

Nevada 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. Which action would NOT cause the termination of an offer?**
 - A. request by the offeree for more time for acceptance**
 - B. revocation by the offeror**
 - C. acceptance contingent upon change in price**
 - D. death of the offeror**

- 2. A valid deed does NOT require a:**
 - A. signature of the grantee**
 - B. statement of consideration**
 - C. legal description of the property**
 - D. grantor with legal capacity**

- 3. What type of agency relationship is created when a licensee provides limited representation?**
 - A. Full agency**
 - B. Dual agency**
 - C. General agency**
 - D. Limited agency**

- 4. Duress applied to a party to a contract makes the agreement:**
 - A. unilateral**
 - B. void**
 - C. voidable**
 - D. illegal**

- 5. What feature is characteristic of a graduated payment mortgage?**
 - A. Negative amortization in early years**
 - B. Lower interest rate in early years**
 - C. Constant principal payment but variations in interest**
 - D. An interest rate related to a sliding index**

- 6. A commercial property was purchased for \$185,000 and has been depreciated to a \$61,000 book value. When the property was sold for \$163,000, there is a:**
- A. \$22,000 taxable loss**
 - B. \$102,000 taxable gain**
 - C. \$39,000 taxable gain**
 - D. \$124,000 taxable gain**
- 7. If you are traveling from section 6 to section 36 in a township, which direction are you heading?**
- A. Northeast**
 - B. Southwest**
 - C. Northwest**
 - D. Southeast**
- 8. What is a real estate settlement statement?**
- A. A detailed document provided at closing**
 - B. A summary of the property's market value**
 - C. A legal agreement between buyer and seller**
 - D. A report on the property's inspection results**
- 9. A broker employs hostesses to show model homes. What is true regarding the hostesses and licensing?**
- A. Do not need a license because they are employed by a licensed broker**
 - B. Do not need a license because they do not negotiate contract terms**
 - C. Must be licensed**
 - D. Do not need a license if they do not accept deposits**
- 10. What is the significance of mortgage-backed securities in real estate finance?**
- A. They lower interest rates for borrowers.**
 - B. They create a market for mortgage loans.**
 - C. They restrict the number of mortgages available.**
 - D. They eliminate the risks associated with homeownership.**

Answers

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

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Explanations

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1. Which action would NOT cause the termination of an offer?

A. request by the offeree for more time for acceptance

B. revocation by the offeror

C. acceptance contingent upon change in price

D. death of the offeror

When considering which action would not lead to the termination of an offer, requesting more time for acceptance by the offeree is significant. This request does not inherently alter or negate the original offer but rather indicates the offeree's desire to evaluate the offer before making a final decision. The offeree is essentially seeking to keep the offer open for a specified period, which does not terminate the original terms. In a typical contractual scenario, offers can be revoked by the offeror at any time before acceptance, meaning that such revocation would terminate the offer. A counter-offer, such as an acceptance that is contingent upon a change in price, would also effectively terminate the original offer since it proposes a new set of terms. Furthermore, the death of the offeror would terminate the offer automatically, as the offer is personal to the parties involved. Thus, the action of requesting more time doesn't actually end the negotiation process but instead allows for continued consideration of the offer at hand.

2. A valid deed does NOT require a:

A. signature of the grantee

B. statement of consideration

C. legal description of the property

D. grantor with legal capacity

In the context of real estate transactions, a valid deed must possess certain essential elements to be legally recognized. One of these elements is the signature of the grantor, who is the person transferring the property. However, the signature of the grantee—the person receiving the property—is not required for the deed to be valid. This means that while a deed must be executed and signed by the grantor to show their intent to convey the property, it does not require the grantee's signature to be legally enforceable. The absence of the grantee's signature does not invalidate the deed as long as all other required elements are present, including necessary details such as a legal description of the property and confirmation that the grantor has legal capacity to transfer the property. The statement of consideration refers to the value exchanged for the property, which, while customary, is not strictly required for a deed to be valid. Similarly, a complete legal description of the property is crucial to clearly identify which property is being conveyed. Furthermore, the grantor must possess legal capacity, meaning they must be of legal age and sound mind to enter into a contract. Thus, having the grantee's signature is the only option that does not interfere with the deed's validity.

