

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



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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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 method would an appraiser use to measure the area of a house?**
 - A. Interior dimensions
 - B. Average dimensions
 - C. Exterior dimensions
 - D. Blueprint dimensions
- 2. What is it called when property is turned over to the state due to lack of heirs?**
 - A. Escheat
 - B. Abandonment
 - C. Intestate succession
 - D. Cessation of ownership
- 3. Which statement is true concerning properties registered under the condominium law?**
 - A. Each unit is rented and may not be sold
 - B. All units share a single deed
 - C. Each unit has its own deed and may be transferred individually
 - D. Units can only be sold as a combined package
- 4. Which loans does the Real Estate Settlement Procedures Act apply to?**
 - A. Only loans for single-family homes
 - B. All real estate loans regardless of purpose
 - C. Federally related loans for one-to four-family dwellings
 - D. Private loans between individuals
- 5. What is the term for the covenant that assures the Grantee of the Grantor's full interest in the property?**
 - A. Covenant of Warranty
 - B. Covenant of Seisin
 - C. Covenant of Further Assurance
 - D. Covenant of Quiet Enjoyment

- 6. If a buyer places a deposit subject to zoning change but does not exercise the option in 90 days, what happens to his option?**
- A. It automatically extends for another 90 days
 - B. It remains valid until the property is sold
 - C. He loses his option unless exercised
 - D. He can sell his option to another buyer
- 7. What does a "deed" represent in the real estate process?**
- A. A summary of property taxes
 - B. A legal document that conveys ownership of real property
 - C. A rental agreement between landlord and tenant
 - D. A record of property appreciation
- 8. What is the total area of a township in Michigan?**
- A. 24 square miles
 - B. 36 square miles
 - C. 48 square miles
 - D. 60 square miles
- 9. What does the term "home equity" refer to?**
- A. The total amount of all loans on a property
 - B. The difference between the property's market value and the mortgage balance
 - C. The amount paid for property maintenance
 - D. The market value of an investment property
- 10. A shape that measures six miles by six miles resulting from the intersection of range lines and township lines is called a?**
- A. Parcel
 - B. Lot
 - C. Township
 - D. Block

Answers

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

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Explanations

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1. Which method would an appraiser use to measure the area of a house?

- A. Interior dimensions
- B. Average dimensions
- C. Exterior dimensions**
- D. Blueprint dimensions

An appraiser typically uses the exterior dimensions to measure the area of a house. This method involves assessing the overall footprint of the structure, which includes all exterior walls. By measuring from the outside of the walls, the appraiser can calculate the total square footage of the home, including all livable space. This measurement approach is particularly useful because it accounts for the complete structure, providing a more accurate representation of the property's size as it exists in relation to lot boundaries and neighboring structures. Using interior dimensions could potentially lead to discrepancies in determining useful space since it would not adequately consider the thickness of the walls and other structural elements. Average dimensions may not accurately reflect the actual size of the house, as they provide a generalized figure rather than a specific measurement. Blueprint dimensions, while providing detailed information regarding layout and design, may not always reflect changes made during construction or renovations. Thus, exterior dimensions are favored for consistency and accuracy in appraisals.

2. What is it called when property is turned over to the state due to lack of heirs?

- A. Escheat**
- B. Abandonment
- C. Intestate succession
- D. Cessation of ownership

The correct answer, escheat, refers to the legal process by which ownership of a property reverts to the state when an individual dies without a will and without any identifiable heirs. This concept ensures that the property does not remain ownerless and can be utilized by the state for public benefit. Escheat serves an important function in property law, as it helps maintain property tax revenues and allows the state to manage unclaimed properties effectively. The other concepts mentioned do not specifically relate to the state taking ownership due to a lack of heirs. Abandonment refers to a property owner relinquishing their rights to a property, typically when they no longer intend to use or maintain it. Intestate succession is the legal process that determines how a deceased individual's property is distributed among their heirs when there is no valid will, but it does not involve the state taking ownership. Cessation of ownership generally refers to the end of one's ownership rights but is not a formal legal term for the transfer of property to the state in the absence of heirs.

3. Which statement is true concerning properties registered under the condominium law?

- A. Each unit is rented and may not be sold
- B. All units share a single deed
- C. Each unit has its own deed and may be transferred individually**
- D. Units can only be sold as a combined package

In the context of properties registered under the condominium law, each unit in a condominium is treated as a separate entity for ownership purposes. This means that each unit has its own deed, allowing individual ownership and the ability to transfer or sell that unit independently of others. This structure is a fundamental characteristic of condominiums, providing owners with the flexibility to buy, sell, or mortgage their individual units without affecting other units in the same complex. Understanding this structure is crucial because it distinguishes condominiums from other types of multifamily properties where ownership may be collective or managed differently. This characteristic is central to the concept of condominium ownership and provides clarity on how property rights are organized in this type of housing arrangement.

4. Which loans does the Real Estate Settlement Procedures Act apply to?

- A. Only loans for single-family homes
- B. All real estate loans regardless of purpose
- C. Federally related loans for one-to four-family dwellings**
- D. Private loans between individuals

The Real Estate Settlement Procedures Act (RESPA) is designed to protect consumers by ensuring transparency in the real estate transaction process, particularly in relation to the costs of closing a real estate loan. The act specifically applies to federally related mortgage loans, which includes loans made by lenders that are insured or guaranteed by a government agency, such as the FHA, VA, or Fannie Mae. This focus on one- to four-family dwellings means that RESPA governs most residential mortgage scenarios involving these types of properties. The act requires lenders to provide a standard Good Faith Estimate (GFE) of settlement costs and disclosures regarding the loan and the settlement process, ensuring that borrowers are well-informed prior to closing. Loans for properties other than one- to four-family dwellings, such as commercial properties or larger multi-family units, do not fall under the purview of RESPA. Additionally, private loans between individuals are not covered by this act, as they do not involve federally related financing. Therefore, the correct application of RESPA is specifically linked to federally related loans for one- to four-family dwellings.

