

NBREA REAL ESTATE PRACTICE TEST (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 one of the objectives of Administrative Monetary Penalties?**
 - A. To assist in legal proceedings
 - B. To ensure compliance with regulations
 - C. To train new real estate agents
 - D. To increase transaction fees
- 2. What does AHW stand for in the context of home warranties?**
 - A. Atlantic Home Warranty
 - B. American Home Warranty
 - C. Alaska Home Warranty
 - D. Austrian Home Warranty
- 3. What are the 5 C's of Credit?**
 - A. Character, Capacity, Capital, Collateral, Credit history
 - B. Consistency, Clarity, Credibility, Control, Credit value
 - C. Conditions, Capacity, Capital, Character, Currency
 - D. Character, Conditions, Capital, Credit availability, Capacity
- 4. What does the term 'Condition precedent' refer to in real estate contracts?**
 - A. Final approval from a lender
 - B. A requirement that must be met before a contract becomes binding
 - C. Terms agreed upon after negotiation
 - D. Financing options available
- 5. What do Writs of Execution entail?**
 - A. Seizure of property without any judgment
 - B. Money granted through court judgment
 - C. Payment of taxes owed
 - D. Permanent removal of the owner from the property
- 6. What does real estate fiduciary duty involve?**
 - A. The obligation of a real estate agent to act in the best interest of their client
 - B. A requirement for agents to promote property value
 - C. An agreement between agents to share commission
 - D. The responsibility of agents to provide market analysis

7. Which of the following does NOT belong to the category of visible defects?

- A. Improper installation
- B. Installation of low-quality goods
- C. Defects of omission
- D. Inadequate maintenance

8. What is typically included in a lease agreement?

- A. The operating expenses of the property
- B. The condition of the property at rental initiation
- C. The payment structure and terms for property use
- D. The historical significance of the property

9. Which of the following is NOT a regulatory obligation to clients and customers?

- A. Disclose representative capacity
- B. Deliver agreements, offers, and statements
- C. Provide independent legal advice
- D. To account

10. Which of the following is NOT considered a part of a door?

- A. Threshold
- B. Door slab
- C. Hinge cover
- D. Frame

Answers

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

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Explanations

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1. What is one of the objectives of Administrative Monetary Penalties?

- A. To assist in legal proceedings
- B. To ensure compliance with regulations**
- C. To train new real estate agents
- D. To increase transaction fees

One of the key objectives of Administrative Monetary Penalties (AMPs) is to ensure compliance with regulations. AMPs serve as a regulatory tool employed by various administrative bodies to promote adherence to legal and professional standards within industries such as real estate. By imposing financial penalties for non-compliance, regulatory agencies can encourage businesses and individuals to follow established laws and practices. This preventative measure is effective in deterring future violations and fostering a culture of compliance, as the financial repercussions can significantly motivate entities to operate within the regulatory framework. While other options may relate to different aspects of real estate practices, they do not align as directly with the primary goal of AMPs, which is to maintain standards and encourage lawful behavior in the industry.

2. What does AHW stand for in the context of home warranties?

- A. Atlantic Home Warranty**
- B. American Home Warranty
- C. Alaska Home Warranty
- D. Austrian Home Warranty

In the context of home warranties, AHW stands for American Home Warranty. This term typically refers to a type of service contract that covers the repair or replacement of major home systems and appliances that can fail due to normal wear and tear. Understanding what AHW represents is crucial in real estate transactions, particularly when negotiating the sale or purchase of a home. Home warranties can provide peace of mind to both buyers and sellers by protecting against unforeseen expenses related to home repairs. It's important to recognize that the other choices provided do not accurately reflect the commonly accepted term used in the industry. The mention of specific regions or countries in those options does not pertain to the standardized understanding of home warranties across the United States. Therefore, AHW's association with American Home Warranty is relevant for professionals in the field to ensure they are communicating effectively regarding home warranty options.

