

NEVADA KEY REALTY PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED 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. 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 does LTV stand for in real estate financing?**
 - A. Loan Transaction Value
 - B. Loan-to-Value
 - C. Loan Type Variable
 - D. Lease-to-Vehicle
- 2. What is typically true regarding a listing commission?**
 - A. It must be a fixed amount
 - B. It can only be paid to the listing broker
 - C. It is mutually agreed upon by client and broker
 - D. It cannot be a percentage of the selling price
- 3. What is considered personal property in the context of real estate?**
 - A. Land
 - B. Emblements
 - C. Buildings
 - D. Easements
- 4. What does a non-conforming use allow a person to do?**
 - A. Use property inconsistent with local zoning
 - B. Expand a residential property
 - C. Build structures exceeding height limits
 - D. Conduct business in a residential zone
- 5. What happens if a licensee does not fulfill the requirements set by NREDA?**
 - A. The license may be revoked
 - B. The license may be renewed automatically
 - C. The license will remain active indefinitely
 - D. The license will be officially suspended
- 6. What is the role of a title company in a real estate transaction?**
 - A. To process mortgage applications
 - B. To verify ownership and issue title insurance
 - C. To manage rental agreements
 - D. To conduct property inspections

- 7. In real estate terms, what is an encroachment?**
- A. Legal use of another's property
 - B. Building on property boundaries
 - C. Unauthorized use of someone else's land
 - D. Creating a joint accessway
- 8. What does the term "remainder interest" signify in property law?**
- A. Right to lease after death
 - B. Automatic transfer to heirs
 - C. Life tenancy rights
 - D. Distribution of assets after sale
- 9. Which of the following describes "title insurance"?**
- A. Insurance that protects the buyer from property damage
 - B. Insurance that protects against losses related to the title of a property
 - C. Insurance required for all real estate transactions
 - D. Insurance that covers the real estate agent against commission loss
- 10. What characterizes a "short sale" in real estate transactions?**
- A. A sale of a property for the exact amount owed on the mortgage
 - B. A sale of a property for more than the market value
 - C. A sale of a property for less than the amount owed on the mortgage
 - D. A sale involving only cash payments

Answers

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

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Explanations

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1. What does LTV stand for in real estate financing?

- A. Loan Transaction Value
- B. Loan-to-Value**
- C. Loan Type Variable
- D. Lease-to-Vehicle

In real estate financing, LTV stands for Loan-to-Value. This term is crucial as it represents the ratio of a loan compared to the value of the property being financed. It is calculated by dividing the loan amount by the appraised value of the property or the purchase price, whichever is lower. LTV is a key factor that lenders consider when assessing the risk of a mortgage. A lower LTV ratio often indicates to lenders that the borrower has a larger equity stake in the property, which can lower the risk of default. Conversely, a higher LTV may signal higher risk, and lenders might impose stricter terms, such as higher interest rates or require additional mortgage insurance. This concept is fundamental in real estate transactions and financing, as it directly impacts the terms and approval of financing options available to borrowers. Understanding LTV helps both borrowers and real estate professionals navigate loan options and assess financial positions when dealing with property transactions.

2. What is typically true regarding a listing commission?

- A. It must be a fixed amount
- B. It can only be paid to the listing broker
- C. It is mutually agreed upon by client and broker**
- D. It cannot be a percentage of the selling price

The typical understanding of a listing commission in real estate is that it is mutually agreed upon by the client and the broker. This negotiation is fundamental to the broker-client relationship, as it reflects the services the broker will provide and the value of those services. The client and broker will generally discuss and agree on the commission rate before listing the property, ensuring both parties are aware of the terms. Agreements on listing commissions can vary significantly based on various factors, such as the local real estate market, the specific services offered by the broker, and the property itself. Consequently, a flexible approach to negotiating this fee allows for a customized agreement that can cater to the specific circumstances involved. Other options may suggest characteristics of a listing commission that do not align with common practices. For instance, stating that it must be a fixed amount overlooks the common practice of negotiating rates; representing that it can only be paid to the listing broker challenges the reality of commission splitting in co-brokerage situations; and asserting that it cannot be a percentage of the selling price contradicts how commissions are often structured in practice. Thus, the understanding that a listing commission is mutually agreed upon best reflects the reality of real estate transactions.

