

NBREA REAL ESTATE PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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 classification of condos includes properties that are a mix of residential and business use?**
 - A. Commercial condo property
 - B. Residential condo property
 - C. Mixed-use condos
 - D. Bare-land condominiums
- 2. What does 'eminent domain' allow?**
 - A. The government to seize property without compensation
 - B. The government to take private property for public use
 - C. The government to regulate private property sales
 - D. The government to impose property tax increases
- 3. Under what circumstance does the complaints committee NOT have the authority to investigate?**
 - A. When a complaint is made in written form
 - B. When there is a resolution by the board
 - C. By a request from the minister
 - D. When the complaint is informal or verbal
- 4. What kind of violations does FINTRAC publicly list?**
 - A. Minor violations only
 - B. Any violation
 - C. Serious or very serious violations
 - D. Only financial violations
- 5. Who typically requires a bond under the Real Estate Agents Act?**
 - A. Only real estate firms
 - B. Only real estate managers
 - C. All real estate agents
 - D. Only licensed real estate brokers

- 6. Which term describes a condition in a contract that specifies an action?**
- A. Warrant
 - B. Condition
 - C. Acknowledgment
 - D. Affidavit
- 7. How often must funds in the reserve fund be reviewed?**
- A. Monthly
 - B. Annually
 - C. Every five years
 - D. As needed
- 8. What is a short sale in real estate?**
- A. A sale of a property where the price is higher than the mortgage
 - B. A sale of a property where the proceeds are less than the balance owed on the mortgage
 - C. A sale of a property that involves multiple buyers
 - D. A sale where the buyer pays cash only
- 9. What is categorized as an investment property?**
- A. A property used primarily for personal enjoyment
 - B. Real estate purchased for rental income or capital appreciation rather than personal use
 - C. A property acquired for short-term flip investments
 - D. A residential home intended for resale
- 10. What type of heating system is characterized as 'Central gas-fired forced hot air'?**
- A. Radiant heating
 - B. Electric heating
 - C. Forced air heating
 - D. Geothermal heating

Answers

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

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Explanations

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1. Which classification of condos includes properties that are a mix of residential and business use?

- A. Commercial condo property
- B. Residential condo property
- C. Mixed-use condos**
- D. Bare-land condominiums

Mixed-use condos are designed to accommodate both residential and business functions within the same property. This classification allows for a versatile living space where residents can enjoy amenities that may include shops, restaurants, or office spaces on the lower levels of a building while living in the same structure. The integration of these various uses offers a convenient lifestyle for homeowners and can enhance community interaction. The other classifications do not encompass this dual function. Commercial condo properties are strictly for business operations and do not include residences. Residential condo properties are solely meant for housing, while bare-land condominiums refer to parcels of land where the owners have the right to develop their own residences, typically without any mixed-use component.

2. What does 'eminent domain' allow?

- A. The government to seize property without compensation
- B. The government to take private property for public use**
- C. The government to regulate private property sales
- D. The government to impose property tax increases

Eminent domain is a legal principle that grants the government the authority 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 United States Constitution, which states that private property shall not be taken for public use, without just compensation. The primary purpose of eminent domain is to allow the government to undertake projects that benefit the public, such as building roads, schools, or utilities, which would otherwise be difficult to accomplish if property owners could refuse to sell their land. This concept underscores the balance between the needs of the community and the rights of individuals. The requirement for just compensation ensures that property owners receive a fair market value for their property, thereby protecting their interests while enabling necessary public developments.

3. Under what circumstance does the complaints committee NOT have the authority to investigate?

- A. When a complaint is made in written form
- B. When there is a resolution by the board
- C. By a request from the minister
- D. When the complaint is informal or verbal**

The complaints committee does not have the authority to investigate when the complaint is informal or verbal because such complaints lack the necessary formal documentation that typically initiates an investigation. Formal written complaints provide clear details and specifics that allow the committee to evaluate the validity and severity of the claim. Without a written record, informal or verbal complaints may not meet the protocol for triggering an official investigation, as they can be ambiguous and difficult to substantiate. This ensures that the committee's resources are focused on actionable and clear cases, maintaining a standard for the integrity and effectiveness of the investigative process.

4. What kind of violations does FINTRAC publicly list?

- A. Minor violations only
- B. Any violation
- C. Serious or very serious violations**
- D. Only financial violations

FINTRAC, the Financial Transactions and Reports Analysis Centre of Canada, publicly lists serious or very serious violations. This approach helps promote transparency and compliance within the financial sector. By highlighting these significant breaches, FINTRAC aims to deter misconduct and ensure that businesses adhere to important regulations related to anti-money laundering and terrorist financing. Serious violations typically involve substantial lapses that could have considerable implications for the integrity of the financial system. The emphasis on serious or very serious violations underscores the organization's focus on fostering a secure financial environment and ensuring that stakeholders are aware of significant compliance issues that could affect public trust and safety.