3. What type of agency relationship is created when a licensee provides limited representation?

- A. Full agency**
- B. Dual agency**
- C. General agency**
- D. Limited agency**

Limited agency describes a relationship where the licensee provides a specific and restricted level of representation to a client. This type of agency means that the agent is authorized to perform only certain acts on behalf of the principal, rather than representing them in all aspects of the transaction. In real estate, this can involve offering advice or assistance on particular elements of the sale or purchase of a property, while not having the authority to make broad decisions that would require a full agency relationship. By limiting the scope of representation, the agent can focus on specific tasks without assuming full responsibility for the client's interests across the entire transaction. This concept is particularly important in real estate practice, as it allows for flexibility in how agents work with clients, ensuring that a client retains control over their decisions while still receiving professional assistance in targeted areas.

4. Duress applied to a party to a contract makes the agreement:

- A. unilateral**
- B. void**
- C. voidable**
- D. illegal**

When duress is applied to a party to a contract, the agreement is considered voidable. This means that the party who was subjected to duress has the legal right to affirm or rescind the contract. Duress typically involves threats, coercion, or undue influence that impacts a person's ability to make a free and informed decision. In a situation where a contract is formed under duress, the law recognizes that the affected party did not genuinely give their consent, which is a fundamental requirement for a valid contract. Therefore, while the contract remains operative and enforceable until the affected party chooses to void it, they have the option to terminate it due to the circumstances that led to their agreement. Other options do not apply in this scenario. For instance, a unilateral contract involves only one party making a promise, which is not the situation here. A void contract is one that is treated as null from the beginning and cannot be enforced, typically due to illegality or lack of capacity, which is distinct from contracts made under duress. An illegal contract is one that involves activities prohibited by law, which does not directly relate to the concept of duress affecting the validity of consent. Thus, understanding the nature of duress allows one to correctly identify

5. What feature is characteristic of a graduated payment mortgage?

- A. Negative amortization in early years**
- B. Lower interest rate in early years**
- C. Constant principal payment but variations in interest**
- D. An interest rate related to a sliding index**

A graduated payment mortgage is designed to accommodate borrowers whose income is expected to increase over time. One of its defining characteristics is that it often starts with lower payments that will gradually increase over the term of the loan. In the early years, these lower payments may not cover the full amount of interest accruing on the loan, leading to negative amortization. This means the total amount owed can actually increase, as the unpaid interest is added to the principal balance. This feature is beneficial for those who anticipate higher earnings ahead and prefer to manage their cash flow in the initial years without immediately committing to higher fixed payments. The other options do not accurately describe the nature of graduated payment mortgages. For instance, a lower interest rate in the early years is not a defining feature; it focuses more on payment structure than on interest rates themselves. Additionally, constant principal payments with variations in interest don't align with graduated payment structures, where payments are not constant. Finally, the idea of an interest rate related to a sliding index doesn't fit into the graduated payment framework, which is primarily concerned with payment levels rather than interest rate indexing.

6. A commercial property was purchased for \$185,000 and has been depreciated to a \$61,000 book value. When the property was sold for \$163,000, there is a:

- A. \$22,000 taxable loss**
- B. \$102,000 taxable gain**
- C. \$39,000 taxable gain**
- D. \$124,000 taxable gain**

The taxable gain from the sale of the commercial property is calculated by taking the difference between the selling price and the adjusted basis (which is the original purchase price minus depreciation). In this case, the property was purchased for \$185,000 and depreciated to a book value of \$61,000. When the property is sold for \$163,000, the first step is to determine the adjusted basis, which is the book value after depreciation. The adjusted basis is \$61,000. Next, we calculate the taxable gain by subtracting the adjusted basis from the selling price: Selling Price: \$163,000 Adjusted Basis: \$61,000 Taxable Gain = Selling Price - Adjusted Basis Taxable Gain = \$163,000 - \$61,000 Taxable Gain = \$102,000 Thus, the correct answer reflects a taxable gain of \$102,000. This demonstrates how the financial outcome of the transaction is influenced by both the purchase price and accumulated depreciation, culminating in the final taxable amount recognized on the sale. Understanding this process is crucial for accurately reporting property transactions in real estate.