3. What is considered personal property in the context of real estate?

- A. Land
- B. Emblements**
- C. Buildings
- D. Easements

In real estate, personal property refers to items that are not permanently attached to the land or the structures on it. Emblements, which are also known as "annual crops," represent a type of personal property because they are not considered part of the land in a permanent sense. These are crops that a farmer has planted and cultivated, and they are typically harvested each year. Since emblements can be removed from the land after harvesting, they are classified as personal property, distinguishing them from fixtures or land improvements, which are considered real property. In contrast, land is classified as real property because it is a physical component of real estate and cannot be removed. Buildings, similarly, are considered permanent structures and are thus classified as real property. Easements, which grant a right to use someone else's land for a specific purpose, also fall under the category of real property interests, as they involve a right tied to the land itself rather than a movable item. Therefore, emblements stand out as personal property due to their removable nature and the temporary ownership involved in their cultivation.

4. What does a non-conforming use allow a person to do?

- A. Use property inconsistent with local zoning**
- B. Expand a residential property
- C. Build structures exceeding height limits
- D. Conduct business in a residential zone

A non-conforming use permits a property owner to utilize their property in a manner that deviates from the current local zoning laws. This typically occurs when a property's existing use was lawful before the local zoning regulations were enacted or modified but no longer conforms to the new zoning standards. For instance, if a person owned a piece of land that was previously used as a store but the area has since been rezoned for residential use, they may be allowed to continue operating the store under a non-conforming use designation. This concept is important because it provides a level of flexibility for property owners whose rights may be affected by changing local regulations. It helps to prevent the immediate disruption that could occur by forcing changes in use right away. In contrast, the other options relate to specific types of development or uses that typically require compliance with zoning laws rather than allowing for a deviation from them.

5. What happens if a licensee does not fulfill the requirements set by NREDA?

- A. The license may be revoked
- B. The license may be renewed automatically
- C. The license will remain active indefinitely
- D. The license will be officially suspended**

When a licensee does not fulfill the requirements set by the Nevada Real Estate Division (NREDA), the appropriate consequence is that the license may be officially suspended. A suspension means that the licensee is temporarily barred from practicing real estate until they comply with the requirements, which may include aspects like continuing education or adhering to regulations. This action is a critical enforcement mechanism designed to ensure that all practicing licensees meet the necessary standards, thereby protecting the integrity of the real estate profession as well as the interests of consumers. The suspension allows the individual a chance to rectify their non-compliance without permanently losing their license, differentiating it from revocation, which is a more severe action leading to the complete loss of the license. Renewal of a license occurs automatically under normal circumstances when all requirements are met, and a license remaining active indefinitely does not apply in situations where compliance is lacking. Thus, a suspension acts as a corrective measure rather than a permanent penalty.

6. What is the role of a title company in a real estate transaction?

- A. To process mortgage applications
- B. To verify ownership and issue title insurance**
- C. To manage rental agreements
- D. To conduct property inspections

In a real estate transaction, the title company plays a crucial role in ensuring that the title to the property is clear of any liens or other encumbrances. Their primary responsibilities include verifying ownership of the property by conducting a thorough title search, which examines public records to confirm the legal ownership and identifies any claims or issues with the title. This verification process is essential to guarantee that the seller has the right to sell the property and that the buyer will receive a clear title upon purchase. Additionally, the title company issues title insurance, which protects the buyer and lender from any future claims against the title that could emerge after the transaction is completed. This insurance provides peace of mind, knowing that if any issues arise relating to the property's title, such as undiscovered liens or claims, the policy will cover legal fees and losses up to the insurance amount. In contrast, other options, such as processing mortgage applications, managing rental agreements, and conducting property inspections, do not align with the core functions of a title company. These tasks fall under the purview of lenders, property managers, or home inspectors, respectively. Thus, the title company's role is distinctly centered around title verification and insurance, making that option the correct answer.

