

Michigan License Law 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

- 1. What is an "Exclusive Right to Sell" agreement in Michigan?**
 - A. A contract giving multiple brokers the right to market a property**
 - B. A contract giving one broker the exclusive right to market a property**
 - C. A verbal understanding without formal documentation**
 - D. A universal agreement usable across all states**
- 2. What does "alienation" refer to in the context of real estate?**
 - A. The process of leasing property**
 - B. The transfer of property ownership from one person to another**
 - C. The process of obtaining a mortgage**
 - D. The concept of property appreciation**
- 3. What must an agent do before conducting open houses?**
 - A. Obtain permission from the property owner**
 - B. Notify local law enforcement of the event**
 - C. Schedule the open house without any restrictions**
 - D. Provide a commission agreement to attendees**
- 4. What is a violation of Fair Housing according to Michigan law?**
 - A. Refusing a sale based on earnest money**
 - B. Discrimination based on race**
 - C. Negotiating commission rates**
 - D. Discussing client details with others**
- 5. What information is NOT required to be disclosed by a real estate agent regarding their license?**
 - A. The number of years they have been licensed**
 - B. That they are licensed and represent their brokerage**
 - C. Any prior disciplinary actions**
 - D. The specific brokerage they are associated with**

- 6. Which type of ownership involves the right of survivorship?**
- A. Tenancy in Common**
 - B. Joint Tenancy**
 - C. Community Property**
 - D. Tenancy by the Entirety**
- 7. In Michigan, what is the impact of a forbearance agreement on a mortgage?**
- A. It requires the borrower to repay immediately**
 - B. It suspends loan payments for a specified period due to financial hardship**
 - C. It increases the interest rate on the mortgage**
 - D. It automatically refinances the mortgage**
- 8. What is the main difference between a real estate salesperson and a broker in Michigan?**
- A. A broker must obtain a college degree while a salesperson does not**
 - B. A broker can operate independently, while a salesperson must work under a broker**
 - C. A broker manages properties, whereas a salesperson does not**
 - D. A salesperson can handle escrow accounts, while a broker cannot**
- 9. What is a potential consequence of engaging in fraudulent practices in real estate?**
- A. Increased commission opportunities**
 - B. Receiving awards and recognition**
 - C. Suspension or revocation of the real estate license**
 - D. Enhanced credibility in the market**
- 10. What is the maximum length of the term for a member of the Board of Real Estate Brokers and Salespersons?**
- A. 6 years**
 - B. 8 years**
 - C. 10 years**
 - D. 12 years**

Answers

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

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Explanations

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1. What is an "Exclusive Right to Sell" agreement in Michigan?

- A. A contract giving multiple brokers the right to market a property**
- B. A contract giving one broker the exclusive right to market a property**
- C. A verbal understanding without formal documentation**
- D. A universal agreement usable across all states**

An "Exclusive Right to Sell" agreement in Michigan is a contract that grants a single broker the exclusive authority to market a property for sale. This establishes a formal pact between the property owner and the broker, ensuring that the broker has the sole right to earn a commission regardless of who actually finds the buyer. This means that whether the buyer is introduced by the broker or independently finds the property, the broker is still entitled to their commission, providing a strong incentive for the broker to actively promote the property. This type of agreement is beneficial for sellers as it motivates the broker to invest more effort into marketing and selling the property, knowing that their commission is guaranteed. It also gives the broker a clear outline of their role and responsibility in the selling process, which can lead to more dedicated service. The other choices do not accurately describe this agreement; for instance, option A refers to a situation involving multiple brokers, which is not relevant in the context of an exclusive right. Option C describes an informal arrangement lacking legal binding, which is not the case with an exclusive right agreement. Option D suggests a universality of the agreement across states, which overlooks the specific legal frameworks and variations that exist in real estate transactions from one state to another.

