

# Michigan Real Estate Salesperson Practice Exam (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. In real estate transactions, who is typically responsible for disclosing closing information?**
  - A. Buyer's agent**
  - B. Selling agent**
  - C. Employing broker**
  - D. Title company**
- 2. What happens to a property title if it is lost through the exercise of eminent domain?**
  - A. The owner retains the title**
  - B. The title is transferred to the government**
  - C. The property value increases**
  - D. The title remains with the original owner**
- 3. What is the name of the tax due to the county and state for recording a deed, which is paid by the seller?**
  - A. Capital gains tax**
  - B. Transfer tax**
  - C. Property tax**
  - D. Recording fee**
- 4. When a homeowner enhances the value of their property by making physical improvements, this is known as what?**
  - A. Appreciation**
  - B. Renovation**
  - C. Restoration**
  - D. Maintenance**
- 5. What can John, a veteran with a VA loan, do with his present home if he is being transferred?**
  - A. Sell the home to another veteran**
  - B. Allow a non-veteran to assume the loan**
  - C. Rent the home out**
  - D. Keep the home and buy a new one**

- 6. Under what condition is it permissible to refuse to rent to a person?**
- A. Because they have a pet**
  - B. Because he is a social drinker**
  - C. Because of their credit score**
  - D. Because they have a criminal record**
- 7. How much money does a buyer need to close a transaction on a \$150,000 property with an 80% loan-to-value ratio and 3 points?**
- A. \$30,000**
  - B. \$33,600**
  - C. \$25,000**
  - D. \$45,000**
- 8. Deeds are recorded to provide:**
- A. Constructive/public notice**
  - B. Legal ownership verification**
  - C. Historical reference**
  - D. Title insurance coverage**
- 9. What is the primary function of a temporary license for moving salespersons?**
- A. To allow practice in multiple locations.**
  - B. To manage conflicts with clients.**
  - C. To prevent the lapse of sales activities during relocation.**
  - D. To facilitate new agent training.**
- 10. What is the primary function of zoning ordinances?**
- A. To regulate property taxes**
  - B. To manage land use**
  - C. To establish property lines**
  - D. To facilitate real estate transactions**



## **Answers**

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

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## **Explanations**

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**1. In real estate transactions, who is typically responsible for disclosing closing information?**

- A. Buyer's agent**
- B. Selling agent**
- C. Employing broker**
- D. Title company**

In real estate transactions, the employer broker has a central role in ensuring that all necessary disclosures are made, including closing information. This responsibility arises from the broker's duty to ensure compliance with laws and regulations governing real estate transactions. The employing broker oversees the activities of the agents working under them and is responsible for the overall management of the transaction. They must ensure that all legal requirements regarding disclosure are met, which includes providing parties with accurate information relating to the closing process. This can encompass details like the final closing costs, settlement statements, and any other information required for a transparent transaction. While agents, whether representing the buyer or the seller, also play a role in facilitating communication and disclosure throughout the process, the ultimate responsibility to disclose critical information at closing rests with the employing broker. They are accountable for compliance with local laws and ethical standards in real estate practice, which includes ensuring that all disclosures are made appropriately. Other parties, such as the title company, may also handle important documentation and information regarding the closing process, but they typically do not bear the primary responsibility for disclosures related to the terms of the transaction and compliance with real estate regulations.

**2. What happens to a property title if it is lost through the exercise of eminent domain?**

- A. The owner retains the title**
- B. The title is transferred to the government**
- C. The property value increases**
- D. The title remains with the original owner**

When a property is taken through the exercise of eminent domain, the title to that property is transferred to the government. Eminent domain is the power of the state or a government entity to take private property for public use, provided that just compensation is given to the owner. This legal process means that once the government has exercised its authority and taken the property, the original owner's title is no longer valid because ownership has changed hands. The impact of eminent domain is significant, as it fundamentally alters property rights. The original owner may receive monetary compensation for the taking, but they no longer hold any ownership interest in the property once the transfer is complete. This ensures that the government can utilize the land for public projects, such as highways, schools, or other infrastructure improvements deemed beneficial for the community.

