow refers to a holding account where funds and documents are temporarily held until certain conditions of a contract are satisfied, such as the completion of inspections or the resolution of contingencies. This process protects both the buyer and seller by ensuring that the money is securely held until all agreed-upon terms are met, thereby facilitating trust during the transaction. Escrow accounts are typically administered by a third party, usually a title company or an escrow agent, who ensures that all terms of the sale are met before finalizing the transaction, at which point the funds are disbursed accordingly. This mechanism helps in preventing disputes and ensures both parties fulfill their contractual obligations before the transfer of ownership and funds takes place. Regarding the other options, assessing property value is related to appraisals rather than escrow accounts. A type of real estate contract refers to agreements made in real estate transactions themselves, which do not specifically involve a holding account. Lastly, while negotiation tactics might be used during the real estate process, they do not define what escrow is in the context of transactions. Thus, the definition encompassing a holding account for funds until conditions are met accurately captures the essence of escrow in Michigan real estate practices.

### 3. What is the fair housing law in Michigan?

- A. It allows discrimination in housing based on income
- B. It prohibits discrimination in housing based on specific characteristics**
- C. It promotes housing for only certain demographics
- D. It regulates rental prices in the state

The fair housing law in Michigan is designed to create an equitable housing environment by prohibiting discrimination in housing based on specific characteristics. This law protects individuals from being treated unfairly in housing transactions because of their race, color, religion, sex, national origin, familial status, or disability. The objective of the law is to ensure that all individuals have equal access to housing opportunities without facing discrimination. In the context of the other choices, they do not align with the fundamental principles of fair housing laws. The idea that discrimination based on income is allowable contradicts the law's intent to promote equality. Additionally, promoting housing for only certain demographics would undermine the very purpose of the fair housing legislation, which seeks to eliminate exclusivity and discrimination. Finally, while regulating rental prices can be an aspect of housing policy, it is not a component of fair housing laws aimed at preventing discrimination.

### 4. Which action would be a violation of license law for broker Rhonda?

- A. Completing a standard real estate agreement
- B. Correcting a title defect document**
- C. Providing market analysis to clients
- D. Conducting open houses for listed properties

The action of correcting a title defect document would indeed be a violation of license law for broker Rhonda. In Michigan, handling title defects involves legal practices that fall under the realm of law, which requires a specific legal license. Real estate brokers are not authorized to engage in legal work such as correcting title defects unless they also hold a valid attorney's license. This ensures that transactions involving property titles are handled by qualified individuals who are trained in the complexities of real estate law, thus protecting the interests of all parties involved. In contrast, completing a standard real estate agreement, providing market analysis to clients, and conducting open houses for listed properties are all permissible activities for a licensed broker. These actions are standard practices within the real estate profession and do not require legal credentials beyond a real estate broker's license. They are essential components of a broker's duties and contribute to the effective management of real estate transactions.

**5. What educational requirement must be completed by a salesperson candidate in Michigan?**

- A. Complete a 40-hour real estate pre-licensure course**
- B. Obtain a bachelor's degree in business**
- C. Finish an online course in commercial leasing**
- D. Attend workshops on negotiation techniques**

A salesperson candidate in Michigan is required to complete a 40-hour real estate pre-licensure course to qualify for a real estate license. This course is specifically designed to provide candidates with the foundational knowledge and skills necessary to operate effectively in the real estate industry. It covers various topics essential for understanding real estate principles, practices, and laws applicable in Michigan. The other options do not fulfill the specific requirements mandated by Michigan's real estate licensing law. A bachelor's degree in business is not necessary for obtaining a real estate salesperson license, nor is completing an online course in commercial leasing or attending workshops on negotiation techniques. These options may provide valuable knowledge or skills, but they do not meet the mandatory educational prerequisites set forth if one wants to pursue a career as a real estate salesperson in Michigan.

**6. What is required for compliance with the Michigan Real Estate License Act during advertising?**

- A. Using a personal business name only**
- B. Adhering to the advertising standards set by real estate boards**
- C. A license is not needed for advertising**
- D. Exclusively promoting properties above a certain value**

Compliance with the Michigan Real Estate License Act during advertising is fundamentally linked to adhering to the standards set by real estate boards. Real estate professionals must ensure that their advertising practices meet specific criteria designed to protect consumers and maintain professionalism in the industry. This includes accurately representing properties, disclosing relevant information, and ensuring that the advertising is not misleading. By adhering to these advertising standards, real estate agents demonstrate their commitment to ethical practices and legal requirements, ultimately fostering trust with clients and consumers. This compliance not only helps in promoting properties effectively but also protects the agent and brokerage from potential legal repercussions that can arise from non-compliance. The other choices do not fulfill the requirements of the act. For example, using a personal business name might not provide the necessary clarity about the brokerage's identity. Stating that a license is not needed for advertising ignores the regulations that dictate when and how advertising must be conducted. Lastly, promoting only properties above a certain value is not a requirement and may exclude potential clients, which does not align with the principle of fair access to real estate services.

