

# New York Real Estate Institute (NYREI) 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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**SAMPLE**

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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. What is the total tax deduction John can take for the year based on his home expenses?**
  - A. \$8,520**
  - B. \$9,520**
  - C. \$7,300**
  - D. \$6,800**
- 2. What effect does a property lien have?**
  - A. It increases the property's value**
  - B. It allows the lender to take legal action against the property**
  - C. It funds property repairs**
  - D. It simplifies the sale process**
- 3. What does a contingency clause in a real estate contract do?**
  - A. Reduces the price of the property based on inspections**
  - B. Makes the contract conditional on certain events**
  - C. Specifies the closing date of the transaction**
  - D. Limits the seller's ability to make changes to the property**
- 4. The report of an address change to DOS is an example of what obligation for brokers?**
  - A. Disclosure requirement**
  - B. Record keeping obligation**
  - C. Licensing requirement**
  - D. Advertising obligation**
- 5. What is the purpose of an escrow account in a real estate transaction?**
  - A. To manage the agent's fees**
  - B. To hold funds on behalf of the buyer and seller**
  - C. To finance the purchase of a property**
  - D. To provide insurance coverage**



- 6. From an investment perspective, what is often the best strategy according to the theory of progression?**
- A. Buy the most expensive house on the block**
  - B. Buy the cheapest house on the block**
  - C. Invest in a newly developed neighborhood**
  - D. Purchase a rental property**
- 7. Which entity is responsible for enforcing real estate laws in New York?**
- A. New York Department of Finance**
  - B. New York Real Estate Board**
  - C. New York State Department of State**
  - D. New York Association of Realtors**
- 8. What type of agency relationship is created when a buyer agrees to work exclusively with one broker?**
- A. Dual agency**
  - B. A seller's agency relationship**
  - C. A buyer's agency relationship**
  - D. A general agency relationship**
- 9. Which of the following is an example of a natural attachment to real property?**
- A. Landscaping**
  - B. Swimming pool**
  - C. Fenced yard**
  - D. Patio furniture**
- 10. Who is considered a tenant in real estate terms?**
- A. A person who actively buys property**
  - B. A legal owner of the property**
  - C. An individual or entity renting property**
  - D. A financial institution that provides mortgage loans**

## **Answers**

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

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## **Explanations**

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**1. What is the total tax deduction John can take for the year based on his home expenses?**

- A. \$8,520**
- B. \$9,520**
- C. \$7,300**
- D. \$6,800**

To determine the total tax deduction that John can take for the year based on his home expenses, we need to consider the components that contribute to the deduction. Typical home expenses may include mortgage interest, property taxes, and potentially other deductible expenses related to maintaining a home. In many cases, mortgage interest is a significant portion of what homeowners can deduct from their taxes. Property taxes also often contribute heavily to the overall tax deduction amount. If John has some combination of these expenses that totals \$9,520, this figure could represent his total tax deduction. It's important to note that tax rules can change, meaning specifics may vary based on various factors such as John's filing status, income level, the type of mortgage, and the cap on state and local tax deductions (SALT). However, based on the information given, where option B represents the total sum of deductions from these common home-related expenses, it stands as the correct choice for John's scenario.

**2. What effect does a property lien have?**

- A. It increases the property's value**
- B. It allows the lender to take legal action against the property**
- C. It funds property repairs**
- D. It simplifies the sale process**

A property lien serves as a legal claim or encumbrance against a property, typically placed by a lender or a creditor to secure an obligation, such as a loan. When a lien is established, it gives the lienholder certain rights concerning the property, including the right to take legal action. This means that if the property owner fails to meet their obligations, the lienholder may initiate foreclosure proceedings or take other measures to recover the owed amount. In this context, the ability to take legal action is a fundamental aspect of what a lien represents. It provides the lienholder with a means of ensuring repayment and protecting their financial interest in the property. This legal backing is essential, as it underscores the serious nature of a lien—enhancing the position of the creditor in case of default. Other options, while seemingly related to various aspects of property ownership or transaction processes, do not accurately reflect the primary effect of a lien. For example, liens do not inherently increase a property's value or simplify the sale process. Instead, they can complicate sales since potential buyers may be wary of properties encumbered by liens. Similarly, while a lien could indirectly affect funding for repairs in some cases, it does not directly fund such projects—it primarily relates to the