**3. What is the name of the tax due to the county and state for recording a deed, which is paid by the seller?**

**A. Capital gains tax**

**B. Transfer tax**

**C. Property tax**

**D. Recording fee**

The tax that is due to the county and state for recording a deed, which is typically paid by the seller, is known as the transfer tax. This tax is charged whenever real estate is transferred from one party to another and is calculated based on the sale price of the property. The purpose of the transfer tax is to generate revenue for local and state governments, and it is usually required to be paid at the time of closing, when the deed is officially recorded. Understanding the transfer tax is important in real estate transactions as it can impact the overall costs associated with selling a property. Sellers should be aware of this financial obligation, as it is part of the closing costs that they will need to cover. Unlike capital gains tax, which relates to the profit made from the sale of the property, or property tax, which is an ongoing tax based on the value of the property owned, the transfer tax is specifically tied to the act of transferring ownership. Recording fees, while related to the processing of the deed, are distinct from transfer taxes and pertain to the administrative costs incurred by the recording office.

**4. When a homeowner enhances the value of their property by making physical improvements, this is known as what?**

**A. Appreciation**

**B. Renovation**

**C. Restoration**

**D. Maintenance**

Enhancing the value of a property through physical improvements is accurately termed renovation. Renovation refers specifically to the process of updating, repairing, or otherwise improving a property's interior or exterior while adding new features or modifying existing ones. This can include anything from updating kitchens and bathrooms to adding new rooms or structures, thereby increasing the property's market value. Appreciation, while often associated with property value increases, pertains to the overall market growth in property values over time due to economic factors, rather than specific improvements made by the homeowner. Restoration involves returning a property to its original condition or style, preserving historical aspects, which may differ from general enhancements and modernization. Maintenance usually refers to routine upkeep and repair tasks that preserve a property's existing condition rather than improving its value. Therefore, renovation is the most accurate term for the context described in the question.

**5. What can John, a veteran with a VA loan, do with his present home if he is being transferred?**

- A. Sell the home to another veteran**
- B. Allow a non-veteran to assume the loan**
- C. Rent the home out**
- D. Keep the home and buy a new one**

John, as a veteran utilizing a VA loan, has specific options available to him when he is being transferred. The correct action he can take is allowing a non-veteran to assume the loan. This is significant because VA loans are assumable, meaning that if John transfers the property, a qualified non-veteran can take over the payments. This can make the property more appealing to potential buyers, as they could benefit from the favorable terms of the VA loan. This option is advantageous for John as it may ease his transition while allowing him to avoid having to pay off the loan himself outright. The assumption of the loan can also maintain his eligibility for VA benefits, particularly if he plans to secure another VA loan for a new home. In contrast, while selling the home to another veteran or renting it out might be possible, they do not directly leverage the unique advantages of the VA loan in the same way. Similarly, keeping the home and buying a new one may create financial strain, especially if he is unable to manage two properties simultaneously. Thus, allowing a non-veteran to assume the loan stands out as the most practical solution in his situation.

**6. Under what condition is it permissible to refuse to rent to a person?**

- A. Because they have a pet**
- B. Because he is a social drinker**
- C. Because of their credit score**
- D. Because they have a criminal record**

Refusing to rent to a person based on their status as a social drinker typically falls into a category that is not explicitly protected under fair housing laws. Fair housing regulations prohibit discrimination based on race, color, national origin, religion, sex, familial status, and disability. Social drinking does not correspond with any of these protected classes, making it permissible under the law for a landlord to consider this factor in their rental decisions. Other reasons, such as a person's credit score, while relevant to a landlord's decision-making process, must be applied consistently to avoid discriminatory practices. If a landlord uses credit score as a criterion, it needs to be justified and applied uniformly. Refusing to rent based solely on a criminal record can be more complex; while landlords can consider someone's criminal history during the tenant screening process, they must do so in compliance with applicable laws, ensuring that they are not disproportionately impacting certain protected groups. Renting decisions should always be transparently connected to the property management policies or established rental criteria, ensuring that they do not inadvertently discriminate against individuals in protected classes. Within all these contexts, refusing to rent due to being a social drinker stands out clearly as an allowable choice.

