

NATIONAL PSI BROKER 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. When estimating the value of properties, the process of making adjustments typically includes:**
 - A. Calculating potential future value
 - B. Comparing amenities and features
 - C. Considering market trends
 - D. All of the above
- 2. An advertisement for an apartment building states it is "adult only." This advertising is:**
 - A. Illegal and discriminatory against children
 - B. Legal if each unit has at least one person over 55 living in it
 - C. Legal per federal law, but may be illegal per state laws
 - D. Legal if the adults are married
- 3. Which of the following must brokers do when considering the disclosure of material facts?**
 - A. Only disclose facts that can lead to lawsuits
 - B. Disclose only if the buyer asks about specific concerns
 - C. Disclose all known material facts, regardless of their impact
 - D. Wait for the buyer to discover facts independently
- 4. What type of policy provides coverage for all risks except those specifically excluded?**
 - A. Named peril policy
 - B. Comprehensive policy
 - C. All-risk policy
 - D. Liability policy
- 5. Which of the following is NOT a common law requirement for a valid listing agreement?**
 - A. A definite termination date.
 - B. Specific performance remedies should one of the parties default.
 - C. A negotiable commission clause.
 - D. An expressed written agreement to enforce the commission clause.

- 6. If a lender accepts a deed in lieu of foreclosure, what happens to any junior liens on the property?**
- A. The lender must continue with the foreclosure.
 - B. Upon receiving the deed, the lender acquires the property free and clear of all liens.
 - C. The lender will take title subject to any junior liens.
 - D. The lender needs to obtain a mortgagee's title policy to clear all liens.
- 7. Why is it vital for brokers to stay updated on industry trends?**
- A. To maintain personal networks with clients
 - B. To reduce their own insurance costs
 - C. To provide clients with relevant coverage options and advice
 - D. To meet company profit goals
- 8. Why is it important for brokers and salespeople to understand title and ownership issues?**
- A. To know how commissions are determined and who pays them.
 - B. To advise buyers and sellers on legal and other issues in contracts and title work.
 - C. To know what requirements are needed for valid documents and who is required to sign the real estate paperwork.
 - D. To determine clear title and how to prepare closing documents.
- 9. How do "deductible" and "copayment" differ in insurance coverage?**
- A. A deductible is a fixed amount, while a copayment is a percentage of costs
 - B. A deductible applies every time, while copayment is only for certain services
 - C. A deductible is paid before coverage applies, while a copayment is for specific services
 - D. A deductible is optional, while copayments are mandatory
- 10. An owner bought a property for \$190,000 with 20% down. The current loan amount is \$102,000. What is the owner's equity assuming the property appraises at \$185,000?**
- A. \$83,000
 - B. \$88,000
 - C. \$185,000
 - D. \$190,000

Answers

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

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Explanations

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1. When estimating the value of properties, the process of making adjustments typically includes:

- A. Calculating potential future value
- B. Comparing amenities and features**
- C. Considering market trends
- D. All of the above

When estimating the value of properties, making adjustments is a crucial part of the appraisal process. This process generally involves comparing the features and amenities of the property being evaluated with those of similar properties that have recently sold or are currently on the market. By focusing on specific characteristics—such as square footage, location, number of bedrooms and bathrooms, and unique features like swimming pools or updated kitchens—an appraiser can determine how much value each of these features adds or detracts from the property's overall worth. Comparing amenities and features allows for a more precise valuation by ensuring that adjustments reflect the true market value based on the properties' similarities and differences. This comparative analysis is essential for ensuring that the valuation is sound and reflects current market conditions accurately. While considering market trends and calculating potential future value are important aspects of the larger real estate valuation process, they do not specifically pertain to the immediate adjustments made during the comparison phase that underlies property value estimation. Thus, focusing on comparing amenities and features is the most directly relevant aspect in this context.

2. An advertisement for an apartment building states it is "adult only." This advertising is:

- A. Illegal and discriminatory against children
- B. Legal if each unit has at least one person over 55 living in it**
- C. Legal per federal law, but may be illegal per state laws
- D. Legal if the adults are married

The advertisement stating that the apartment building is "adult only" can be legal if the property qualifies as housing for older persons under federal law. Specifically, the Fair Housing Act allows for certain housing developments to limit occupancy to individuals above a certain age, provided that at least 80% of the units are occupied by at least one individual who is 55 years of age or older. This provision was created to promote and maintain communities specifically designed for older adults, while also ensuring protections for those communities to offer a certain lifestyle not accommodating children. When a development meets the criteria set forth in the Fair Housing Act, it can legally advertise itself as being for adults only, thus making this option correct. Moreover, while the other responses address various considerations regarding housing discrimination, they don't accurately describe the legal nuances surrounding age-restricted housing. For instance, while some state laws may impose more stringent rules or protections against discrimination, the federal law does provide a clear pathway for adult-only housing when specific conditions, such as having a significant number of residents aged 55 or over, are met. Similarly, statements about married adults or outright discrimination against children do not align with the established legal framework for age-restricted housing under the Fair Housing Act.

