

# New Hampshire State Real Estate Practice Exam (Sample)

## Study Guide



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**SAMPLE**

## **Questions**

- 1. What does 'assessed value' refer to?**
  - A. The market value of a property**
  - B. The value set by tax assessors for taxation purposes**
  - C. The selling price of the property**
  - D. The estimated repair cost before sales**
- 2. The NH Real Estate Commission may investigate a licensee based on which of the following grounds?**
  - A. Random selection of licensees**
  - B. Written complaint from a disgruntled customer**
  - C. Initiative of the commission**
  - D. Motion from commission members**
- 3. How can a property be appraised?**
  - A. By using comparable sales only**
  - B. By using income approaches, cost approaches, or comparable sales**
  - C. By market trends only**
  - D. By the amount of the mortgage**
- 4. In a newspaper ad for a property, what implication does stating that the seller is motivated to negotiate have?**
  - A. This kind of advertising is considered puffing**
  - B. This is a customary practice intended to make the phone ring**
  - C. This implies the seller is willing to accept less than the asking price**
  - D. This is a strategy to increase the final sale price**
- 5. What is the maximum amount of security deposit a landlord can charge in New Hampshire?**
  - A. Two months' rent**
  - B. One month's rent**
  - C. Three months' rent**
  - D. Four weeks' rent**

- 6. How are property taxes assessed in New Hampshire?**
- A. Based on the owner's income level**
  - B. Based on the property's assessed value by local municipalities**
  - C. Based on property size alone**
  - D. Based on the year the property was purchased**
- 7. What does the term lease refer to in real estate?**
- A. A temporary sale of the property**
  - B. A contractual agreement for property use in exchange for payment**
  - C. A legal process to transfer property rights**
  - D. A form of title insurance**
- 8. What is considered a "broker" in New Hampshire real estate?**
- A. An individual who sells homes**
  - B. An individual licensed to conduct real estate transactions on behalf of others**
  - C. An individual who manages rental properties**
  - D. An individual who appraises property values**
- 9. What defines a "tenant at sufferance"?**
- A. A tenant who pays rent late**
  - B. A tenant who remains in a property after the lease has expired without landlord consent**
  - C. A tenant who is on a month-to-month lease**
  - D. A tenant who legally sublets the property**
- 10. What term describes the process of transferring property ownership?**
- A. Lease**
  - B. Mortgage**
  - C. Conveyance**
  - D. Tenancy**

## **Answers**

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

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## **Explanations**

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**1. What does 'assessed value' refer to?**

- A. The market value of a property
- B. The value set by tax assessors for taxation purposes**
- C. The selling price of the property
- D. The estimated repair cost before sales

'Assessed value' specifically refers to the value determined by tax assessors for the purpose of taxation. This value is used to calculate property taxes owed by the property owner. It is typically based on various factors such as property size, location, and comparable sales in the area, but it does not necessarily reflect the current market value or the price at which the property might sell. Tax assessors use a standardized method to evaluate properties within their jurisdiction to ensure that property taxes are fairly allocated. The assessed value is important for both the government in collecting taxes and for property owners in understanding their tax obligations. This concept distinguishes it from other values like market value, which is driven by current real estate market conditions, or selling price, which represents the actual transaction amount when the property changes hands. In summary, the assessed value is a critical figure in taxation and local government revenue determination.

**2. The NH Real Estate Commission may investigate a licensee based on which of the following grounds?**

- A. Random selection of licensees
- B. Written complaint from a disgruntled customer**
- C. Initiative of the commission
- D. Motion from commission members

The New Hampshire Real Estate Commission has the authority to investigate a licensee when it receives a written complaint from a disgruntled customer. This mechanism serves as a critical part of the regulatory framework for real estate practices. When a consumer voice concerns or dissatisfaction regarding a licensee's behavior or practices, it prompts an official inquiry. This process is essential for maintaining the integrity of the real estate profession and ensuring that licensees adhere to established laws and ethical standards. Complaints typically describe specific incidents or issues that suggest possible violations of real estate regulations, providing the Commission with a basis to initiate an investigation. This allows the Commission to address potential misconduct, protect public interests, and uphold the standards expected of real estate professionals in New Hampshire. Other scenarios such as random selection of licensees, initiative of the commission, or motion from commission members, while they might seem plausible means for initiating an investigation, do not typically constitute valid grounds for the Commission to act without a specific complaint or allegation directly related to a licensee's conduct. The framework prioritizes consumer complaints to ensure that investigations are grounded in real issues faced by actual individuals utilizing real estate services.