**7. How much money does a buyer need to close a transaction on a \$150,000 property with an 80% loan-to-value ratio and 3 points?**

**A. \$30,000**

**B. \$33,600**

**C. \$25,000**

**D. \$45,000**

To determine how much money a buyer needs to close a transaction on a \$150,000 property with an 80% loan-to-value ratio and 3 points, we first calculate the down payment and the closing costs associated with the points. 1. **\*\*Calculate the Loan Amount\*\***: With an 80% loan-to-value ratio, the buyer is financing 80% of the property's value. The loan amount is:  $\text{Loan Amount} = 150,000 \times 0.80 = 120,000$  2. **\*\*Calculate the Down Payment\*\***: The down payment is the remaining 20% of the property's value, which is:  $\text{Down Payment} = 150,000 \times 0.20 = 30,000$  3. **\*\*Calculate the Points\*\***: Points are a form of prepaid interest. In this case, the buyer is paying 3 points on the loan amount. One point equals 1% of the loan, so:  $\text{Points Cost} = 120,000 \times 0.03 = 3,600$

**8. Deeds are recorded to provide:**

**A. Constructive/public notice**

**B. Legal ownership verification**

**C. Historical reference**

**D. Title insurance coverage**

Deeds are recorded to provide constructive or public notice of a property's ownership and any claims against it. When a deed is recorded with the appropriate government office, it creates a permanent public record that allows anyone to access information about who owns a particular parcel of land. This process is essential because it helps to establish a clear chain of title, which is crucial in real estate transactions. Constructive notice means that the public is presumed to be aware of the information contained in the deed, even if they have not personally checked the records. By recording deeds, the rights of the property owner are protected, and it prevents potential disputes or claims from arising. This public notice system ensures that buyers, lenders, and other interested parties can verify ownership and any outstanding liens or encumbrances on the property before making any decisions. While legal ownership verification, historical reference, and title insurance coverage are important aspects of real estate, they are not the primary reasons for recording deeds. Legal ownership verification is often determined through title searches rather than recording. Historical reference relates to the archival function of deeds but is secondary to the primary purpose of providing public notice. Title insurance coverage, on the other hand, is designed to protect against potential future claims but relies on the deed being recorded to identify

**9. What is the primary function of a temporary license for moving salespersons?**

- A. To allow practice in multiple locations.**
- B. To manage conflicts with clients.**
- C. To prevent the lapse of sales activities during relocation.**
- D. To facilitate new agent training.**

The primary function of a temporary license for moving salespersons is to prevent the lapse of sales activities during their relocation. This provision ensures that salespersons can continue to conduct business without interruption while they are in the process of moving to a different location or state. The temporary license allows them to remain active in real estate transactions, preserving their client relationships and ensuring that their sales activities are maintained, which is crucial for their ongoing success and for providing consistent service to their clients. This mechanism is designed to support salespersons during a transitional period, ensuring that they do not lose momentum in their careers or their engagements with buyers and sellers. The other choices do not accurately describe the main purpose of a temporary license. While practice in multiple locations might seem relevant, the temporary license specifically addresses the need to maintain continuous operations during relocation rather than facilitating broader practice permissions. Similarly, managing conflicts with clients or focusing on new agent training does not specifically relate to the function of a temporary license, as those aspects are handled through other means or processes in the profession.

**10. What is the primary function of zoning ordinances?**

- A. To regulate property taxes**
- B. To manage land use**
- C. To establish property lines**
- D. To facilitate real estate transactions**

Zoning ordinances play a crucial role in urban planning and land use management. Their primary function is to manage land use by designating specific areas for different types of development, such as residential, commercial, industrial, and agricultural zones. This regulation helps promote organized growth and ensures that land is used in ways that are beneficial to the community, protecting the public's health, safety, and general welfare. By controlling how land can be developed, zoning ordinances can prevent incompatible uses from being next to one another, such as factories near homes, which helps maintain a desirable living environment. They also set standards for aspects such as building heights, lot sizes, and the density of developments, which contribute to orderly community development. The other options, while related to real estate in some way, do not encapsulate the core purpose of zoning ordinances. Property taxes are determined by local governments and are not controlled through zoning laws. Establishing property lines is more about surveying and deed restrictions than zoning. Facilitating real estate transactions is influenced by various factors, including market conditions and financing options, rather than direct regulation by zoning ordinances. Thus, managing land use stands out as the primary and defining function of zoning ordinances.



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

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