

National Real Estate Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

- 1. What is the nature of a license in real estate?**
 - A. An ownership right to property**
 - B. A temporary privilege that is non-assignable**
 - C. A type of lease agreement**
 - D. Automatically renewable agreement**

- 2. What is a real estate investment trust (REIT)?**
 - A. A company that provides bank loans for real estate purchases**
 - B. A trust that manages private homeowner investments**
 - C. A company that owns and operates income-producing real estate**
 - D. A fund that only invests in commercial properties**

- 3. What is meant by market price in real estate?**
 - A. The estimated value determined by a professional appraiser**
 - B. The price a seller initially lists their property for**
 - C. The value assigned by the seller based on comparable sales**
 - D. The price at which the property actually sells**

- 4. Which of the following is a violation of the Sherman Antitrust Act?**
 - A. Offering discounts to bulk buyers**
 - B. Price fixing**
 - C. Providing free appraisals**
 - D. Rental property advertisements**

- 5. What is "joint tenancy" in property ownership?**
 - A. A form of lease agreement for multiple tenants**
 - B. A type of real estate investment partnership**
 - C. A form of property co-ownership where two or more people hold equal shares, with the right of survivorship**
 - D. An ownership model for commercial properties**

- 6. What is a key feature of a lease purchase agreement?**
- A. The tenant must buy the property immediately**
 - B. The tenant can only lease the property for one year**
 - C. The tenant has an option to purchase the property later**
 - D. The landlord can terminate the agreement at any time**
- 7. What typically triggers the requirement for flood insurance?**
- A. Being in an area previously affected by floods**
 - B. Government regulations in flood-prone areas**
 - C. The type of mortgage on the property**
 - D. The age of the property**
- 8. What legal right allows the government to condemn and take property?**
- A. Property Taxation**
 - B. Eminent Domain**
 - C. Involuntary Lien**
 - D. Adverse Possession**
- 9. Which of the following is an example of a specific lien?**
- A. Utility easement**
 - B. Mechanics lien**
 - C. General mortgage**
 - D. Common area maintenance fee**
- 10. What is a master-planned community?**
- A. A small neighborhood with uniform houses**
 - B. A large-scale residential project with a variety of amenities**
 - C. A community focused solely on commercial properties**
 - D. A historical district preserved for heritage**

Answers

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

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Explanations

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1. What is the nature of a license in real estate?

- A. An ownership right to property
- B. A temporary privilege that is non-assignable**
- C. A type of lease agreement
- D. Automatically renewable agreement

In the context of real estate, a license refers to a permit granted by a governing authority that allows an individual to engage in certain activities related to real estate transactions. This is considered a temporary privilege because it is granted for a specific duration and under certain conditions. The nature of a license in real estate is inherently non-assignable, meaning that the privilege cannot be transferred or assigned to another individual without the consent of the governing body that issued the license. This ensures that only the licensed individual is authorized to practice and that adherence to regulations is maintained. The other choices do not accurately reflect the nature of a real estate license. Licenses do not grant ownership rights to property, nor do they represent a type of lease agreement. Additionally, they are not automatically renewable; rather, licenses typically require renewal at specified intervals and may involve meeting continuing education or other requirements to maintain the privilege.

2. What is a real estate investment trust (REIT)?

- A. A company that provides bank loans for real estate purchases
- B. A trust that manages private homeowner investments
- C. A company that owns and operates income-producing real estate**
- D. A fund that only invests in commercial properties

A real estate investment trust (REIT) is correctly defined as a company that owns and operates income-producing real estate. This investment vehicle allows individuals to invest in large-scale, income-generating real estate without having to buy or manage properties directly. A REIT typically invests in a diversified portfolio of real estate assets, such as apartment buildings, shopping centers, office buildings, and hotels, and earns income primarily through leasing space and collecting rents. One of the key characteristics of a REIT is that it must distribute at least 90% of its taxable income to shareholders in the form of dividends, which makes them a popular choice for investors seeking regular income. By providing a way to invest in real estate with relatively low capital requirements, REITs have democratized access to real estate investment for individual investors, allowing them to participate in the market without the complexities of property management. The other options do not accurately capture the nature of a REIT. For instance, while some financial institutions offer loans for real estate purchases, that is not the function of a REIT. Similarly, a trust managing private homeowner investments does not reflect the commercial focus of a REIT, and while REITs can invest in commercial properties, they are not limited to that.

