

MICHIGAN REAL ESTATE SALESPERSON LICENSING – 3 HOUR PSI PRACTICE EXAM (SAMPLE) STUDY GUIDE



Prepare with structure. Pass with confidence



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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. What is an imaginary line that runs north-south and intersects with the base line called?**
 - A. The Meridian line
 - B. The Base line
 - C. The Survey line
 - D. The Property line
- 2. Which situation is considered a violation of the law?**
 - A. A person under 30 applying for a home loan
 - B. A. Persons applying for Green Acres Retirement
 - C. A village requiring residents to be over 60 to qualify for benefits
 - D. A person owning a second home
- 3. If charges are filed against a licensee, what is the first step they may attend?**
 - A. An informal hearing
 - B. A public hearing
 - C. A formal trial
 - D. A mediation session
- 4. What is the right of a person to regain their property after a foreclosure sale called?**
 - A. Title reclamation
 - B. Redemption
 - C. Reinstatement
 - D. Restoration
- 5. Which type of listing allows an owner to sell property themselves without paying a commission?**
 - A. Exclusive right listing
 - B. Open listing
 - C. Exclusive agency listing
 - D. Net listing

6. What amount would Sarah clear at closing if she sold a property for \$200,000 with a 6% commission and 2 points for the buyer's loan based on a 90% loan?
- A. \$180,000
 - B. \$184,400
 - C. \$190,000
 - D. \$175,600
7. If a seller counters a low offer but then accepts a full-price offer before the counter is signed, what is the seller's right?
- A. He cannot revoke the counteroffer
 - B. He can revoke the counteroffer if not yet accepted
 - C. He must wait for the first buyer's decision
 - D. He can ask for a higher offer from either buyer
8. If a salesperson is transitioning to a new company, what is a potential way to avoid delays in licensure?
- A. Apply for a temporary license
 - B. Transfer licenses after completion of training
 - C. Wait until the permanent license is issued
 - D. Renew the current license instead
9. What does an "acceleration clause" in a mortgage stipulate?
- A. All payments are due upon default.
 - B. The borrower must pay a penalty for late payments.
 - C. Upon the happening of a certain event, the entire loan balance can become due.
 - D. The interest rate can be adjusted at any time.
10. The practice of not lending money to applicants based on location is known as what?
- A. Steering
 - B. Redlining
 - C. Fair Lending
 - D. Discrimination

Answers

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

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Explanations

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1. What is an imaginary line that runs north-south and intersects with the base line called?

A. The Meridian line

B. The Base line

C. The Survey line

D. The Property line

The term used to describe an imaginary line that runs north-south and intersects with the base line is called the Meridian line. Meridians are part of the rectangular survey system established in the United States, which is used for land description and delineation. Each meridian serves as a reference line for surveying and mapping land, allowing for the division of land into precise parcels. The base line, in contrast, runs east-west and is used in conjunction with the meridian to create a grid system for identifying property locations. The survey line and property line refer to different aspects of land measurement and ownership, which do not specifically address the north-south orientation or the relationship with the base line. Understanding these terms is crucial for navigating land descriptions and real estate transactions within the framework of the rectangular survey system.

2. Which situation is considered a violation of the law?

A. A person under 30 applying for a home loan

B. A. Persons applying for Green Acres Retirement

C. A village requiring residents to be over 60 to qualify for benefits

D. A person owning a second home

The situation involving persons applying for Green Acres Retirement is considered a violation of the law because it may be interpreted as discriminating against certain demographic groups based on age or other protected characteristics. Discrimination in housing and lending practices is prohibited under federal laws such as the Fair Housing Act, which aims to ensure that individuals cannot be denied housing opportunities based on race, color, national origin, religion, sex, familial status, or disability. If the Green Acres Retirement program has eligibility criteria that unfairly restrict access based on age, it can be deemed unlawful. In contrast, the other situations mentioned do not inherently violate any laws. For instance, a person under 30 applying for a home loan is not in violation of any specific law; lending practices may vary by lender but must adhere to fair lending standards. A village requiring residents to be over 60 to qualify for certain benefits may be legal if aligned with specific program guidelines and if this does not constitute unlawful discrimination. Owning a second home is also not against any laws, as property ownership is a personal choice and does not violate any regulations.