**7. What is a "short sale" in Michigan real estate?**

- A. A sale where the property is sold quickly**
- B. A sale where the property is sold for more than owed on the mortgage**
- C. A sale where the property is sold for less than the amount owed on the mortgage**
- D. A sale that does not involve real estate agents**

A "short sale" in Michigan real estate refers to a transaction in which a property is sold for less than the amount owed on the mortgage. This typically occurs when homeowners face financial difficulties and cannot keep up with their mortgage payments, leading them to sell the property in order to avoid foreclosure. In such cases, the lender must agree to accept the lower sale price as full satisfaction of the mortgage debt. Because the sale price is insufficient to cover the outstanding balance, the lender incurs a loss, but they may prefer this outcome to the lengthy and costly process of foreclosure. This definition aligns with the financial reality many homeowners face, where a quick sale can provide relief from overwhelming debt while still allowing lenders to recover some value from an otherwise non-performing asset.

**8. Who is the main regulatory authority overseeing real estate agents in Michigan?**

- A. Michigan Real Estate Commission**
- B. Michigan Department of Licensing and Regulatory Affairs (LARA)**
- C. Michigan Association of Realtors**
- D. Michigan Department of Agriculture**

The main regulatory authority overseeing real estate agents in Michigan is the Michigan Department of Licensing and Regulatory Affairs (LARA). This department is responsible for the licensing and regulation of various professions, including real estate agents. LARA ensures that agents comply with state laws and regulations, providing oversight to maintain standards in the industry. While the Michigan Real Estate Commission, which operates under LARA, plays a significant role in the administration and enforcement of real estate laws, it is ultimately LARA that holds the overarching authority. The commission functions to set the rules and policies that guide real estate practices but does so under the umbrella of LARA's regulatory framework. The Michigan Association of Realtors is a trade organization that supports real estate professionals through advocacy, education, and resources; however, it does not serve as a regulatory authority. Similarly, the Michigan Department of Agriculture focuses on agricultural issues, which are unrelated to the regulation of real estate agents. Each of these entities has distinct roles, but LARA is the primary governing body for real estate licensing in Michigan.



**9. Under what circumstance can a licensed salesperson hold concurrent licenses with more than one broker?**

**A. During a transition phase between jobs**

**B. When one broker allows it**

**C. Under no circumstances**

**D. With written consent from both brokers**

A licensed salesperson is not permitted to hold concurrent licenses with more than one broker at the same time. This is a foundational principle of real estate licensing in Michigan and is in place to maintain trust, clear agency representation, and ensure accountability in transactions. The law is designed to prevent conflicts of interest and ensure that the salespersons are operating under a single brokerage's policies and oversight. In other scenarios, while a salesperson may change brokers, they must formally terminate their relationship with the first broker before establishing a new one, but they cannot operate with multiple brokers simultaneously. This prohibition ultimately serves to protect the interests of clients and enhance the integrity of the real estate profession. Therefore, holding concurrent licenses under any circumstances is not allowed within Michigan's real estate regulations.

**10. What is an agent's responsibility when receiving multiple offers for a property?**

**A. To select the best offer based on their opinion**

**B. To present all offers to the seller without delay**

**C. To negotiate on behalf of the seller without presenting all options**

**D. To inform the buyers of other offers**

An agent's responsibility when receiving multiple offers for a property is to present all offers to the seller without delay. This principle is rooted in the fiduciary duty that an agent has to their client, which requires transparency and full disclosure. By presenting all offers, the agent ensures that the seller is fully informed and has the opportunity to evaluate each one based on their individual circumstances, goals, and preferences. This obligation helps the seller make an informed decision regarding which offer to accept or how to proceed with negotiations. It also upholds ethical standards in real estate practices, as not presenting every offer could potentially deprive the seller of a better opportunity or a more favorable deal. The other choices do not align with the agent's fiduciary responsibilities. Selecting an offer based on personal opinion neglects the seller's autonomy in the decision-making process, while negotiating without presenting all options limits the seller's agency. Informing buyers of other offers is not a standard practice, as it can create confusion and potential disputes.

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

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