2. What does "alienation" refer to in the context of real estate?

- A. The process of leasing property**
- B. The transfer of property ownership from one person to another**
- C. The process of obtaining a mortgage**
- D. The concept of property appreciation**

Alienation in the context of real estate refers specifically to the transfer of property ownership from one person to another. This can take various forms, such as selling the property, gifting it, or transferring it through inheritance. The term captures the idea of moving ownership rights from one party and assigning them to another, which is a fundamental aspect of property transactions and real estate law. The other concepts, while related to real estate, do not accurately capture the meaning of alienation. Leasing property involves granting temporary use of a property without transferring ownership; obtaining a mortgage relates to securing a loan backed by the property, and property appreciation is about the increase in a property's value over time. Each of these processes involves different legal considerations and impacts on property rights, but they do not encapsulate the definition of alienation.

3. What must an agent do before conducting open houses?

- A. Obtain permission from the property owner**
- B. Notify local law enforcement of the event**
- C. Schedule the open house without any restrictions**
- D. Provide a commission agreement to attendees**

An agent must obtain permission from the property owner before conducting open houses because it is essential to respect the property rights of the owner. The owner has the authority to decide who can show their property and under what conditions. Having explicit permission not only builds trust between the agent and the owner but also ensures that the agent is acting within the legal framework and ethical guidelines set forth by real estate laws. This permission also protects the agent from potential liabilities and misunderstandings regarding the conduct of the open house. The other options do not address the fundamental requirement of securing the owner's consent, which is a critical step in the open house process.

4. What is a violation of Fair Housing according to Michigan law?

- A. Refusing a sale based on earnest money**
- B. Discrimination based on race**
- C. Negotiating commission rates**
- D. Discussing client details with others**

Discrimination based on race is a clear violation of Fair Housing laws, as both federal and state laws explicitly prohibit such practices. The Fair Housing Act and similar Michigan legislation aim to ensure that all individuals have equal access to housing opportunities, regardless of their race, color, religion, sex, national origin, familial status, or disability. Violations of these laws can result in severe penalties, including fines and legal action, as they undermine the fundamental principle of equality in housing. In contrast, the other options presented do not constitute Fair Housing violations. For instance, refusing a sale based on earnest money does not relate to discriminatory practices but rather concerns financial matters. Negotiating commission rates is also a standard business practice and is unrelated to the principles of fair housing. Lastly, discussing client details with others, while it may violate privacy or confidentiality agreements, does not pertain to discrimination based on protected classes as outlined by Fair Housing laws.

5. What information is NOT required to be disclosed by a real estate agent regarding their license?

- A. The number of years they have been licensed**
- B. That they are licensed and represent their brokerage**
- C. Any prior disciplinary actions**
- D. The specific brokerage they are associated with**

The information that is not required to be disclosed by a real estate agent regarding their license is the number of years they have been licensed. While real estate professionals must inform clients that they are licensed and what brokerage they represent, as well as disclose any prior disciplinary actions and the specific brokerage they are associated with, the duration of their licensure is not mandated for disclosure. This is primarily because the focus of required disclosures is on ensuring that clients understand the agent's legal status and any potential issues that may affect their practice, rather than on the agent's experience or the length of their career. Therefore, while experience can certainly be a relevant factor for clients assessing an agent's capabilities, it does not constitute a legal requirement for disclosure under Michigan License Law.

6. Which type of ownership involves the right of survivorship?

- A. Tenancy in Common**
- B. Joint Tenancy**
- C. Community Property**
- D. Tenancy by the Entirety**

Joint Tenancy is the correct answer because it specifically includes the right of survivorship, which means that when one joint tenant dies, their share of the property automatically passes to the remaining joint tenants, rather than being inherited by their heirs. This characteristic distinguishes joint tenancy from other forms of ownership. In contrast, Tenancy in Common does not include the right of survivorship; when a tenant in common dies, their share of the property goes to their heirs rather than the other tenants. Community Property is primarily a form of ownership used in some states for married couples, but it also lacks a right of survivorship feature. Tenancy by the Entirety is a special form of joint ownership between married couples that includes the right of survivorship, but it functions under different laws and is not as widely applicable as joint tenancy. Therefore, joint tenancy uniquely highlights the right of survivorship among its defining features.