3. If charges are filed against a licensee, what is the first step they may attend?

- A. An informal hearing**
- B. A public hearing
- C. A formal trial
- D. A mediation session

When charges are filed against a real estate licensee, the first step they may attend is typically an informal hearing. This type of hearing allows the licensee to address the allegations in a less formal setting compared to a public hearing or formal trial. An informal hearing can serve as an opportunity for the licensee to provide their side of the story, present evidence, and seek a resolution before potentially moving on to more formal proceedings. This process is designed to be less adversarial and may often lead to a quicker resolution of the matter. If issues remain unresolved or if the licensee does not reach a satisfactory agreement during the informal hearing, then the case may proceed to a public hearing or other forms of dispute resolution such as mediation or a formal trial, which involve more stringent procedures and potential public scrutiny. Having a structured initial step like an informal hearing allows for a more efficient handling of disciplinary matters in the real estate profession, focusing on resolution while still providing the licensee with the opportunity to defend themselves.

4. What is the right of a person to regain their property after a foreclosure sale called?

- A. Title reclamation
- B. Redemption**
- C. Reinstatement
- D. Restoration

The right of a person to regain their property after a foreclosure sale is known as redemption. This legal right allows a homeowner to reclaim their property by paying off the outstanding debt, typically the foreclosed loan amount, plus any additional fees or interest incurred during the foreclosure process. In many jurisdictions, including Michigan, redemption periods vary but generally provide the borrower with a specific timeframe after the foreclosure sale during which they can reinstate their ownership. This provision serves to protect homeowners from losing their properties without the opportunity to correct the financial situation that led to the foreclosure, emphasizing the importance of fair treatment in the lending process. Other terms such as title reclamation, reinstatement, and restoration refer to different concepts in real estate law. Title reclamation isn't a widely recognized legal term, reinstatement typically refers to bringing a loan current before a foreclosure occurs, and restoration may describe a general process of returning something to a former state, none of which specifically pertain to the act of regaining property after a foreclosure sale.

5. Which type of listing allows an owner to sell property themselves without paying a commission?

- A. Exclusive right listing
- B. Open listing
- C. Exclusive agency listing**
- D. Net listing

The correct answer is the exclusive agency listing. In this type of agreement, the property owner retains the right to sell the property themselves without incurring a commission fee to the listing agent, as long as the owner completes the sale independently. The agent is entitled to a commission only if they bring a buyer to the table. This listing type offers a balance between the owner's desire to maintain control over the sale process and the agent's ability to market the property. While the owner is free to pursue a sale on their own, the agent still works to find potential buyers and promote the property. The other types of listings have different structures regarding commissions and seller rights. An exclusive right listing guarantees the agent a commission regardless of how the buyer is procured, while an open listing allows an owner to work with multiple agents but still obligates the owner to pay a commission if an agent finds the buyer. A net listing, although less common and often legally complicated, typically ensures that the seller receives a predetermined amount from the sale, and any amount over that would be the agent's commission.

6. What amount would Sarah clear at closing if she sold a property for \$200,000 with a 6% commission and 2 points for the buyer's loan based on a 90% loan?

- A. \$180,000
- B. \$184,400**
- C. \$190,000
- D. \$175,600

To determine how much Sarah would clear at closing from the sale of her property, we need to calculate the commissions and the costs associated with the buyer's loan first. The selling price of the property is \$200,000. A 6% commission on this sale amounts to \$12,000, calculated as follows: $6\% \text{ of } \$200,000 = 0.06 \times 200,000 = \$12,000$. This commission is deducted from the sale price since it is paid to the real estate broker. Next, we need to consider the buyer's loan. The buyer is obtaining a loan that covers 90% of the property's sale price. This loan amount is calculated as: $90\% \text{ of } \$200,000 = 0.90 \times 200,000 = \$180,000$. The points associated with the loan are 2 points, which equates to 2% of the loan amount. Therefore, the cost of the points the buyer needs to pay at closing is: $2\% \text{ of } \$180,000 = 0.02 \times 180,000 = \$3,600$. This cost is typically a part of the transaction but can affect how much Sarah would take home if we are also

7. If a seller counters a low offer but then accepts a full-price offer before the counter is signed, what is the seller's right?