3. Which of the following must brokers do when considering the disclosure of material facts?

- A. Only disclose facts that can lead to lawsuits
- B. Disclose only if the buyer asks about specific concerns
- C. Disclose all known material facts, regardless of their impact**
- D. Wait for the buyer to discover facts independently

When brokers consider the disclosure of material facts, they have a duty to disclose all known material facts regardless of their impact on the transaction. Material facts are defined as information that could influence a buyer's decision to purchase a property. This obligation is rooted in the principles of transparency, fairness, and ethical practice in real estate transactions. By disclosing all known material facts, brokers help ensure that buyers can make informed decisions based on a complete understanding of the property's condition, title issues, or any other significant factors. This practice not only protects the interests of the buyer but also helps brokers avoid legal consequences that may arise from nondisclosure. In many jurisdictions, failure to disclose material facts can lead to lawsuits or claims of misrepresentation, resulting in significant liability for the brokers involved. This approach to disclosure emphasizes the importance of ethical conduct in the real estate profession, establishing a standard of trust between brokers and clients. By providing comprehensive information, brokers fulfill their fiduciary duty and contribute to a more equitable marketplace.

4. What type of policy provides coverage for all risks except those specifically excluded?

- A. Named peril policy
- B. Comprehensive policy
- C. All-risk policy**
- D. Liability policy

A comprehensive or all-risk policy offers extensive coverage, providing protection against nearly all types of loss or damage, except for those risks that are explicitly specified as exclusions within the policy document. This means that unless a particular risk is stated as not covered, it is assumed to be included, giving policyholders a broad safety net. In contrast, a named peril policy only covers specific risks that are explicitly listed in the policy. This type of policy requires the policyholder to be aware of these named perils and does not cover any unlisted risks, which could leave gaps in protection. While a liability policy focuses solely on risks associated with legal liabilities, it does not provide coverage for damages to property or other types of loss. Instead, it protects the insured against claims resulting from injuries or damage to other parties. Thus, the correct answer highlights the all-risk approach that encompasses a wide range of potential risks except those that are clearly excluded, which is a key aspect of comprehensive coverage.

5. Which of the following is NOT a common law requirement for a valid listing agreement?

- A. A definite termination date.
- B. Specific performance remedies should one of the parties default.**
- C. A negotiable commission clause.
- D. An expressed written agreement to enforce the commission clause.

A valid listing agreement typically hinges on several common law requirements, which help ensure clarity and enforceability. Among these, a definite termination date is crucial as it establishes the timeframe within which the agreement is valid, providing a structured end point for the contractual obligations of the parties involved. The requirement for a negotiable commission clause allows flexibility in the terms of a commission, making the agreement tailored to the specific needs of buyers and sellers. Additionally, having an expressed written agreement to enforce the commission clause provides tangible proof of acceptance and understanding between the broker and the client, which is significant for legal enforceability. On the other hand, specific performance remedies—while they can be part of a contract—are not universally recognized as a common law requirement for listing agreements. Specific performance is a legal remedy usually invoked in cases where monetary compensation is inadequate, but it is more aligned with general contract law rather than a specific requirement of listing agreements. Thus, the absence of this as a requirement distinguishes it from the others that play a more foundational role in establishing a valid listing agreement.

6. If a lender accepts a deed in lieu of foreclosure, what happens to any junior liens on the property?

- A. The lender must continue with the foreclosure.
- B. Upon receiving the deed, the lender acquires the property free and clear of all liens.
- C. The lender will take title subject to any junior liens.**
- D. The lender needs to obtain a mortgagee's title policy to clear all liens.

When a lender accepts a deed in lieu of foreclosure, the result is that the lender takes ownership of the property from the borrower in exchange for "forgiving" the debt associated with the mortgage. However, this transfer does not eliminate junior liens that may exist on the property. The lender acquires the property subject to any junior liens, which means that these subordinate claims remain attached to the property. For example, if there are second mortgages or judgment liens against the property, these liens will still be enforceable against the property after the deed in lieu of foreclosure is executed. The lender would then have to address these junior liens, which could involve settling those liens or foreclosing on them separately if they choose to protect their own investment fully. This aspect is crucial for both lenders and borrowers to understand. From a lender's perspective, taking a deed in lieu does not eliminate the risks or responsibilities that come with any remaining junior liens; it simply transfers ownership of the property along with those encumbrances. Understanding this process is vital in the context of real estate finance and foreclosure proceedings.

