

New York State Real Estate Salesperson Licensing 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. How is confidentiality maintained in a real estate transaction?**
 - A. By sharing information with potential buyers**
 - B. Through written agreements**
 - C. By only discussing details over the phone**
 - D. By including third-party evaluators**
- 2. What is the key difference between a "mortgage" and a "deed of trust"?**
 - A. A mortgage involves a third party; a deed of trust does not**
 - B. A deed of trust involves a third party that holds the title until the loan is paid off; a mortgage is a loan secured by real property**
 - C. A mortgage can only be secured by residential property; a deed of trust can be commercial**
 - D. There is no difference; they are interchangeable terms**
- 3. Which of the following is considered a homestead property?**
 - A. Commercial office buildings**
 - B. Industrial parks**
 - C. Residential condos**
 - D. Retail shopping centers**
- 4. Which types of commercial properties commonly use percentage leases?**
 - A. Office buildings**
 - B. Retail stores/shopping malls**
 - C. Industrial warehouses**
 - D. Vacant land**
- 5. Which of the following describes an easement by necessity?**
 - A. An easement that benefits the dominant estate**
 - B. An easement assigned by a court**
 - C. An easement that is verbal**
 - D. An easement that is not recorded**

- 6. Which responsibility is NOT part of a real estate agent's fiduciary duties?**
- A. Accounting for all funds received**
 - B. Promoting the buyer's financial interests over the seller's**
 - C. Disclosing material facts about the property**
 - D. Keeping the client's information confidential**
- 7. What is the implied clause in a deed regarding the grantor's ownership?**
- A. The property is free of all encumbrances**
 - B. The grantor has the right to quiet enjoyment**
 - C. The grantor can sell the property without restrictions**
 - D. The property is under market value**
- 8. What is the definition of escrow in real estate transactions?**
- A. A process in which a third party holds funds or documents until a transaction is completed**
 - B. A legal agreement between two parties**
 - C. A method of property inspection**
 - D. A form of property ownership**
- 9. If Joe was not paid for the supplies and labor he provided, what kind of lien will he file against homeowner Smith?**
- A. Judgment lien**
 - B. Mechanics lien**
 - C. Mortgage lien**
 - D. Tax lien**
- 10. What is the name of a budget allocated for repairs and major renovations?**
- A. Operating budget**
 - B. Capital reserve budget**
 - C. Annual budget**
 - D. Maintenance budget**

Answers

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

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Explanations

1. How is confidentiality maintained in a real estate transaction?

- A. By sharing information with potential buyers**
- B. Through written agreements**
- C. By only discussing details over the phone**
- D. By including third-party evaluators**

Confidentiality in a real estate transaction is primarily maintained through written agreements. These agreements, often part of a listing agreement or buyer's representation agreement, create a legal obligation for all parties involved to respect the confidentiality of sensitive information. This includes financial details, personal circumstances, and strategies regarding the sale or purchase of property. Such documents typically include clauses that explicitly state the importance of preserving confidentiality, thereby providing legal recourse in case of a breach. This is crucial in real estate transactions, where exposing information could undermine a client's negotiating position or privacy. In contrast, sharing information with potential buyers or discussing details over the phone does not inherently guarantee confidentiality, as it opens up avenues for information leaks. Including third-party evaluators without appropriate confidentiality agreements also risks exposing sensitive information, which could affect the parties' interests in the transaction. Thus, written agreements are the most reliable means of ensuring confidentiality is upheld throughout the real estate process.

2. What is the key difference between a "mortgage" and a "deed of trust"?

- A. A mortgage involves a third party; a deed of trust does not**
- B. A deed of trust involves a third party that holds the title until the loan is paid off; a mortgage is a loan secured by real property**
- C. A mortgage can only be secured by residential property; a deed of trust can be commercial**
- D. There is no difference; they are interchangeable terms**

The distinction highlighted in the correct answer pertains to the role of a third party in the financing structure of real estate transactions. In a deed of trust, a third party—known as the trustee—holds the title to the property until the borrower repays the loan in full. This set-up effectively allows the trustee to facilitate the foreclosure process if the borrower defaults on the loan. The lender benefits from this arrangement as it provides a clear pathway for obtaining the property back without going through a lengthy court process. In contrast, a mortgage typically involves only two parties: the borrower and the lender. The borrower retains title to the property while the lender has a lien against it as security for the loan. If the borrower defaults, the lender must go through the courts to foreclose on the property, which can be a more complex and time-consuming process. In summary, the correct answer emphasizes the function of the third party in a deed of trust which is critical in understanding how these two types of agreements differ fundamentally in securing loans against real property.