3. What is meant by market price in real estate?

- A. The estimated value determined by a professional appraiser
- B. The price a seller initially lists their property for
- C. The value assigned by the seller based on comparable sales
- D. The price at which the property actually sells**

Market price in real estate refers to the actual price at which a property is sold in the marketplace. This figure represents the culmination of various factors influencing the transaction, including buyer demand, seller willingness, and prevailing market conditions at the time of sale. Essentially, market price is determined through negotiation between buyers and sellers and reflects the most realistic assessment of a property's worth when the property changes hands. Understanding market price is crucial because it is a key indicator of real estate trends and the dynamics of supply and demand. It can fluctuate based on location, market conditions, and the unique aspects of the property itself. In contrast to other valuations, such as appraised value or listed price, market price provides the most accurate reflection of what buyers are actually willing to pay, making it a vital concept for investors, homeowners, and professionals in the real estate field.

4. Which of the following is a violation of the Sherman Antitrust Act?

- A. Offering discounts to bulk buyers
- B. Price fixing**
- C. Providing free appraisals
- D. Rental property advertisements

The Sherman Antitrust Act is a fundamental piece of United States legislation aimed at promoting fair competition for the benefit of consumers. Price fixing falls squarely within the violations outlined by this act. It occurs when businesses agree to set prices at a certain level, rather than allowing the market to dictate prices through competition. This collusion restricts market competition and can lead to consumers paying artificially high prices. Offering discounts to bulk buyers is generally a standard marketing practice and does not inherently violate antitrust laws. Providing free appraisals can be a promotional tool that encourages business and does not involve collusion or anti-competitive behavior. Rental property advertisements are a common marketing strategy in real estate and, unless they involve deceptive practices or collusion, do not violate the Sherman Antitrust Act. Therefore, the act of price fixing is particularly harmful as it undermines fair market competition, making it a clear violation of the Sherman Antitrust Act.

5. What is "joint tenancy" in property ownership?

- A. A form of lease agreement for multiple tenants**
- B. A type of real estate investment partnership**
- C. A form of property co-ownership where two or more people hold equal shares, with the right of survivorship**
- D. An ownership model for commercial properties**

Joint tenancy is a particular arrangement in property co-ownership where two or more individuals own a property together, sharing equal ownership rights. A critical characteristic of joint tenancy is the right of survivorship, which means that if one owner passes away, their share of the property automatically transfers to the surviving owner(s) rather than to the deceased's heirs or beneficiaries. This right of survivorship eliminates the need for probate, offering a seamless transition of ownership. This form of co-ownership distinguishes itself from other arrangements, such as tenants in common, where each owner can hold unequal shares and does not have rights of survivorship. Understanding joint tenancy is essential for comprehending how property law facilitates ownership structures and the implications for estate planning and property transfer upon death.

6. What is a key feature of a lease purchase agreement?

- A. The tenant must buy the property immediately**
- B. The tenant can only lease the property for one year**
- C. The tenant has an option to purchase the property later**
- D. The landlord can terminate the agreement at any time**

A lease purchase agreement includes a key feature where the tenant has the option to purchase the property at a later date. This arrangement allows tenants to lease the property with the understanding that they can buy it within a specified timeframe and often at a predetermined price. This structure benefits both parties: the tenant gets a chance to accumulate the necessary funds or improve their credit score while living in the property, and the landlord has a prospective buyer lined up even while the tenant is leasing. In this context, other options do not accurately represent the typical nature of a lease purchase agreement. For instance, the tenant is not obligated to buy the property immediately; they have the choice to do so later. Additionally, there isn't a strict limitation restricting the lease period to just one year; the terms can vary based on the agreement made between the tenant and landlord. Lastly, a lease purchase agreement typically cannot be terminated by the landlord at will, as both parties usually need to adhere to the terms established in the contract.

