

Nevada Key Realty Practice Exam (Sample)

Study Guide



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SAMPLE

Questions

- 1. To manage and conduct leasing activities for multiple owners, which of the following is not required?**
 - A. Real estate license**
 - B. Knowledge of property management**
 - C. Experience with leasing**
 - D. Ability to negotiate leases**
- 2. What is the minimum age to obtain a real estate license in Nevada?**
 - A. 16 years old**
 - B. 18 years old**
 - C. 20 years old**
 - D. 21 years old**
- 3. What is the primary intent behind real estate disclosure laws?**
 - A. To ensure buyers are informed about the property's known issues**
 - B. To increase property taxes on higher-value homes**
 - C. To speed up the sale process for agents**
 - D. To encourage more investment in rental properties**
- 4. When can a real property deed be considered void?**
 - A. If it lacks a legal description**
 - B. If the grantor is deceased**
 - C. If it does not record in the county**
 - D. If it was executed under duress**
- 5. The addition of multiplex units to a single-family home generally affects what aspect?**
 - A. Value through increased density**
 - B. Structural integrity**
 - C. Marketability**
 - D. Maintenance costs**

- 6. What is the primary function of title insurance?**
- A. To protect property owners and lenders against loss from disputes over property ownership**
 - B. To cover property taxes during the buying process**
 - C. To ensure repairs are made before the sale**
 - D. To provide financial backing for real estate purchases**
- 7. Which term describes a legal document that formally ends a contract?**
- A. Revocation notice**
 - B. Termination agreement**
 - C. Cancellation clause**
 - D. Release form**
- 8. What does the term "escrow" refer to in real estate?**
- A. A type of property financing**
 - B. A third-party service holding funds and documents until all conditions are met**
 - C. A type of real estate contract**
 - D. A clause in a mortgage agreement**
- 9. What requirement must be met for a property to be classified as "zoned residential"?**
- A. It must have at least three bedrooms**
 - B. It must be designated for living purposes by local zoning laws**
 - C. It must include a garage**
 - D. It must be located in a suburban area**
- 10. Which type of organization funds loans with their own capital and typically sells them on the secondary market?**
- A. Credit unions**
 - B. Mortgage bankers**
 - C. Investment banks**
 - D. Retail banks**

Answers

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- 1. A**
- 2. B**
- 3. A**
- 4. D**
- 5. A**
- 6. A**
- 7. D**
- 8. B**
- 9. B**
- 10. B**

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Explanations

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1. To manage and conduct leasing activities for multiple owners, which of the following is not required?

- A. Real estate license**
- B. Knowledge of property management**
- C. Experience with leasing**
- D. Ability to negotiate leases**

In the context of managing and conducting leasing activities for multiple owners, obtaining a real estate license is not necessarily required in all situations, particularly if the activities fall under property management roles where licensure may not always be mandated. For instance, individuals or companies can engage in various actions related to property management, such as finding tenants and managing leases, without having a formal real estate license, particularly if they work directly for property owners or under the supervision of a licensed broker. On the other hand, knowledge of property management, experience with leasing, and the ability to negotiate leases are critical competencies needed in this field. Understanding property management involves grasping tenant laws, property maintenance, financial management, and operational efficiencies. Experience with leasing is crucial as it ensures familiarity with market trends, tenant interactions, and the leasing process itself. Lastly, the ability to negotiate leases effectively is essential to maximize the interests of the property owners, ensuring terms are favorable and sustainable for their investment strategies. These skills collectively contribute to proficient property management, which emphasizes why they are fundamental for those involved in leasing activities.

2. What is the minimum age to obtain a real estate license in Nevada?

- A. 16 years old**
- B. 18 years old**
- C. 20 years old**
- D. 21 years old**

In Nevada, the minimum age to obtain a real estate license is 18 years old. This requirement ensures that individuals have reached an adult age where they can enter into contracts and are deemed capable of understanding the responsibilities that come with being a licensed real estate agent. Reaching 18 signifies a legal age of maturity in many jurisdictions, which is essential for a profession that involves significant financial and legal transactions. This age requirement aligns with the broader standards in the real estate industry across various states, reflecting the expectation that licensees can fully comprehend and manage their professional duties independently.

3. What is the primary intent behind real estate disclosure laws?

- A. To ensure buyers are informed about the property's known issues**
- B. To increase property taxes on higher-value homes**
- C. To speed up the sale process for agents**
- D. To encourage more investment in rental properties**

The primary intent behind real estate disclosure laws is to ensure that buyers are informed about a property's known issues. These laws require sellers to provide detailed information about the condition of the property, including any defects or liabilities that may affect its value or the safety of its occupants. By mandating that sellers disclose this information, the laws aim to create transparency in real estate transactions, which helps buyers make informed decisions and reduces the risk of future disputes over undisclosed problems. Ultimately, this practice protects consumers and promotes fairness in the market by holding sellers accountable for providing accurate information about their properties.

4. When can a real property deed be considered void?

- A. If it lacks a legal description**
- B. If the grantor is deceased**
- C. If it does not record in the county**
- D. If it was executed under duress**

A real property deed can be considered void if it was executed under duress because the essence of a valid deed requires that it be executed voluntarily and with the clear intent of the grantor. When duress is present, it indicates that the grantor did not freely agree to the transfer of property rights, which is fundamental to the validity of any legal document, including a deed. In situations where a deed is executed under duress, the agreement or transfer cannot be upheld as the will of the grantor is not genuinely reflected in the deed. Essentially, the lack of free will undermines the integrity of the deed, rendering it void, as the law does not recognize agreements made under coercion. Other factors mentioned in the question, such as a lack of legal description or the grantor being deceased, may affect the validity and enforceability of the deed but typically do not nullify it completely. Recording in the county is also important for establishing priority and public notice but does not affect the deed's validity in terms of ownership transfer.