7. If you are traveling from section 6 to section 36 in a township, which direction are you heading?

- A. Northeast**
- B. Southwest**
- C. Northwest**
- D. Southeast**

In the context of the Public Land Survey System (PLSS), townships are divided into 36 sections, usually arranged in a 6 by 6 grid. The sections are numbered starting from the northeast corner and proceed in a familiar snaking pattern, moving west to east in the first row (1-6), then east to west in the second row (7-12), and continuing this pattern until reaching section 36 in the southwest corner of the township. When considering the movement from section 6 to section 36, section 6 is located in the northeast part of the township, while section 36 is located in the far southwest corner. Traveling from the northeast (where section 6 is) to the southwest (where section 36 is) clearly indicates a southeast direction. Thus, the correct answer accurately reflects the positional movement through the sections, emphasizing the understanding of section orientation and direction within a township.

8. What is a real estate settlement statement?

- A. A detailed document provided at closing**
- B. A summary of the property's market value**
- C. A legal agreement between buyer and seller**
- D. A report on the property's inspection results**

A real estate settlement statement is indeed a detailed document provided at closing. This document outlines all financial transactions associated with the sale of a property. It includes information such as the purchase price, buyer and seller credits, loan details, and the distribution of funds. This comprehensive account ensures that both parties are aware of all fees and payments involved in the transaction, which helps to facilitate a smooth closing process. The other options do not accurately describe a settlement statement. For instance, a summary of the property's market value focuses on the property's worth rather than the specifics of financial transactions. A legal agreement between buyer and seller pertains more to the contract that secures the terms of the sale, while a report on the property's inspection results deals with the condition of the property rather than financial dealings. Each of these alternatives serves different purposes in the real estate transaction process but does not specifically define what a settlement statement is.

9. A broker employs hostesses to show model homes. What is true regarding the hostesses and licensing?

- A. Do not need a license because they are employed by a licensed broker**
- B. Do not need a license because they do not negotiate contract terms**
- C. Must be licensed**
- D. Do not need a license if they do not accept deposits**

In Nevada, the regulation of real estate activities is designed to ensure that individuals who provide services related to real estate transactions are properly qualified and licensed. Hostesses employed to show model homes are engaging in activities that are closely associated with real estate practices, such as interacting with potential buyers, presenting information about the property, and facilitating sales discussions. Having a license is required for anyone who performs activities that require a license under Nevada law, including representing or assisting a buyer or seller in real estate transactions. Simply being employed by a licensed broker or not negotiating contract terms does not exempt one from the licensing requirement. The fact that hostesses may provide information or guidance about the properties they show, even without directly negotiating contracts, still falls under the purview of real estate activities. Therefore, the necessity for hostesses to be licensed underlines the importance of having qualified individuals representing properties and in contact with potential clients, reflecting the regulatory standards of the state. This ensures transparency, professionalism, and protection for consumers engaging in real estate transactions.

10. What is the significance of mortgage-backed securities in real estate finance?

- A. They lower interest rates for borrowers.**
- B. They create a market for mortgage loans.**
- C. They restrict the number of mortgages available.**
- D. They eliminate the risks associated with homeownership.**

The significance of mortgage-backed securities in real estate finance primarily lies in their ability to create a market for mortgage loans. When mortgages are pooled together and sold as securities to investors, they transform individual home loans into a financial asset that can be traded. This process provides liquidity to the mortgage market, enabling lenders to free up capital and offer more loans to borrowers. As a result, it encourages lending by allowing banks and financial institutions to manage risk and enhance their ability to issue further mortgages. This market creation effect leads to increased availability of mortgage products for consumers, which can ultimately lower the cost of borrowing and stimulate home buying. Because these securities are attractive to investors seeking fixed-income returns, they enable a steady flow of capital back into the mortgage market, fostering a cycle of lending that supports real estate transactions and homeownership overall.

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://nevadarealestate.examzify.com>

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