7. What typically triggers the requirement for flood insurance?

- A. Being in an area previously affected by floods**
- B. Government regulations in flood-prone areas**
- C. The type of mortgage on the property**
- D. The age of the property**

The requirement for flood insurance is often triggered by government regulations in flood-prone areas. These regulations are typically established by the National Flood Insurance Program (NFIP), which identifies high-risk flood areas known as Special Flood Hazard Areas (SFHAs). Properties located in these designated areas must carry flood insurance if the homeowner is obtaining a mortgage from a federally regulated or insured lender. Government regulations are critical because they aim to mitigate the financial impact of flooding and promote safety in vulnerable regions. These regulations not only protect homeowners but also reduce the financial burden on taxpayers resulting from disaster relief efforts. Factors like past flood occurrences or the property type may suggest a need for insurance, but the formal requirement is predominantly based on regulation and specific geographical designations defined by governmental agencies. Similarly, while the age of the property can provide insight into its susceptibility to flooding or its insurance needs, it does not directly trigger flood insurance requirements as clearly as the presence of government regulations does.

8. What legal right allows the government to condemn and take property?

- A. Property Taxation**
- B. Eminent Domain**
- C. Involuntary Lien**
- D. Adverse Possession**

Eminent domain is the legal right that enables the government to take private property for public use, provided that the property owner is compensated fairly. This power is rooted in the Fifth Amendment of the U.S. Constitution, which states that private property cannot be taken for public use without just compensation. The government must demonstrate that the intended use of the property serves the public interest, such as for building infrastructure, schools, or parks. The other options do not relate to the government's ability to condemn property. Property taxation involves the collection of taxes based on property value but does not involve taking ownership of the property. An involuntary lien is a legal claim against a property due to unpaid debts, but it does not grant the government the right to take the property outright. Adverse possession refers to a process by which someone may claim ownership of land after possessing it for a certain period, but again, it does not involve government action to take property. Therefore, eminent domain is the correct and relevant legal concept.

9. Which of the following is an example of a specific lien?

- A. Utility easement
- B. Mechanics lien**
- C. General mortgage
- D. Common area maintenance fee

A specific lien is a legal claim against a property that is tied to a specific asset or specific property, as opposed to a general lien, which can apply to multiple assets owned by an individual. The mechanics lien serves as a prime example of a specific lien, as it is filed by contractors or suppliers who have provided labor or materials for a particular property. If the property owner fails to pay for the services rendered, the contractor can place a lien on that specific property to recover the owed amount. This type of lien ensures that the contractor has a legal right to claim against that particular property, giving them priority over other creditors in the event of a sale or foreclosure. It directly links the debt to the property on which the work was performed, which is the defining characteristic of a specific lien. In contrast, choices such as the utility easement and the general mortgage do not specifically claim ownership or debt tied to a single property in the same way. Utility easements grant rights of access for utility companies but don't represent a claim for repayment. A general mortgage can apply to the borrower's entire property portfolio rather than a specific asset, making it a general lien. The common area maintenance fee does not relate to a specific lien because it pertains to shared expenses.

10. What is a master-planned community?

- A. A small neighborhood with uniform houses
- B. A large-scale residential project with a variety of amenities**
- C. A community focused solely on commercial properties
- D. A historical district preserved for heritage

A master-planned community is a large-scale residential project intentionally designed to incorporate a mix of housing types, recreational facilities, green spaces, and various amenities such as schools, shopping centers, and parks. This form of development aims to provide a comprehensive living experience, promoting convenience and a strong sense of community. By integrating diverse elements within a single community, residents often have access to numerous resources and social opportunities without needing to travel far. The other options primarily lack the comprehensive planning and variety associated with master-planned communities. While a small neighborhood with uniform houses might offer a specific aesthetic, it does not provide the diverse amenities or planning seen in a master-planned community. Commercial properties focus solely on business activities, which does not encompass the residential and mixed-use features found in master-planned projects. A historical district emphasizes preservation and heritage, which does not align with the broader development strategy of a master-planned community that seeks to balance modern living with various facilities and residential needs.

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://nationalrealestate.examzify.com>

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