

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

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1. What does "leasehold estate" signify?
 - A. An indefinite ownership structure of a property
 - B. An interest in real property that lasts for a specific period, granted by a lease
 - C. The right to use land without ownership
 - D. A permanent form of ownership

2. What does the term "real estate" encompass?
 - A. The buying and selling of properties only
 - B. Land and the buildings on it, along with any natural resources
 - C. Only commercially used properties
 - D. Buildings and structures when not permanently attached to land

3. What does the listing price indicate about a property?
 - A. The final detail after all negotiations
 - B. The starting point for buyer negotiations
 - C. The tax value assigned by the county
 - D. The historical price paid for the property

4. What is a real estate investment trust (REIT)?
 - A. A cooperative company that supports community housing
 - B. A company focused on commercial leasing
 - C. A company that owns, operates, or finances income-producing real estate
 - D. An individual real estate broker

5. What is the term for limitations on how property can be developed or modified?
 - A. Encumbrances
 - B. Restrictions
 - C. Regulations
 - D. Zoning laws

6. Which clause in a deed provides the legal description of the property?
- A. Boundary clause
 - B. Legal descriptions
 - C. Land use clause
 - D. Encumbrance clause
7. What is the purpose of a reserve fund in real estate management?
- A. Operational expenses
 - B. Emergency funds
 - C. Future repair and improvement costs
 - D. Short-term investments
8. What is typically included in a buyer brokerage agreement?
- A. Marketing strategies
 - B. Listing price
 - C. The agent's commission agreement
 - D. Property viewing schedules
9. What role does MLS (Multiple Listing Service) play in real estate?
- A. It restricts access to listings for private buyers
 - B. It provides a centralized database for property listings
 - C. It only serves commercial properties
 - D. It is primarily a financing platform for buyers
10. What is a "listing agreement" in real estate?
- A. A contract between a buyer and a lender
 - B. A contract between a seller and a broker
 - C. A contract between a tenant and a property owner
 - D. A contract between a contractor and a broker

Answers

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

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Explanations

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1. What does "leasehold estate" signify?

- A. An indefinite ownership structure of a property
- B. An interest in real property that lasts for a specific period, granted by a lease**
- C. The right to use land without ownership
- D. A permanent form of ownership

A leasehold estate is characterized as an interest in real property that is established through a lease agreement for a specific period of time. This means that the tenant possesses the right to use and occupy the property under the terms set forth in the lease, but they do not own the property outright. The leasehold estate is essentially a contractual arrangement between a landlord (the property owner) and a tenant (the leaseholder), where the tenant has the right to use the property for the duration specified in the lease. In contrast to ownership structures, such as fee simple or freehold estates, which confer permanent ownership rights, a leasehold estate is temporary and has a defined expiration. This temporary nature is a key aspect of why this answer is correct, as it emphasizes the limited duration of the tenant's rights in relation to the property. Other options describe aspects that are not inherent to a leasehold estate. For instance, the notion of indefinite ownership or permanent ownership does not apply, since a leasehold does not provide actual ownership of the property itself. Additionally, the option referring to the right to use land without ownership aligns more with concepts like a license or easement rather than the specific legal structure of a leasehold, which involves a formal lease agreement for a

2. What does the term "real estate" encompass?

- A. The buying and selling of properties only
- B. Land and the buildings on it, along with any natural resources**
- C. Only commercially used properties
- D. Buildings and structures when not permanently attached to land

The term "real estate" encompasses a wide range of elements related to property. Specifically, it includes land and the buildings on that land, which forms the basis of real estate as a concept. Additionally, real estate incorporates any natural resources associated with the land, such as minerals, water, and vegetation. This comprehensive definition underscores the multiple facets of real estate beyond just the structures themselves. Other options are limited in their scope. For instance, focusing solely on the buying and selling of properties neglects the physical elements involved. Similarly, restricting the definition to only commercially used properties disregards residential and agricultural real estate. Lastly, referring only to buildings and structures not attached to land misses an important aspect of real estate, which is the immobility of land and its intrinsic value as a separate entity. Overall, the correct answer captures the full breadth of what real estate includes, providing a clearer understanding of the subject.

3. What does the listing price indicate about a property?

- A. The final detail after all negotiations
- B. The starting point for buyer negotiations
- C. The tax value assigned by the county
- D. The historical price paid for the property

The listing price of a property serves as the initial figure set by the seller and represents the starting point for negotiations between the seller and potential buyers. It reflects the seller's perception of the property's value and aims to attract interest in the market. Buyers often use this price as a benchmark for making offers, considering their budget and the property's perceived worth. It is important to understand that the listing price is not necessarily the final sale price, as negotiations may lead to adjustments upward or downward based on various factors such as property condition, market demand, or buyer interest. Other options, such as the final detail after negotiations, the tax value assigned by the county, or the historical price paid for the property, do not accurately convey the role of the listing price in real estate transactions. They pertain to different aspects of property value or sales processes that come into play after initial pricing or are tied to different assessments of value.

4. What is a real estate investment trust (REIT)?

- A. A cooperative company that supports community housing
- B. A company focused on commercial leasing
- C. A company that owns, operates, or finances income-producing real estate
- D. An individual real estate broker

A real estate investment trust (REIT) is specifically defined as a company that owns, operates, or finances income-producing real estate. This structure allows individual investors to earn a share of the income produced through commercial real estate ownership without having to buy, manage, or finance any properties directly. REITs provide a mechanism for individuals to invest in large-scale, income-producing properties, such as malls, office buildings, and apartments, by purchasing shares of the REIT on the stock exchange. The model of a REIT allows for diversification and liquidity, as these companies must distribute at least 90% of their taxable income to shareholders in the form of dividends according to IRS regulations. This makes REITs an attractive investment vehicle for those looking to combine the benefits of real estate investment with the ease of public equity in the market. Understanding the structure and function of REITs is essential for real estate professionals, as they play a significant role in the broader property market and offer various opportunities for investment.