- A. He cannot revoke the counteroffer
- B. He can revoke the counteroffer if not yet accepted**
- C. He must wait for the first buyer's decision
- D. He can ask for a higher offer from either buyer

The seller has the right to revoke the counteroffer if it has not yet been accepted. In real estate transactions, a counteroffer essentially nullifies the original offer and creates a new offer that the other party must accept. Until the counteroffer is formally accepted, the seller retains the ability to change their mind and accept another offer, such as a full-price offer. Once the counteroffer is accepted by the buyer, it becomes a binding contract, and the seller can no longer accept other offers without breaching that contract. Therefore, if the seller receives a more favorable full-price offer before the counteroffer is accepted, they are within their rights to revoke the counter that remains in negotiation.

8. If a salesperson is transitioning to a new company, what is a potential way to avoid delays in licensure?

- A. Apply for a temporary license**
- B. Transfer licenses after completion of training
- C. Wait until the permanent license is issued
- D. Renew the current license instead

Applying for a temporary license is an effective way to avoid delays in licensure when a salesperson is transitioning to a new company. A temporary license allows the salesperson to begin working under the new brokerage while the permanent transfer process is being finalized. This ensures there is no gap in their ability to conduct real estate transactions, maintaining their workflow and client relationships. Temporary licenses are often issued quickly, providing a bridge that allows the salesperson to operate legally while awaiting the formal transfer or issuance of their permanent license. This not only helps maintain their business but also serves clients without interruption. In contrast, waiting for a permanent license to be issued can lead to unnecessary delays in the sales process, as it may take time for the state's regulatory agency to process the transfer. Renewing the current license doesn't apply to the situation of transitioning to a new brokerage and would not facilitate the immediate need for licensure under the new company. Finally, transferring licenses after the completion of training may also introduce delays, as it often requires submission of additional documentation and processing time, whereas a temporary license provides a much quicker solution.

9. What does an "acceleration clause" in a mortgage stipulate?

- A. All payments are due upon default.
- B. The borrower must pay a penalty for late payments.
- C. Upon the happening of a certain event, the entire loan balance can become due.**
- D. The interest rate can be adjusted at any time.

An acceleration clause in a mortgage is designed to protect the lender's interests in the event that the borrower defaults on the loan or breaches certain conditions of the mortgage agreement. When this clause is triggered due to specific events, such as missed payments, the lender has the right to demand the entire outstanding balance of the loan be paid immediately. This provision is significant because it allows lenders to act quickly to recover their funds without going through lengthy foreclosure processes, especially if they perceive a risk of further default. It serves as a safeguard for lenders while also making borrowers acutely aware of the importance of adhering to the terms of their mortgage contract. The other options present different aspects of mortgage agreements but do not accurately describe the function of an acceleration clause. For instance, while one might think of penalties for late payments, that is not the primary role of this clause. Instead, the focus is on accelerating the payment timeline rather than purely imposing penalties. Similarly, the ability to adjust interest rates refers to other forms of mortgage agreements rather than an acceleration clause directly.

10. The practice of not lending money to applicants based on location is known as what?

- A. Steering
- B. Redlining**
- C. Fair Lending
- D. Discrimination

The practice of not lending money to applicants based on location is known as redlining. This term refers to the systematic denial of various services, including financial services such as loans and mortgages, to residents in certain neighborhoods, often based on racial or economic characteristics. Redlining emerged from discriminatory practices and policies that identified areas, frequently predominately inhabited by minorities or lower-income residents, as high-risk for lending. This led to a lack of investment and resources in those communities, perpetuating cycles of poverty and disinvestment. In contrast, steering pertains to directing potential homebuyers toward or away from specific neighborhoods based on their race or ethnicity, which does not directly relate to lending practices. Fair lending is a concept aimed at promoting equitable access to credit and preventing discrimination in lending, making it more about compliance and advocacy against practices like redlining. Discrimination in a broader sense encompasses various unfair practices, but specifically identifying the lending issue based on location is accurately described as redlining. This distinction is essential in understanding the implications of financial discrimination and its impact on communities.

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://mirealestatesales3hrpsi.examzify.com>

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

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