5. The addition of multiplex units to a single-family home generally affects what aspect?

A. Value through increased density

B. Structural integrity

C. Marketability

D. Maintenance costs

The addition of multiplex units to a single-family home primarily affects the value through increased density. When multiplex units, such as duplexes or triplexes, are added, they increase the number of living spaces on the property. This increased density can lead to a higher overall property value, as it provides more rental income potential or can accommodate more residents. Moreover, properties with greater density often appeal to investors or buyers looking for income-generating opportunities, which can elevate market prices in areas where such developments are desirable. The ability to house multiple families or create additional rental opportunities enhances the economic viability of the property, making it an attractive investment. While multiplex additions might have implications for structural integrity, marketability, and maintenance costs, these factors are often secondary to the immediate perceived value increase due to density. In real estate, enhancing density is a significant way to maximize the utility and profitability of a property, thus directly impacting its value.

6. What is the primary function of title insurance?

A. To protect property owners and lenders against loss from disputes over property ownership

B. To cover property taxes during the buying process

C. To ensure repairs are made before the sale

D. To provide financial backing for real estate purchases

The primary function of title insurance is to protect property owners and lenders against financial loss due to defects in the title or disputes over property ownership. This means that if a problem arises, such as a claim from a previous owner or an undisclosed lien on the property, the title insurance will cover the legal costs and any losses up to the amount of the policy. Title insurance works by conducting a thorough examination of public records related to the property to identify any issues that could affect ownership rights. Problems can arise from various sources, including errors in public records, unknown heirs, or fraudulent deeds. By having title insurance in place, property owners and lenders gain peace of mind knowing they are financially protected against these potential risks. In contrast to the other options, which address different aspects of the real estate process, the focus of title insurance remains squarely on the assurance of clear ownership and the safeguarding of rights against claims that could challenge that ownership. This distinction highlights why the protection against disputes over property ownership is central to the role of title insurance in real estate transactions.

7. Which term describes a legal document that formally ends a contract?

- A. Revocation notice**
- B. Termination agreement**
- C. Cancellation clause**
- D. Release form**

The term "Release form" refers to a legal document that formally ends a contract by releasing one or more parties from their obligations under that contract. This document is significant in contract law as it delineates the intent to free the involved parties from any further responsibilities and claims associated with the contract. A release form serves to protect all parties involved, ensuring that they cannot be held liable for any future claims regarding the contract once it is formally terminated. Typically, such a form will require the signature of all parties to validate the termination of their agreement, thus clearly communicating the cessation of contractual obligations. In comparison, a revocation notice generally indicates a withdrawal of an offer rather than the complete termination of an existing contract. A termination agreement usually encompasses the terms under which a contract is ended but does not specifically denote the release of obligations as clearly as a release form does. A cancellation clause is a stipulation within a contract that allows for certain conditions under which the contract may be canceled, but it does not act as a standalone document to terminate the contract itself. Overall, the release form is the most precise term for a legal document that concludes a contract and liberates the parties involved from their contractual duties.

8. What does the term "escrow" refer to in real estate?

- A. A type of property financing**
- B. A third-party service holding funds and documents until all conditions are met**
- C. A type of real estate contract**
- D. A clause in a mortgage agreement**

In real estate, "escrow" refers specifically to a third-party service that holds funds and documents until all conditions of a transaction are fulfilled. This process ensures that both parties in a real estate deal fulfill their obligations before the transfer of property ownership occurs. For instance, when a buyer and seller enter into an agreement, they may agree to place the purchase money into escrow, along with relevant documents like the title deed. The escrow agent then manages these assets safely, releasing them only when all contractual conditions—such as inspections, repairs, and financing—are satisfied. This practice adds a layer of security and trust to the transaction, as it helps prevent either party from being at risk of losing their funds or documents before the agreement is fully executed. The role of the escrow agent is critical, as they ensure that the transaction is executed according to the agreed-upon terms, providing a neutral party that facilitates the process.

9. What requirement must be met for a property to be classified as "zoned residential"?

- A. It must have at least three bedrooms**
- B. It must be designated for living purposes by local zoning laws**
- C. It must include a garage**
- D. It must be located in a suburban area**

For a property to be classified as "zoned residential," it must be designated for living purposes by local zoning laws. Zoning laws are regulations established by local government that dictate how properties in a specific area can be used. These laws categorize land into different zones such as residential, commercial, industrial, and agricultural. The designation as residential means that the property can be used primarily for housing. Local governments establish these classifications based on planning needs, population density, and community development goals. Therefore, a property meeting the criteria of being zoned residential must align with the local zoning ordinances that permit it to be utilized as a dwelling place, irrespective of other features like the number of bedrooms, presence of a garage, or its geographic location.

10. Which type of organization funds loans with their own capital and typically sells them on the secondary market?

- A. Credit unions**
- B. Mortgage bankers**
- C. Investment banks**
- D. Retail banks**

Mortgage bankers are entities that specialize in originating, funding, and sometimes servicing mortgages. They use their own capital to fund these loans initially. After funding the loans, mortgage bankers frequently sell them on the secondary market, which is a marketplace where existing loans and mortgages can be bought and sold, typically to investors. This process allows mortgage bankers to recoup their capital and continue to fund additional loans, thus facilitating a continuous flow of mortgage finance. In terms of the other options, credit unions primarily serve their members by providing loans but are not typically focused on selling loans in the secondary market in the same manner as mortgage bankers. Investment banks do participate in the mortgage market but primarily in a capacity of underwriting and packaging loans, rather than funding them directly. Retail banks, while they do fund loans and may sell them, often have different business models that may include holding onto a larger portion of the loans rather than actively participating in the secondary market to the same extent as mortgage bankers.