5. What is the term for the covenant that assures the Grantee of the Grantor's full interest in the property?

- A. Covenant of Warranty
- B. Covenant of Seisin**
- C. Covenant of Further Assurance
- D. Covenant of Quiet Enjoyment

The term that assures the Grantee of the Grantor's full interest in the property is known as the Covenant of Seisin. This covenant guarantees that the Grantor has the legal right to convey the property and holds title to it in the capacity they claim. Essentially, it assures the Grantee that the Grantor is not only the owner of the property but has the full extent of ownership necessary to transfer it. In legal terms, the Covenant of Seisin provides the Grantee with security that they are receiving the interest in the property that the Grantor professes to possess. If it turns out that the Grantor does not actually hold a full and valid title, the Grantee can seek remedies based on this covenant. Understanding this covenant is particularly important in real estate transactions, as it protects the Grantee from potential claims or issues arising from the Grantor's ownership of the property. This assurance fosters confidence in the transaction, allowing both parties to proceed with more clarity about their legal standing. Other covenants mentioned have their distinct meanings related to property transactions but do not specifically address the assurance of full ownership interest in the same way. For instance, the Covenant of Warranty guarantees that the Grantor will defend the Grantee against any claims to the title

6. If a buyer places a deposit subject to zoning change but does not exercise the option in 90 days, what happens to his option?

- A. It automatically extends for another 90 days
- B. It remains valid until the property is sold
- C. He loses his option unless exercised**
- D. He can sell his option to another buyer

The correct answer is that the buyer loses his option unless it is exercised. In real estate agreements involving an option to purchase or deposit subject to conditions such as zoning changes, the buyer typically has a specific time frame to exercise that option. When the buyer does not take action within the allotted 90 days, the option expires, and the buyer loses the right to purchase the property under those terms. This reflects the nature of options in real estate transactions, where timely action is crucial to retain rights. If the buyer fails to meet the conditions or exercise the option within the specified time, they forfeit that opportunity. Other options that imply an extension or the ability to sell the option do not align with standard practices in real estate regarding the expiration of options tied to specific conditions.

7. What does a "deed" represent in the real estate process?

- A. A summary of property taxes
- B. A legal document that conveys ownership of real property**
- C. A rental agreement between landlord and tenant
- D. A record of property appreciation

A "deed" in the real estate process is a legal document that conveys ownership of real property from one party to another. When a property is sold, the deed serves as the formal transfer of title, demonstrating who holds legal ownership. It includes important details such as the names of the parties involved, a description of the property being transferred, and is typically signed by the grantor (the seller) and may require notarization. The significance of the deed cannot be overstated, as it is essential for protecting the rights of the new owner and for establishing a public record of ownership. This documentation is critical for future transactions, as it provides proof that the grantee (the buyer) has received ownership rights. In contrast, the other options relate to different aspects of real estate and are not relevant to the definition or function of a deed.

8. What is the total area of a township in Michigan?

- A. 24 square miles
- B. 36 square miles**
- C. 48 square miles
- D. 60 square miles

The total area of a township in Michigan is 36 square miles. This size is standardized across townships in the state. Townships are a form of local government that covers an area defined by the Public Land Survey System, and each township is divided into sections. Specifically, a township consists of 36 sections, with each section measuring one square mile. Therefore, when you multiply 36 sections by 1 square mile per section, it results in a total area of 36 square miles for the entire township. This foundational knowledge is essential for anyone studying Michigan real estate, as it relates to land measurement and property assessment in the context of local governance and planning.

9. What does the term "home equity" refer to?

- A. The total amount of all loans on a property
- B. The difference between the property's market value and the mortgage balance**
- C. The amount paid for property maintenance
- D. The market value of an investment property

The term "home equity" refers to the difference between the property's market value and the mortgage balance. This concept is crucial for homeowners as it represents the portion of the property that the owner truly owns outright, free from any mortgage obligations. For instance, if a home is valued at \$300,000 and the owner owes \$200,000 on the mortgage, the homeowner has \$100,000 in equity. Home equity can increase over time as property values rise or as the homeowner pays down the mortgage. This equity can be tapped into through various means, such as home equity loans or lines of credit, often allowing homeowners to leverage their investment for further financial needs. Understanding home equity is essential for anyone involved in real estate, whether buying, selling, or refinancing a home.

10. A shape that measures six miles by six miles resulting from the intersection of range lines and township lines is called a?

A. Parcel

B. Lot

C. Township

D. Block

A shape that measures six miles by six miles, created by the intersection of range lines and township lines, is referred to as a township. In the Public Land Survey System (PLSS), a township is a square parcel of land that is six miles on each side, comprising a total area of 36 square miles. This system is used for land description and management across various states, including Michigan. By understanding the definition of a township, it becomes clear that this term specifically refers to the larger land division as dictated by the survey system, distinguishing it from other types of land divisions such as parcels, lots, or blocks, which have different meanings and dimensions within real estate terminology. Parcels are generalized pieces of land, lots typically refer to smaller divisions often used for residential or commercial development, and blocks refer to sections within urban planning, usually comprising several lots. Thus, among the choices provided, township is the accurate term for a six-by-six mile area defined by survey lines.

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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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