

# New York Real Estate Institute (NYREI) Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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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

- 1. Which law mandates that real estate agents disclose lead-based paint?**
  - A. The Fair Housing Act**
  - B. The Residential Lead-Based Paint Hazard Reduction Act**
  - C. The Americans with Disabilities Act**
  - D. The Real Estate Settlement Procedures Act**
- 2. What is meant by "clean title" in real estate transactions?**
  - A. A title with multiple pending liens**
  - B. A title free of any liens, claims, or defects**
  - C. A title that requires further investigation**
  - D. A title that includes seller financing details**
- 3. What does the term "equity" in real estate refer to?**
  - A. The market value of a property alone**
  - B. The total amount of mortgage or liens on a property**
  - C. The difference between the market value of a property and the amount owed on any mortgage or liens**
  - D. The profit made from selling a property**
- 4. What is defined as a closing statement in real estate?**
  - A. A document that outlines the buyer's financial capabilities**
  - B. A document detailing financial aspects of a transaction**
  - C. A proposed list of future maintenance expenses**
  - D. A marketing brochure for the property**
- 5. In a real estate contract, what does "good faith" imply?**
  - A. Negotiation tactics are acceptable**
  - B. All parties will deal fairly and honestly**
  - C. Contracts can be modified without consent**
  - D. Payments can be made after the closing**

- 6. What is the purpose of a Multiple Listing Service (MLS)?**
- A. To provide financing for buying homes**
  - B. To allow real estate professionals to share property information**
  - C. To manage property listings for property management companies**
  - D. To conduct property inspections**
- 7. What role does effective gross income play in an investment strategy?**
- A. It determines tax obligations**
  - B. It helps assess the property's profitability**
  - C. It is used to predict future sales**
  - D. It is the same as net income**
- 8. How are property taxes determined?**
- A. Based on the property's assessed value**
  - B. Set by state regulations only**
  - C. Calculated as a percentage of the sale price**
  - D. Independent of local government policies**
- 9. What type of mortgage would a developer typically use for his development?**
- A. Conventional mortgage**
  - B. Fixed-rate mortgage**
  - C. Blanket mortgage**
  - D. Construction loan**
- 10. What percentage of a property's assessed value is \$150,000 if it is assessed at 35%?**
- A. 25%**
  - B. 35%**
  - C. 45%**
  - D. 55%**



## **Answers**

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

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## **Explanations**

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**1. Which law mandates that real estate agents disclose lead-based paint?**

**A. The Fair Housing Act**

**B. The Residential Lead-Based Paint Hazard Reduction Act**

**C. The Americans with Disabilities Act**

**D. The Real Estate Settlement Procedures Act**

The Residential Lead-Based Paint Hazard Reduction Act is the law that requires real estate agents to disclose the presence of lead-based paint in properties built prior to 1978. This act was established to protect the health and safety of residents, particularly young children and pregnant women, who are most susceptible to the harmful effects of lead exposure. Under this legislation, sellers and landlords must provide prospective buyers and tenants with information about lead-based paint hazards, including a pamphlet highlighting the risks and safe practices. The requirement for this disclosure helps ensure that potential occupants are aware of any risks associated with lead paint in older homes, which can have significant health implications.

**2. What is meant by "clean title" in real estate transactions?**

**A. A title with multiple pending liens**

**B. A title free of any liens, claims, or defects**

**C. A title that requires further investigation**

**D. A title that includes seller financing details**

A "clean title" in real estate transactions refers to a title that is free of any liens, claims, or defects. This means that the ownership of the property is clear and unencumbered, allowing the buyer to take possession without the risk of any legal disputes, debts, or defects affecting their ownership. Having a clean title is crucial in real estate as it ensures that the buyer is not assuming any unknown liabilities or issues associated with the property, which could complicate or jeopardize their ownership rights in the future. In real estate practices, ensuring a clean title is a fundamental step that typically involves a title search to verify the ownership history and confirm that there are no outstanding legal issues tied to the property. This concept plays a vital role in building trust in transactions, as buyers seek assurance that they are making a sound investment free from any hidden complications.

**3. What does the term "equity" in real estate refer to?**

**A. The market value of a property alone**

**B. The total amount of mortgage or liens on a property**

**C. The difference between the market value of a property and the amount owed on any mortgage or liens**

**D. The profit made from selling a property**

In real estate, "equity" refers to the difference between the market value of a property and the total amount owed on any mortgages or liens against that property. This concept is crucial as it represents the owner's financial interest in the property. For instance, if a property has a market value of \$300,000 and the total outstanding mortgage and liens amount to \$200,000, the equity in the property would be \$100,000. This equity can increase over time as the market value rises or as the owner pays down the mortgage, allowing homeowners to leverage that value for loans or other financial opportunities. Understanding equity is fundamental for both homeowners and investors, as it impacts decisions about selling, refinancing, or using the property as collateral.

#### 4. What is defined as a closing statement in real estate?

- A. A document that outlines the buyer's financial capabilities
- B. A document detailing financial aspects of a transaction**
- C. A proposed list of future maintenance expenses
- D. A marketing brochure for the property

A closing statement in real estate is specifically defined as a document detailing the financial aspects of a transaction. This document is critical as it summarizes all costs related to the sale of the property, including the purchase price, closing costs, and any other financial elements that affect the final settlement between the buyer and the seller. The significance of the closing statement lies in its ability to provide transparency and clarity regarding the financial obligations of both parties involved in the transaction. This document is often referred to as the HUD-1 Settlement Statement or the Closing Disclosure, depending on whether the transaction is residential or commercial and when it occurred. Understanding the financial breakdown presented in the closing statement is essential for both buyers and sellers, ensuring they are fully aware of the funds being exchanged and any additional fees or credits that might apply. This helps prevent misunderstandings and disputes during a closing, making it a pivotal component of the real estate transaction process.