**3. What does a contingency clause in a real estate contract do?**

- A. Reduces the price of the property based on inspections**
- B. Makes the contract conditional on certain events**
- C. Specifies the closing date of the transaction**
- D. Limits the seller's ability to make changes to the property**

A contingency clause in a real estate contract establishes specific conditions that must be met for the contract to remain valid. This means that the agreement is dependent on certain events occurring, which protects both the buyer and the seller. For instance, common contingencies may include a buyer securing financing, satisfactory home inspections, or the sale of the buyer's existing home. If these conditions are not met within a specified timeframe, the buyer typically has the right to back out of the contract without penalty. This conditional structure allows both parties to ensure that critical elements of the transaction are addressed before finalizing the sale, thereby providing a safeguard against unforeseen circumstances affecting the deal.

**4. The report of an address change to DOS is an example of what obligation for brokers?**

- A. Disclosure requirement**
- B. Record keeping obligation**
- C. Licensing requirement**
- D. Advertising obligation**

The correct answer focuses on the requirement for brokers to maintain their licenses in good standing with the Department of State (DOS) by keeping their information current, which includes reporting any change of address. This obligation is a fundamental aspect of licensing requirements. Brokers are required to provide accurate and up-to-date information to the licensing authority to ensure that all communication and records are properly managed. Licensing requirements are critical in ensuring that real estate professionals are operating under the correct legal identity and can be reached by regulatory bodies for any matters concerning their practice. This includes any changes in contact information, which are essential for ongoing compliance and accountability within the real estate industry. On the other hand, disclosure requirements involve informing clients and customers about specific conditions or facts that may influence their decisions. Record-keeping obligations pertain to the maintenance of transaction records and documentation relevant to real estate dealings, while advertising obligations relate to how brokers present their services to the public. While these are all important aspects of a broker's responsibilities, the act of reporting an address change specifically aligns with maintaining the validity of a broker's license, thus categorizing it under licensing requirements.

**5. What is the purpose of an escrow account in a real estate transaction?**

- A. To manage the agent's fees**
- B. To hold funds on behalf of the buyer and seller**
- C. To finance the purchase of a property**
- D. To provide insurance coverage**

The purpose of an escrow account in a real estate transaction is primarily to hold funds on behalf of both the buyer and the seller until certain conditions of the agreement are met. This secure holding of money ensures that neither party is at a disadvantage during the process. For example, the buyer can safely deposit their earnest money into the escrow account, which signals their commitment to the transaction, while the seller can be assured that these funds are available and will only be released when the agreed-upon terms are fulfilled. This mechanism protects both parties from potential fraud or misunderstandings, as the escrow agent acts as a neutral third party. Funds in the escrow can include earnest money, down payments, and closing costs, making it a critical component in ensuring a smooth and secure real estate transaction. The importance of this account is highlighted by the role it plays in facilitating trust and fairness in the overall process.

**6. From an investment perspective, what is often the best strategy according to the theory of progression?**

- A. Buy the most expensive house on the block**
- B. Buy the cheapest house on the block**
- C. Invest in a newly developed neighborhood**
- D. Purchase a rental property**

According to the theory of progression, purchasing the cheapest house on the block is often seen as the best investment strategy. This theory posits that properties are influenced by the overall value of surrounding homes. When someone buys the least expensive home, they benefit from the potential appreciation in value as the surrounding properties increase in worth. This can be due to various factors, such as improvements in the neighborhood, rising demand, or general economic growth in the area. Investing in the least expensive property positions an investor to capitalize on the "pull-up" effect created by the higher-valued neighbors. As those properties appreciate, the least expensive home can also rise in value, potentially yielding significant returns when the property is sold or refinanced. This method stands in contrast to strategies such as investing in the most expensive house on the block, which may not enjoy the same level of value appreciation if the surrounding properties do not offer similar market strength. Additionally, while investing in newly developed neighborhoods can also offer potential benefits, it comes with risks, such as uncertainty regarding future development and market demand. Purchasing a rental property may lead to immediate income, but it does not guarantee the same level of appreciation related to the theory of progression comparing it to the cheapest house scenario.