5. Who typically requires a bond under the Real Estate Agents Act?

- A. Only real estate firms
- B. Only real estate managers
- C. All real estate agents**
- D. Only licensed real estate brokers

A bond under the Real Estate Agents Act is typically required for all real estate agents to provide a level of financial security and assurance to clients and the public. This requirement ensures that agents have a form of protection against potential financial misconduct or failure to fulfill obligations. By mandating that all licensed real estate agents maintain a bond, the law aims to promote ethical business practices and protect consumers from potential financial losses that may arise from an agent's actions or negligence. The bonding requirement is intended to uphold industry standards and foster trust among clients and the community. It establishes a financial safeguard, ensuring that there are resources available to cover claims that may arise from misconduct, malpractice, or dishonesty in real estate transactions. This is important not just for individual agents, but for maintaining the integrity and professionalism of the real estate industry as a whole.

6. Which term describes a condition in a contract that specifies an action?

- A. Warrant
- B. Condition**
- C. Acknowledgment
- D. Affidavit

The term that describes a condition in a contract that specifies an action is known as a condition. In the context of contracts, a condition refers to a specific requirement or stipulation that must be fulfilled for the contract to be executed or for obligations under the contract to be enforced. Conditions can be precedent, meaning they must be satisfied before a party is obligated to perform, or subsequent, meaning they must be satisfied after the contract has been executed, impacting the obligations of the parties involved. Understanding conditions within contracts is crucial because they define the circumstances under which a contract is valid and enforceable. For instance, if a property sale contract includes a condition that the buyer must obtain financing by a certain date, the failure to meet that condition could allow the seller to terminate the agreement. The other terms listed do not accurately reflect this concept. A warrant typically involves a guarantee or assurance made about a product or a performance. An acknowledgment is a formal recognition of something, usually a signature or verification of receipt, and an affidavit is a written statement confirmed by oath or affirmation, used primarily as evidence in legal proceedings. These definitions illustrate that they do not capture the essence of a conditional requirement in contractual obligations.

7. How often must funds in the reserve fund be reviewed?

- A. Monthly
- B. Annually**
- C. Every five years
- D. As needed

The review of funds in the reserve fund is mandated to occur annually to ensure that the financial health of the reserve is adequately monitored and maintained. This yearly assessment allows for an evaluation of the adequacy of the funds in relation to future capital expenses, such as repairs, replacements, and improvements needed for the property. By conducting these reviews on an annual basis, property managers and owners can make informed decisions regarding budgeting and expenditures, ensuring that sufficient resources are available to address upcoming needs without risking financial instability. An annual review is also aligned with best practices in property management, providing a structured approach to financial accountability and planning.

8. What is a short sale in real estate?

- A. A sale of a property where the price is higher than the mortgage
- B. A sale of a property where the proceeds are less than the balance owed on the mortgage**
- C. A sale of a property that involves multiple buyers
- D. A sale where the buyer pays cash only

A short sale in real estate occurs when a property is sold for an amount that is less than the outstanding balance of the mortgage on that property. This situation typically arises when a homeowner is facing financial difficulties and can no longer afford their mortgage payments. They seek the lender's approval to sell the home at a lower price, which the lender must agree to, effectively allowing the homeowner to avoid foreclosure while potentially recouping some of the loan amount. In this context, the crucial aspect of a short sale is that it involves negotiating with the lender to accept less than what is owed. This process often requires documentation of the homeowner's financial hardship and an agreement from the lender that they will forgive the remaining balance after the sale if it goes through. Understanding this concept is essential for both buyers and sellers in the real estate market, as it not only affects the sales process but also the financial implications for the seller and potential negotiations involved.

9. What is categorized as an investment property?

- A. A property used primarily for personal enjoyment
- B. Real estate purchased for rental income or capital appreciation rather than personal use**
- C. A property acquired for short-term flip investments
- D. A residential home intended for resale

An investment property is defined as real estate that is acquired primarily for the purpose of generating rental income or appreciating in value over time, rather than for personal enjoyment or use. This distinction is essential in real estate investment, as the goal is typically to generate a return on the investment through leasing it out to tenants or selling it for a profit in the future. The nature of investment properties focuses on financial returns rather than personal utility. This means that whether it's a residential multi-family home rented out to tenants or a commercial building leased to businesses, the primary motive is to build wealth through real estate. Other types of properties, such as those primarily used for personal enjoyment, would not typically fall under this definition, as the intent behind owning such properties is personal pleasure rather than investment return. Short-term flip investments may involve purchasing properties with the intention of quickly reselling them for profit, but the focus is often on immediate resale rather than long-term income generation. Similarly, a residential home intended for resale might be considered a short-term investment rather than an investment property in the traditional sense, as it does not involve generating income through rental. Thus, real estate specifically bought for rental income or capital appreciation is best categorized as an investment property.

10. What type of heating system is characterized as 'Central gas-fired forced hot air'?

- A. Radiant heating
- B. Electric heating
- C. Forced air heating**
- D. Geothermal heating

The term 'central gas-fired forced hot air' specifically refers to a type of heating system that utilizes gas as its fuel source and circulates heated air throughout a building via ductwork. This method involves a furnace that heats the air, which is then distributed through various rooms by a fan or blower. Forced air heating is designed to rapidly warm spaces, making it a popular choice in many residential and commercial properties. The system's ability to incorporate air filters and central cooling systems makes it versatile, allowing for year-round climate control. In contrast, radiant heating involves warming surfaces such as floors or walls directly, electric heating relies on electric resistance to produce heat, and geothermal heating uses the earth's stable underground temperatures for heating and cooling. Each of these systems operates on different principles and mechanisms, which distinguishes them from forced air heating.

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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