3. Which of the following is considered a homestead property?

- A. Commercial office buildings**
- B. Industrial parks**
- C. Residential condos**
- D. Retail shopping centers**

A homestead property is generally understood to be a primary residence that a homeowner occupies, often associated with certain legal protections, including tax exemptions or benefits. In the context of the choices provided, residential condos fall under the category of homestead properties as they are designed for individuals or families to live in as their primary residence. This aligns with the definition of homestead, which emphasizes the personal, residential, and domestic nature of the property. On the other hand, commercial office buildings, industrial parks, and retail shopping centers are types of properties designed for business purposes rather than for residential living. These categories serve commercial functions and do not provide the same homestead benefits or protections afforded to residential properties. As such, they do not meet the criteria for being classified as homestead properties. Thus, it's clear why residential condos are the correct answer in the context of this question.

4. Which types of commercial properties commonly use percentage leases?

- A. Office buildings**
- B. Retail stores/shopping malls**
- C. Industrial warehouses**
- D. Vacant land**

Percentage leases are primarily utilized in retail environments such as stores and shopping malls due to the nature of their income generation. In a percentage lease, the tenant pays a base rent plus a percentage of their gross sales. This arrangement aligns the interests of both the landlord and the tenant; landlords benefit from the tenant's success, which can lead to increased rental income as the tenant's sales grow. This leasing method is particularly advantageous in retail settings where sales can be highly variable and are directly influenced by factors such as foot traffic and marketing strategies. In contrast, office buildings typically utilize fixed leases that don't vary based on the tenant's revenue, as rent is based on the physical space and its market value. Industrial warehouses usually have longer-term leases based on fixed rates as well, with less fluctuation in income based on the tenants' sales activities. Lastly, vacant land often involves leases based on a fixed price per square footage or a flat rate, rather than variable amounts tied to performance or sales. Thus, the most suitable context for percentage leases is indeed in retail environments like stores and shopping malls.

5. Which of the following describes an easement by necessity?

- A. An easement that benefits the dominant estate**
- B. An easement assigned by a court**
- C. An easement that is verbal**
- D. An easement that is not recorded**

An easement by necessity arises when one property owner has no reasonable access to a public road or utility line, typically because their property is landlocked. In such cases, the law permits the creation of an easement to allow access to the necessary land. This type of easement is often established by a court to ensure that the property owner can access their property, thereby serving a legal and practical need. The reasoning behind this legal principle is that it promotes fairness and utility, ensuring a property isn't rendered unusable due to access issues. By being assigned through a court, it highlights the necessity that has been recognized under law. Other options, while mentioning attributes of easements, do not accurately represent the characteristics of an easement by necessity. An easement benefiting the dominant estate describes a basic feature of all easements but does not specify the important aspect of necessity. Verbal agreements regarding easements typically lack enforceability in real estate, as easements often need to be formalized in writing. Additionally, while not all easements must be recorded, an easement by necessity generally would be recorded to clarify the rights of the parties involved, avoiding potential disputes.

6. Which responsibility is NOT part of a real estate agent's fiduciary duties?

- A. Accounting for all funds received**
- B. Promoting the buyer's financial interests over the seller's**
- C. Disclosing material facts about the property**
- D. Keeping the client's information confidential**

Promoting the buyer's financial interests over the seller's is not part of a real estate agent's fiduciary duties because the agent must act in the best interests of their client, which could be either the buyer or the seller, depending on which party they represent in a transaction. If an agent is representing the seller, their fiduciary duty is to promote the seller's interests, ensuring they receive the best possible price and terms. Conversely, if the agent is representing the buyer, their responsibility would be to advocate for the buyer's needs and interests. This distinction is fundamental to the ethical practice of real estate, as agents are required to honor their fiduciary obligations based on the party they represent. The other responsibilities listed—accounting for all funds received, disclosing material facts about the property, and keeping the client's information confidential—are all key aspects of fiduciary duties. Agents must maintain accurate records of all funds and transactions, promptly disclose any pertinent facts that could affect their clients' decisions, and uphold confidentiality to maintain trust and adhere to legal standards.