3. What are the 5 C's of Credit?

- A. Character, Capacity, Capital, Collateral, Credit history**
- B. Consistency, Clarity, Credibility, Control, Credit value
- C. Conditions, Capacity, Capital, Character, Currency
- D. Character, Conditions, Capital, Credit availability, Capacity

The 5 C's of Credit refer to the key factors that lenders evaluate when determining the creditworthiness of a borrower. The correct choice identifies these essential components as Character, Capacity, Capital, Collateral, and Credit history. - **Character** reflects the borrower's reputation and track record in repaying debts, often assessed through credit scores and professional references. - **Capacity** measures the borrower's ability to repay the loan, primarily by evaluating income, employment history, and existing debt levels. - **Capital** refers to the raw financial assets a borrower has, which may indicate a level of investment in the venture or property being financed. - **Collateral** represents any assets that can secure the loan and provide the lender with a safety net in case the borrower defaults. - **Credit history** encapsulates the borrower's past borrowing and repayment behavior, giving lenders a context to judge risk. These elements combine to provide a comprehensive view of an applicant's financial reliability, aiding lenders in making informed decisions. This framework is critical not only in real estate transactions but also in various lending scenarios across different financial services.

4. What does the term 'Condition precedent' refer to in real estate contracts?

- A. Final approval from a lender
- B. A requirement that must be met before a contract becomes binding**
- C. Terms agreed upon after negotiation
- D. Financing options available

The term 'condition precedent' in real estate contracts refers specifically to a requirement that must be fulfilled before the contract becomes legally binding or effective. This means that certain conditions or stipulations, which can vary widely depending on the nature of the contract, must be met for the contractual obligations to kick in. For instance, a common example of a condition precedent in real estate could be obtaining financing, which must be completed prior to the buyer being obligated to purchase the property. In a real estate context, if the condition is not met, the contract may be voided or become unenforceable, protecting parties from obligations unless specific agreed-upon criteria are satisfied. This legal concept helps ensure that all parties can proceed with the transaction only when certain key requirements are in place, mitigating the risk associated with committing to a transaction prematurely. The clarity and structure provided by conditions precedent play a crucial role in real estate dealings, assisting both buyers and sellers in managing their expectations.

5. What do Writs of Execution entail?

- A. Seizure of property without any judgment
- B. Money granted through court judgment**
- C. Payment of taxes owed
- D. Permanent removal of the owner from the property

Writs of Execution are legal orders issued by a court that allow for the enforcement of a judgment, typically concerning the collection of a monetary award. When a court has rendered a judgment in favor of a creditor, and that judgment includes the payment of money, a writ of execution empowers the creditor to take specific actions to recover the awarded amount. This may involve seizing assets or property owned by the debtor to satisfy the judgment. In this context, since the writ specifically relates to a monetary judgment that has been granted by the court, it is directly connected to the collection of those funds. It is important to understand that a writ of execution is used only after a judgment is made, emphasizing the procedural aspect of enforcing a court's decision to grant a creditor the ability to collect what is owed to them. The other options do not accurately represent the nature or purpose of a writ of execution. They either discuss actions that are not associated with the enforcement of court judgments or involve matters unrelated to obtaining payment through a legal process.

6. What does real estate fiduciary duty involve?

- A. The obligation of a real estate agent to act in the best interest of their client
- B. A requirement for agents to promote property value
- C. An agreement between agents to share commission
- D. The responsibility of agents to provide market analysis

Real estate fiduciary duty is fundamentally about the obligation of a real estate agent to act in the best interest of their client. This concept is rooted in trust, where the agent must prioritize the client's needs and interests above their own. It encompasses various responsibilities, including loyalty, confidentiality, full disclosure, and reasonable care. When a real estate agent enters into a fiduciary relationship with their client, they are expected to represent the client's interests zealously. This means providing honest advice, negotiating the best possible terms, and avoiding conflicts of interest. Ultimately, the fiduciary duty is about maintaining the trust placed in the agent by the client, which is crucial for client satisfaction and the integrity of real estate transactions. While promoting property value, sharing commissions, and providing market analyses are aspects of a real estate agent's roles, they do not capture the essence of fiduciary duty. These activities may be part of an agent's service offerings, but they do not inherently reflect the ethical obligation to act primarily in the client's best interest.