7. In Michigan, what is the impact of a forbearance agreement on a mortgage?

- A. It requires the borrower to repay immediately**
- B. It suspends loan payments for a specified period due to financial hardship**
- C. It increases the interest rate on the mortgage**
- D. It automatically refinances the mortgage**

A forbearance agreement in Michigan allows a borrower to temporarily suspend or reduce their loan payments due to financial hardship. This arrangement is usually made between the lender and borrower when the latter is experiencing difficulties making regular payments, such as during a job loss or medical emergency. During the forbearance period, the lender agrees not to initiate foreclosure proceedings or take other legal actions due to the non-payment. The specific terms, such as the duration of the forbearance and how the missed payments will be handled afterward, are typically outlined in the agreement. This option provides crucial relief to borrowers who need time to regain their financial footing without the immediate pressure of making mortgage payments. The other options do not accurately describe the nature of a forbearance agreement. It does not compel the borrower to repay sums immediately, nor does it automatically increase the mortgage interest rate or refinance the mortgage. Instead, it is focused on providing temporary relief and allowing time for the borrower to recover financially.

8. What is the main difference between a real estate salesperson and a broker in Michigan?

- A. A broker must obtain a college degree while a salesperson does not**
- B. A broker can operate independently, while a salesperson must work under a broker**
- C. A broker manages properties, whereas a salesperson does not**
- D. A salesperson can handle escrow accounts, while a broker cannot**

The main distinction between a real estate salesperson and a broker in Michigan lies in their level of responsibility and independence within the real estate profession. A broker has the authority to operate independently, meaning they can own and manage their own real estate firm, as well as supervise other salespeople working under them. This independence requires a higher level of education, training, and experience. In contrast, a salesperson must always work under the supervision of a licensed broker and cannot operate independently. This means that while salespeople can engage in various real estate activities, such as showing properties and facilitating transactions, they are ultimately accountable to the broker who oversees their work and ensures compliance with state laws and regulations. The other options do not accurately reflect the primary differences in roles and responsibilities between salespersons and brokers in Michigan's real estate framework. For example, while educational requirements may differ, not all brokers require a college degree, and many can begin their careers without advanced education. Similarly, the role of managing properties is not exclusive to brokers, as some salespeople may also be involved in property management under a broker's license. Finally, the ability to handle escrow accounts is typically a function of both salespersons and brokers, depending on their specific responsibilities and permissions granted by the broker.

9. What is a potential consequence of engaging in fraudulent practices in real estate?

- A. Increased commission opportunities**
- B. Receiving awards and recognition**
- C. Suspension or revocation of the real estate license**
- D. Enhanced credibility in the market**

Engaging in fraudulent practices in real estate can lead to serious consequences, one of the most significant being the suspension or revocation of the real estate license. This consequence underscores the importance that regulatory bodies place on ethical conduct within the industry. When a real estate professional participates in fraudulent activities, such as misrepresentation or deception in transactions, they violate both legal standards and the trust placed in them by clients and the public. The licensing authority's role includes ensuring that those operating in the real estate sector adhere to laws and standards designed to protect consumers. If a licensee is found guilty of unethical or illegal behavior, the authority can impose penalties, including suspension, where the licensee is temporarily barred from practicing, or revocation, which permanently removes their ability to operate in the industry. Such actions serve as a deterrent to maintain integrity in real estate transactions and ensure that licensed professionals are held accountable for their actions. This consequence highlights the critical balance between business activities and ethical obligations in real estate practice.

10. What is the maximum length of the term for a member of the Board of Real Estate Brokers and Salespersons?

- A. 6 years**
- B. 8 years**
- C. 10 years**
- D. 12 years**

The maximum length of the term for a member of the Board of Real Estate Brokers and Salespersons in Michigan is indeed eight years. This limit ensures a balance between continuity and the infusion of new perspectives within the board. By setting the term at eight years, it allows experienced members to contribute significantly to the development of regulations and policies governing real estate practices, while also providing opportunities for new members to bring fresh ideas and insights to the board. This rotation helps maintain a dynamic and responsive oversight body that can adapt to the evolving needs of the real estate market and its stakeholders.

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://michiganlicenselaw.examzify.com>

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