7. What is the implied clause in a deed regarding the grantor's ownership?

- A. The property is free of all encumbrances**
- B. The grantor has the right to quiet enjoyment**
- C. The grantor can sell the property without restrictions**
- D. The property is under market value**

The implied clause in a deed regarding the grantor's ownership typically includes the grantor's right to quiet enjoyment. This means that the grantee has the assurance that they will enjoy the property free from interference by the grantor or any third party claiming a superior title. Essentially, it guarantees that the buyer can possess and use the property without disruption or legal claims against it, which is a fundamental assumption in real estate transactions. While there are several important concepts regarding property rights, the right to quiet enjoyment specifically addresses the security and peace of mind that comes with property ownership. This is a crucial aspect that reflects the grantor's obligation to ensure that no one will disturb the grantee's use and enjoyment of the property after the transfer. Other options may mention aspects of ownership or value, but they do not convey the same intrinsic guarantee of peaceful possession.

8. What is the definition of escrow in real estate transactions?

- A. A process in which a third party holds funds or documents until a transaction is completed**
- B. A legal agreement between two parties**
- C. A method of property inspection**
- D. A form of property ownership**

The definition of escrow in real estate transactions refers to a process in which a third party holds funds or documents until a transaction is completed. This mechanism is crucial in real estate deals as it provides a neutral ground where all necessary documents, such as purchase agreements or deed transfers, and funds, like earnest money deposits or the final purchase price, can be securely held. The escrow agent ensures that all conditions agreed upon by the buyer and seller are met before releasing these assets, which protects both parties from potential fraud and ensures that the transaction is conducted fairly and transparently. In real estate, this process is integral as it builds trust between parties, allowing them to fulfill their contractual obligations without the risk of either party defaulting. When the terms of the agreement are satisfied, the escrow agent releases the documents and funds to the appropriate parties, finalizing the transaction and ensuring that both buyer and seller have met their contractual obligations. This helps to streamline the closing process and reduce disputes.

9. If Joe was not paid for the supplies and labor he provided, what kind of lien will he file against homeowner Smith?

- A. Judgment lien**
- B. Mechanics lien**
- C. Mortgage lien**
- D. Tax lien**

Joe would file a mechanics lien against homeowner Smith because he provided supplies and labor related to a construction or improvement project on the property. A mechanics lien is specifically designed to protect the rights of contractors, subcontractors, and suppliers who have not been compensated for their work and materials provided in a construction context. It allows them to secure payment by placing a claim against the property until the debt is settled. This lien is instrumental in ensuring that individuals or companies who enhance a property's value through their services are compensated for their efforts. In contrast, a judgment lien arises from a court ruling against a debtor, a mortgage lien pertains to loans secured by real estate, and a tax lien is applied to property for unpaid taxes. Each of these is distinct from the situation involving Joe, who is seeking payment specifically for work done on Smith's property.

10. What is the name of a budget allocated for repairs and major renovations?

- A. Operating budget**
- B. Capital reserve budget**
- C. Annual budget**
- D. Maintenance budget**

The capital reserve budget refers specifically to a budget that is allocated for significant repairs, renovations, and replacements of major components within a property. This type of budget is essential for long-term planning, as it ensures that sufficient funds are available to maintain the value and functionality of the property over time. This is especially important for condominium associations, cooperatives, and larger property management situations where significant expenses can arise and must be anticipated. In contrast, the operating budget generally covers ongoing costs related to the day-to-day management and operation of the property, such as utilities, maintenance, and property management fees, rather than major repairs. The annual budget typically encompasses both operating and capital reserve budgets for the year, but it does not specifically highlight the portion allocated for major repairs. The maintenance budget, while closely related to the upkeep of the property, usually focuses on routine maintenance tasks rather than the larger, one-time expenses covered by a capital reserve budget. Hence, the capital reserve budget is the most accurate option in the context of allocating funds for repairs and major renovations.

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://nys-realestatesalesperson.examzify.com>

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