### 3. How can a property be appraised?

- A. By using comparable sales only
- B. By using income approaches, cost approaches, or comparable sales**
- C. By market trends only
- D. By the amount of the mortgage

A property can be appraised using a combination of methods that provide a comprehensive evaluation of its value. The correct answer utilizes three established approaches: the income approach, the cost approach, and the comparable sales approach. The income approach is particularly relevant for investment properties, where the appraised value is based on the income the property generates. This method considers factors like potential rental income, operating expenses, and capitalization rates to estimate the property's value based on its earning potential. The cost approach involves determining how much it would cost to replace the property with a similar one, accounting for depreciation. This is useful for newer properties or unique structures where comparable sales data may be limited. The comparable sales approach, also known as the market data approach, assesses the value based on recent sales of similar properties in the area. This method takes into account various factors, including location, square footage, and amenities, to draw comparisons that help establish a fair market value. By integrating these three approaches, appraisers can provide a well-rounded and accurate assessment of a property's value, rather than relying on a single method that might not capture the full picture. This multifaceted approach leads to more reliable appraisals, which is critical in real estate transactions.

### 4. In a newspaper ad for a property, what implication does stating that the seller is motivated to negotiate have?

- A. This kind of advertising is considered puffing
- B. This is a customary practice intended to make the phone ring
- C. This implies the seller is willing to accept less than the asking price**
- D. This is a strategy to increase the final sale price

Stating that the seller is motivated to negotiate implies that the seller is open to offers and likely willing to accept less than the asking price. This phrasing suggests a level of urgency or a desire to expedite the sale, which may lead potential buyers to believe they can negotiate a better deal. In real estate, such language often indicates that the seller is flexible and ready to entertain lower offers, making it a strategic move to attract more interested buyers. The context of this statement creates an atmosphere where buyers may feel encouraged to engage in negotiations, as they might perceive an opportunity to secure a property below its listed price. This approach can effectively draw interest from those who might otherwise be hesitant to contact the seller. Puffing, which involves exaggerated claims that are not intended to be taken literally, does not align with this implication, as the statement about the seller's motivation conveys a realistic expectation rather than an inflated one. The idea that this practice is meant simply to generate calls is somewhat accurate, but it does not encompass the essence of the specific implication regarding negotiating willingness. Additionally, suggesting that this strategy is designed to increase the final sale price overlooks the realities of negotiation and buyer psychology; the primary implication is indeed that the seller is willing to consider lower offers.

**5. What is the maximum amount of security deposit a landlord can charge in New Hampshire?**

- A. Two months' rent**
- B. One month's rent**
- C. Three months' rent**
- D. Four weeks' rent**

In New Hampshire, the maximum amount that a landlord can charge for a security deposit is one month's rent. This regulation is designed to protect tenants from excessive upfront costs when renting a home or apartment. By limiting the security deposit to one month's rent, the state aims to ensure that tenants are not overburdened financially. This regulation encourages fair leasing practices and helps to maintain a balance between the rights of landlords and tenant protections within the rental market. Understanding this limit is crucial for both landlords and tenants, as it establishes clear expectations regarding the financial obligations involved at the beginning of a tenancy. It is also important for potential tenants to be aware of this rule so they can avoid situations where they might be asked to pay more than what is legally permissible.

**6. How are property taxes assessed in New Hampshire?**

- A. Based on the owner's income level**
- B. Based on the property's assessed value by local municipalities**
- C. Based on property size alone**
- D. Based on the year the property was purchased**

Property taxes in New Hampshire are assessed based on the property's assessed value, which is determined by local municipalities. This process involves evaluating the property's characteristics, including its size, condition, location, and any improvements made. Each municipality has assessors who gather data and conduct assessments regularly to ensure that the property values reflect current market trends and conditions. This method allows for a fair taxation system where property owners are taxed based on the value of their property rather than arbitrary measures such as income or purchase price. This ensures that longstanding residents and new buyers alike contribute to the costs of local services, such as schools and infrastructure, in proportion to the value of their real estate holdings.