7. Which of the following does NOT belong to the category of visible defects?

- A. Improper installation
- B. Installation of low-quality goods
- C. Defects of omission
- D. Inadequate maintenance

The concept of visible defects refers to issues in a property that can be easily observed and identified upon inspection. In this context, defects of omission involve failures to act or include essential elements during construction or renovation that are not always immediately visible. Examples of such omissions could include not installing necessary safety features or leaving out specific materials, which may lead to potential issues down the line but are not visible at first glance. On the other hand, improper installation, installation of low-quality goods, and inadequate maintenance represent observable problems. These issues can typically be seen and assessed during a property inspection. For instance, improper installation might lead to misaligned fixtures that are easily noted, low-quality materials can visibly deteriorate, and signs of inadequate maintenance, such as peeling paint or water stains, are often apparent to an observer. Understanding these distinctions helps in assessing properties and identifying areas that need remediation or might influence a potential buyer's decision. Recognizing visible defects is crucial for maintaining property value and ensuring habitability.

8. What is typically included in a lease agreement?

- A. The operating expenses of the property
- B. The condition of the property at rental initiation
- C. The payment structure and terms for property use**
- D. The historical significance of the property

A lease agreement is a vital legal document that outlines the terms and conditions of the rental arrangement between a landlord and a tenant. Typically, a lease agreement includes a detailed description of the payment structure and terms for property use. This encompasses the amount of rent to be paid, the due date for payments, the length of the lease, and any penalties for late payment. By clearly defining these aspects, the lease ensures that both parties understand their financial obligations and helps to prevent disputes over payment issues. While operating expenses, property condition, and historical significance might be relevant in broader discussions of property management or valuation, they are not standard components of a lease agreement. Instead, the primary focus of a lease is on the specifics of the payment and use terms, making this the correct aspect to highlight for tenants and landlords looking to formalize their rental relationship.

9. Which of the following is NOT a regulatory obligation to clients and customers?

- A. Disclose representative capacity
- B. Deliver agreements, offers, and statements
- C. Provide independent legal advice**
- D. To account

Providing independent legal advice to clients is not a regulatory obligation for real estate professionals. While it is important for clients to have a full understanding of the legal implications of their real estate transactions, the responsibility to provide independent legal advice lies with legal professionals, such as attorneys, rather than real estate agents or brokers. In contrast, disclosing representative capacity is crucial, as clients must understand the nature of the relationship they share with their representative. Delivering agreements, offers, and statements is also mandatory, ensuring that all parties have access to critical documentation relevant to their transactions. Moreover, the obligation to account means that professionals must handle funds and transactions transparently and ethically, providing accurate records and statements regarding financial matters. Thus, while fostering informed clients is essential, the duty to offer independent legal counsel does not fall within the regulatory responsibilities of a real estate professional.

10. Which of the following is NOT considered a part of a door?

- A. Threshold
- B. Door slab
- C. Hinge cover**
- D. Frame

The hinge cover is not considered a part of the door itself. A door is typically comprised of various elements that work together to function as a unit, including the door slab, which is the actual movable part that swings open and closed, the frame, which provides the structure and support for the door, and the threshold, which is the bottom part that bridges the gap between the door and the floor. The hinge cover, on the other hand, serves more of an aesthetic purpose by concealing the hinges and is not integral to the structure or operation of the door. Its primary role is to enhance the appearance of the door and to protect the hinges from dirt and debris, but it does not affect the door's functionality or its primary components. Therefore, it is correctly identified as not being a part of the door in the same way the other components are.

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://nbrearealestate.examzify.com>

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

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