**7. Which entity is responsible for enforcing real estate laws in New York?**

- A. New York Department of Finance**
- B. New York Real Estate Board**
- C. New York State Department of State**
- D. New York Association of Realtors**

The entity responsible for enforcing real estate laws in New York is the New York State Department of State. This department plays a vital role in maintaining oversight of various professional licensing boards, including those related to real estate. It enforces compliance with the state's real estate laws and regulations, ensuring that real estate professionals adhere to legal and ethical standards. The Department of State also handles the licensing of real estate brokers and salespersons, oversees real estate schools, and implements policies that govern real estate transactions. This oversight is crucial for protecting consumers and maintaining an orderly marketplace. Other entities listed, such as the New York Department of Finance, serve different functions related to tax and financial oversight, while the New York Real Estate Board and the New York Association of Realtors focus more on advocacy, professional development, and industry standards rather than enforcement of laws. Thus, the Department of State is the key authority in this context.

**8. What type of agency relationship is created when a buyer agrees to work exclusively with one broker?**

- A. Dual agency**
- B. A seller's agency relationship**
- C. A buyer's agency relationship**
- D. A general agency relationship**

When a buyer agrees to work exclusively with one broker, a buyer's agency relationship is established. This type of agency means that the broker represents the interests of the buyer in real estate transactions. In this relationship, the agent advocates for the buyer, providing them with market insights, search assistance, and negotiation expertise in order to achieve the best possible outcome. This arrangement benefits the buyer by ensuring that they receive dedicated support tailored to their needs, and it also creates a fiduciary responsibility for the broker, meaning they must act in the buyer's best interest. The exclusivity of the relationship typically means that the buyer cannot work with other brokers for the properties being sought, solidifying the broker's role as the primary representative for the buyer. The other types of agency relationships listed, such as dual agency, seller's agency, and general agency, do not reflect an exclusive working agreement focused on a buyer's interests. Dual agency involves a situation where one broker represents both the buyer and the seller, creating potential conflicts of interest. A seller's agency focuses solely on the interests of the seller, while a general agency relationship is a broader category that can involve various types of activities beyond real estate transactions.



**9. Which of the following is an example of a natural attachment to real property?**

- A. Landscaping**
- B. Swimming pool**
- C. Fenced yard**
- D. Patio furniture**

Natural attachments refer to elements that are naturally occurring and permanently affixed to the land, such as trees, plants, and other vegetation. Landscaping includes trees, shrubs, and flower beds that have been cultivated and grown on the property. Since these elements are rooted in the ground and part of the natural ecosystem of the land, they qualify as natural attachments. On the other hand, items such as a swimming pool, fenced yard, or patio furniture are considered man-made improvements or fixtures. While they contribute to the property's usability and aesthetic value, they do not fit the definition of a natural attachment, as they typically involve human intervention and construction. Thus, landscaping is the only option that aligns with the concept of natural attachment to real property.

**10. Who is considered a tenant in real estate terms?**

- A. A person who actively buys property**
- B. A legal owner of the property**
- C. An individual or entity renting property**
- D. A financial institution that provides mortgage loans**

In real estate terminology, a tenant is defined as an individual or entity that rents property from a landlord. This relationship is formalized through a lease or rental agreement, where the tenant pays rent for the right to occupy, use, or otherwise benefit from the property for a specified period of time. The essence of this definition lies in the lease agreement that establishes the rights and responsibilities of both the tenant and the landlord. Tenants do not own the property; rather, they hold the right to use it as per the terms outlined in their lease. This distinction is crucial because it highlights that tenants are often subject to specific rules and limitations dictated by the property's owner, emphasizing a temporary possession rather than ownership. In contrast, other options describe different roles in real estate. Buyers are engaged in the process of purchasing property, legal owners hold the title to the property, and financial institutions facilitate real estate transactions by providing mortgage loans, none of which align with the definition of a tenant.

## 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://realestatenyrei.examzify.com>**

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