## 7. What does the term lease refer to in real estate?

- A. A temporary sale of the property
- B. A contractual agreement for property use in exchange for payment**
- C. A legal process to transfer property rights
- D. A form of title insurance

In real estate, the term "lease" specifically refers to a contractual agreement that allows one party, the lessee, to use and occupy property owned by another party, the lessor, in exchange for payment, typically in the form of rent. This agreement outlines the terms and conditions under which the property can be used, including duration, payment amounts, responsibilities for maintenance, and other important stipulations. The essence of a lease is its nature as a binding contract that delineates the rights and obligations of both the landlord and tenant. It grants the tenant the right to possess and use the property for a specified period, while ensuring the landlord retains ownership and certain rights over the property. This arrangement is fundamental in real estate transactions as it allows for the use of property without the transfer of ownership. The other options do not accurately encapsulate the definition of a lease within the context of real estate. A temporary sale of property implies a transfer of ownership, which is not characteristic of a lease. A legal process to transfer property rights would refer to conveyance rather than leasing. Lastly, a form of title insurance provides protection against losses from defects in title, which is unrelated to the usage agreement represented by a lease. Thus, option B captures the key elements

## 8. What is considered a "broker" in New Hampshire real estate?

- A. An individual who sells homes
- B. An individual licensed to conduct real estate transactions on behalf of others**
- C. An individual who manages rental properties
- D. An individual who appraises property values

In New Hampshire real estate, a broker is defined as an individual who is licensed to conduct real estate transactions on behalf of others. This encompasses a wide range of responsibilities, including representing buyers and sellers in real estate dealings, managing contracts, and ensuring that transactions comply with state laws and regulations. The broker acts as an intermediary, taking on the fiduciary responsibility for their clients, which emphasizes the trust and professional conduct required in the role. While selling homes is a part of a broker's duties, not all individuals who sell homes are brokers; they may be real estate agents who operate under a broker's license. Similarly, managing rental properties and appraising property values are specialized tasks that may be performed by individuals with different licenses or qualifications, but these do not encompass the full scope or legal definition of what a broker is in the realm of real estate. Therefore, being licensed to conduct transactions on behalf of clients is the defining characteristic of a broker in New Hampshire.

## 9. What defines a "tenant at sufferance"?

- A. A tenant who pays rent late
- B. A tenant who remains in a property after the lease has expired without landlord consent**
- C. A tenant who is on a month-to-month lease
- D. A tenant who legally sublets the property

A "tenant at sufferance" is defined as a tenant who remains in a property after the lease has expired and does so without the landlord's consent. This situation arises when the tenant continues to occupy the rental property beyond the term of their lease, without entering into a new lease agreement or obtaining permission from the landlord to stay. In this context, the landlord has not provided permission for the tenant to remain, which makes the situation one of potential legal conflict. Unlike a holdover tenant, who might have an agreement with the landlord to extend their stay, a tenant at sufferance is essentially occupying the property illegally and is at risk of eviction. Other options presented do not accurately define a tenant at sufferance. For instance, a tenant who pays rent late does not meet this definition, as their tenancy is still valid until formally terminated. Similarly, a tenant on a month-to-month lease operates under a continuing tenancy that can be terminated by either party, and a tenant who legally sublets the property is acting within the terms of their original lease agreement, typically with the landlord's consent. Thus, the correct definition clearly aligns with the situation where a tenant remains without permission after their lease agreement has ended.

## 10. What term describes the process of transferring property ownership?

- A. Lease
- B. Mortgage
- C. Conveyance**
- D. Tenancy

The term that describes the process of transferring property ownership is conveyance. This term specifically refers to the legal act of transferring the title or ownership of real estate from one party to another, which is accomplished through various legal instruments, such as deeds. During the conveyance process, important documents may be prepared and signed to formally acknowledge the transfer of ownership rights. The other choices represent different concepts in real estate. A lease refers to an agreement between a landlord and a tenant where the tenant is granted the right to use the property for a specified time in exchange for rent, but it does not transfer ownership. A mortgage involves a loan specifically used to purchase real estate, where the property serves as collateral, but it does not pertain to the act of transferring ownership itself. Lastly, tenancy describes the nature of the relationship between a tenant and a landlord, specifically regarding the occupation of the property, and it does not involve the transfer of ownership. Thus, conveyance is the only term that directly identifies the process of transferring property ownership.