7. In real estate terms, what is an encroachment?

- A. Legal use of another's property
- B. Building on property boundaries
- C. Unauthorized use of someone else's land**
- D. Creating a joint accessway

An encroachment refers specifically to the unauthorized use of someone else's property. This typically occurs when a structure, such as a fence, building, or driveway, extends beyond the property lines and enters onto a neighboring parcel of land without permission. The key aspect of encroachment is that it is done without consent, which can lead to legal disputes between property owners. Understanding encroachment is crucial in real estate as it can have implications for property rights, boundary disputes, and land use. Property owners may need to address an encroachment by negotiating with the encroaching party or seeking legal recourse to protect their property rights.

8. What does the term "remainder interest" signify in property law?

- A. Right to lease after death
- B. Automatic transfer to heirs**
- C. Life tenancy rights
- D. Distribution of assets after sale

The term "remainder interest" in property law specifically refers to an interest in property that becomes effective after the termination of a prior interest, most commonly a life estate. In this context, it signifies a future interest that a person holds in real property that will take effect upon the death of the life tenant or the termination of their interest. When a property owner grants a life estate to one person, they may designate another individual to receive the property once the life estate ends. This second individual's future interest is the remainder interest. It is a key concept in understanding how property can be transferred upon death and how ownership can be structured across different parties. In summary, the remainder interest ensures that the property will automatically transfer to the specified heirs or beneficiaries after the initial interest holder (the life tenant) has passed away or the term of their interest has ended. This is why it is aligned with the notion of automatic transfer to heirs, making the selected answer accurate.

9. Which of the following describes "title insurance"?

- A. Insurance that protects the buyer from property damage
- B. Insurance that protects against losses related to the title of a property**
- C. Insurance required for all real estate transactions
- D. Insurance that covers the real estate agent against commission loss

Title insurance is specifically designed to protect against losses related to the title of a property. This insurance provides coverage in case there are issues with the title after the purchase, such as claims by past owners, issues with liens, or other legal challenges that may arise regarding ownership rights. It serves as a safeguard for buyers and lenders by ensuring that they have clear ownership of the property and can confidently proceed with their transaction, knowing that they are covered against certain risks that may not have been disclosed or discovered during the title search process. Title insurance is unique compared to other types of insurance in that it is a one-time premium paid upon closing, rather than ongoing payments like homeowner's insurance. The other options focus on different types of insurance or convey misconceptions about the requirements for title insurance in real estate transactions. For instance, protection against property damage pertains more to home insurance rather than title insurance, and while title insurance is common in real estate transactions, it is not always mandatory in every situation. Additionally, there is no insurance that covers a real estate agent against commission loss in the same way that title insurance protects property interests.

10. What characterizes a "short sale" in real estate transactions?

- A. A sale of a property for the exact amount owed on the mortgage
- B. A sale of a property for more than the market value
- C. A sale of a property for less than the amount owed on the mortgage
- D. A sale involving only cash payments

A short sale in real estate occurs when a property is sold for less than the amount owed on the mortgage. This situation typically arises when the homeowner is experiencing financial hardship and can no longer afford their mortgage payments. In a short sale, the lender agrees to accept a reduced payoff amount, which allows the seller to avoid foreclosure while still selling the property. The central concept behind a short sale is that it benefits both the homeowner and the lender; the homeowner can avoid the more damaging consequences of foreclosure, and the lender can recover a portion of the loan amount rather than taking a total loss through the foreclosure process. The process often involves negotiations between all parties, including the seller, buyer, and lender, to agree on the sale price and conditions. The other options present scenarios that do not align with the definition of a short sale. Selling a property for the exact amount owed on the mortgage would not qualify as a short sale, nor would selling for more than the market value, which could indicate a different set of circumstances or market conditions. Likewise, limiting the sale to cash payments does not pertain specifically to the concept of a short sale, as financing options may still be available. Understanding these distinctions is crucial for navigating real estate transactions effectively.

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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:

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

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