#### 5. In a real estate contract, what does "good faith" imply?

- A. Negotiation tactics are acceptable
- B. All parties will deal fairly and honestly**
- C. Contracts can be modified without consent
- D. Payments can be made after the closing

In the context of a real estate contract, "good faith" implies that all parties involved will deal fairly and honestly throughout the transaction. This principle is foundational in contractual relationships, fostering trust and cooperation among parties. It ensures that each party adheres to ethical standards, meaning there should be no intention to deceive or manipulate. Good faith encompasses the expectation that parties will fulfill their obligations, communicate openly, and act in a manner that does not undermine the integrity of the agreement. This concept is crucial in real estate transactions as it helps to establish a positive working relationship, encourages transparency, and may reduce the potential for disputes. By committing to good faith dealings, parties can work together toward a successful outcome in their real estate agreements.

## 6. What is the purpose of a Multiple Listing Service (MLS)?

- A. To provide financing for buying homes
- B. To allow real estate professionals to share property information**
- C. To manage property listings for property management companies
- D. To conduct property inspections

The purpose of a Multiple Listing Service (MLS) is to allow real estate professionals to share property information. This system serves as a comprehensive database where real estate agents and brokers can list properties for sale and gain access to listings from other agents, making it a valuable tool for facilitating transactions. By utilizing the MLS, agents can quickly find properties that meet their clients' criteria and can effectively market properties to a larger audience. It fosters collaboration among real estate professionals, ensuring that homes are presented to the widest possible range of potential buyers, ultimately streamlining the buying and selling process. The MLS enhances communication and transparency, as it provides detailed property information, including photographs, pricing, and specific features, which assists both agents and clients in making informed decisions. This collaborative environment maximizes opportunities for sales and enables agents to leverage others' listings and market knowledge effectively.

## 7. What role does effective gross income play in an investment strategy?

- A. It determines tax obligations
- B. It helps assess the property's profitability**
- C. It is used to predict future sales
- D. It is the same as net income

Effective gross income (EGI) plays a crucial role in assessing the property's profitability, which is why the choice that highlights this aspect is the correct one. EGI represents the total income a property generates after accounting for vacancies and collection losses but before operating expenses and taxes. By evaluating EGI, an investor can gauge the potential revenue a property can produce, allowing for a more accurate analysis of its financial performance. Understanding EGI helps investors make informed decisions about operating expenses, financing options, and overall investment strategy. It is foundational for calculating net operating income (NOI) and ultimately contributes to determining the return on investment (ROI) for a property. This assessment is vital as it impacts cash flow and the ability to generate profits, guiding strategic decisions such as whether to purchase, hold, or sell a property.

## 8. How are property taxes determined?

- A. Based on the property's assessed value**
- B. Set by state regulations only**
- C. Calculated as a percentage of the sale price**
- D. Independent of local government policies**

Property taxes are determined based on the property's assessed value. This assessed value is typically established by local government assessors, who evaluate the property and its characteristics, such as location, size, and improvements, to arrive at a value that reflects the market conditions and property characteristics. Once the assessed value is determined, tax rates set by local taxing authorities are applied to calculate the actual property tax owed by the property owner. This approach ensures that property taxes are tied to the value of the property rather than arbitrary factors. It allows for a more equitable distribution of the tax burden based on the value of the real estate owned, in contrast to methods like using a percentage of the sale price, which may not accurately reflect the property's ongoing value as it can fluctuate after sale. Additionally, property tax assessments are influenced by local government policies and regulations, making the determination process applicable within specific local jurisdictions rather than being uniform or independent from them.

## 9. What type of mortgage would a developer typically use for his development?

- A. Conventional mortgage**
- B. Fixed-rate mortgage**
- C. Blanket mortgage**
- D. Construction loan**

In the context of real estate development, a developer typically utilizes a construction loan to finance the building of new properties. This type of loan is specifically designed to cover the costs associated with the construction phase of a project. Construction loans provide short-term financing that allows developers to pay for materials, labor, permits, and other related expenses until the project is completed. Once the construction is finished, the loan can often be converted into a permanent mortgage, allowing for a more traditional financing structure afterward. While a blanket mortgage could be applicable in some circumstances, as it covers multiple properties under one loan, it is not the most common choice specifically geared towards the construction phase. Conventional and fixed-rate mortgages are more appropriate for existing properties rather than new developments. Therefore, a construction loan is the most fitting option for developers seeking to build new constructions, making it the correct answer.

**10. What percentage of a property's assessed value is \$150,000 if it is assessed at 35%?**

- A. 25%
- B. 35%**
- C. 45%
- D. 55%

To determine what percentage \$150,000 represents of a property's assessed value when the property is assessed at 35%, first, you need to understand how assessed value is calculated. If the property is assessed at 35% of its actual market value, that means the assessed value is calculated as follows: Let's represent the actual market value of the property as X. The assessed value would then be  $0.35 * X$ . We can set up the equation based on the information provided:  $0.35 * X = \$150,000$ . To find the actual market value (X), rearrange the equation:  $X = \$150,000 / 0.35$ . Calculating this gives:  $X = \$150,000 / 0.35 = \$428,571.43$  (approximately). Now, to find what percentage \$150,000 is of the assessed value, we know that the assessed value in this case is \$150,000. Since it is assessed at 35%, we can confirm that \$150,000 indeed represents 35% of the market value (X), which is about \$428,571.43. Therefore, when looking for what percentage \$150,000 is of the assessed value at 35%,



## 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!**