7. Why is it vital for brokers to stay updated on industry trends?

- A. To maintain personal networks with clients
- B. To reduce their own insurance costs
- C. To provide clients with relevant coverage options and advice**
- D. To meet company profit goals

Staying updated on industry trends is crucial for brokers because it directly impacts their ability to serve clients effectively. Knowledge of the latest trends allows brokers to provide relevant coverage options and sound advice tailored to current market conditions. This understanding enables brokers to identify emerging risks, new insurance products, and changes in regulations that may affect their clients. By being well-informed, brokers can make recommendations that align with their clients' evolving needs, thus enhancing client satisfaction and trust. This not only helps in retaining clients but also positions brokers as valuable experts within the industry, fostering stronger relationships and potentially leading to referrals and business growth. While maintaining personal networks, reducing insurance costs, or meeting profit goals may play a role in a broker's business strategy, the primary focus should always be on delivering exceptional service and relevant guidance based on the latest information available.

8. Why is it important for brokers and salespeople to understand title and ownership issues?

- A. To know how commissions are determined and who pays them.
- B. To advise buyers and sellers on legal and other issues in contracts and title work.
- C. To know what requirements are needed for valid documents and who is required to sign the real estate paperwork.**
- D. To determine clear title and how to prepare closing documents.

Understanding title and ownership issues is crucial for brokers and salespeople primarily because they need to know what requirements are necessary for valid documents and who is required to sign the real estate paperwork. This knowledge ensures that transactions are executed properly and in compliance with legal standards. It enables professionals to facilitate smooth closings and to identify any potential complications related to ownership, such as liens or encumbrances on a property. When brokers understand who is required to sign documents, they can effectively guide their clients through the signing process and ensure that all necessary parties are involved, which helps prevent disputes or delays in the transaction. Moreover, this understanding assists in maintaining the integrity of the transaction, as any shortcomings in documentation can lead to legal challenges or issues in the future regarding the ownership of the property. The other options, while related to the broader context of real estate transactions, do not specifically address the foundational need to understand the requirements for valid documents and the essential parties involved in signing those documents. Knowing about commissions, legal advice, or preparing closing documents is important, but it is the clarity on document validity and signatures that is central to preventing legal complications in real estate transactions.

9. How do “deductible” and “copayment” differ in insurance coverage?

- A. A deductible is a fixed amount, while a copayment is a percentage of costs
- B. A deductible applies every time, while copayment is only for certain services
- C. A deductible is paid before coverage applies, while a copayment is for specific services**
- D. A deductible is optional, while copayments are mandatory

The distinction between a deductible and a copayment in insurance coverage is fundamental to understanding how costs are shared between insurers and policyholders. The correct choice highlights that a deductible is an amount that the insured must pay out-of-pocket before the insurance plan starts covering any expenses. This means that once the deductible has been met, the insurance begins to contribute to the costs of covered services. On the other hand, a copayment is a specific fixed amount that the insured pays for particular services at the time of receiving those services. Unlike the deductible, which applies before any insurance coverage kicks in, copayments are regular payments made for certain types of care or services as specified in the insurance policy, such as visits to a doctor or prescriptions. Understanding this difference is key for policyholders to manage their healthcare expenses effectively, as it informs them when and how much they will be responsible for paying out-of-pocket for services received. This knowledge enables them to make informed decisions about their healthcare and financial planning.

10. An owner bought a property for \$190,000 with 20% down. The current loan amount is \$102,000. What is the owner's equity assuming the property appraises at \$185,000?

- A. \$83,000**
- B. \$88,000
- C. \$185,000
- D. \$190,000

To determine the owner's equity in the property, it's essential to understand the definitions of equity and how it is calculated. Owner's equity in real estate is defined as the difference between the current market value of the property and the outstanding mortgage balance. In this scenario, the property is appraised at \$185,000, which reflects its current market value. The outstanding loan balance, which represents the amount still owed to the lender, is \$102,000. To calculate the owner's equity, you subtract the loan amount from the appraised value: Owner's Equity = Current Market Value - Outstanding Loan Balance. Substituting in the provided numbers: Owner's Equity = \$185,000 (appraised value) - \$102,000 (loan amount) Owner's Equity = \$83,000. Thus, the owner's equity in the property is \$83,000. This result highlights how the market value of a property and the amount owed on the loan interact to determine a homeowner's financial stake in their property. The correct answer accurately reflects this calculation.

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://nationalpsibroker.examzify.com>

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

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