5. What is the term for limitations on how property can be developed or modified?

- A. Encumbrances
- B. Restrictions
- C. Regulations
- D. Zoning laws

The term that refers to limitations on how property can be developed or modified is zoning laws. Zoning laws are established by local governments to control land use and ensure that development aligns with community goals, environmental concerns, and public health and safety standards. These laws dictate aspects such as the type of structures that can be built, their size, height, and placement on a property, as well as the purposes for which the property can be used (e.g., residential, commercial, industrial). While restrictions can refer to specific limitations set by property owners or applicable to a property, such as covenants or private agreements, zoning laws are formal regulations enacted by municipalities that apply across broader areas to manage land use comprehensively. Encumbrances generally relate to claims or liabilities against a property, and regulations could encompass various rules but are not as specific as zoning laws when it comes to property development. Thus, zoning laws are the most precise term for the limitations imposed on development practices.

6. Which clause in a deed provides the legal description of the property?

- A. Boundary clause
- B. Legal descriptions
- C. Land use clause
- D. Encumbrance clause

The clause that provides the legal description of the property in a deed is known as the legal description clause. This section is crucial as it precisely defines the boundaries and dimensions of the property being transferred. This ensures that the property can be clearly identified and delineated from any others, which is particularly important in matters of ownership, title transfer, and legal disputes. A legal description typically includes details such as the parcel number, lot number, and metes and bounds or other specific geographic information. This level of detail is necessary to establish clear ownership and to protect the interests of both the buyer and the seller in a real estate transaction. Other options, while they might relate to property in different contexts, do not serve this specific purpose. The boundary clause might imply dimensions but is not the standard terminology used for deeds. The land use clause pertains to the types of activities permissible on the property and does not provide legal descriptions. The encumbrance clause outlines any claims or liens against the property, which is separate from defining its physical characteristics. Thus, the legal description clause is the accurate choice for this question.

7. What is the purpose of a reserve fund in real estate management?

- A. Operational expenses
- B. Emergency funds
- C. Future repair and improvement costs
- D. Short-term investments

The purpose of a reserve fund in real estate management primarily revolves around preparing for future repair and improvement costs. This fund is essential for property owners and managers as it ensures that there are dedicated financial resources available for unexpected repairs, routine maintenance, and necessary improvements to the property. By accumulating a reserve fund, real estate management can effectively plan for both the short-term and long-term upkeep of the property, thereby preserving its value and ensuring it remains in good condition for tenants or buyers. This proactive approach helps avoid financial strain that could arise from sudden large expenditures. For example, if a major mechanical system such as heating or plumbing requires replacement, having a reserve fund allows the management to address the issue promptly without needing to scramble for funds or disrupt operations. By managing these anticipated future costs effectively, property managers can contribute to the overall sustainability and attractiveness of the property to current and future occupants.

8. What is typically included in a buyer brokerage agreement?

- A. Marketing strategies
- B. Listing price
- C. The agent's commission agreement
- D. Property viewing schedules

A buyer brokerage agreement is designed to establish the relationship between a buyer and their real estate agent or broker. One of the critical components of such an agreement is the agent's commission agreement. This specifies the commission rate or fee structure that the broker will receive upon the successful purchase of a property by the buyer. It sets clear expectations for both parties regarding financial responsibilities, ensuring that the buyer understands how the agent will be compensated for their services. In addition to the commission agreement, the buyer brokerage agreement may cover various other aspects related to the provision of services. However, the primary focus is on the obligations of the agent and the compensation for their work on behalf of the buyer.

9. What role does MLS (Multiple Listing Service) play in real estate?

- A. It restricts access to listings for private buyers
- B. It provides a centralized database for property listings
- C. It only serves commercial properties
- D. It is primarily a financing platform for buyers

The Multiple Listing Service (MLS) is an essential tool in the real estate industry, particularly for real estate agents and brokers. Its primary role is to provide a centralized database for property listings, where real estate professionals can upload information regarding properties for sale. This centralized system facilitates collaboration among agents, as it allows them to share listings with one another, thereby increasing the visibility of properties to potential buyers. By utilizing an MLS, real estate agents can access a wide array of listings from various markets, which helps them provide their clients with more options and up-to-date information about available properties. This interconnectivity ensures that listings are widely disseminated, making it easier for buyers to find homes that meet their criteria. The other options address misconceptions about the MLS. For instance, MLS does not restrict access to listings solely for private buyers—it is essentially a tool for real estate professionals, but the information can be made accessible to the public through various channels. Additionally, MLS encompasses residential, commercial, and even rental properties, not being limited to just commercial properties. Lastly, while financing is an important aspect of real estate transactions, the MLS itself does not serve as a financing platform; its primary function is related to listing properties, not facilitating financing. Thus, the

10. What is a "listing agreement" in real estate?

- A. A contract between a buyer and a lender
- B. A contract between a seller and a broker
- C. A contract between a tenant and a property owner
- D. A contract between a contractor and a broker

A listing agreement is fundamentally a contract between a seller and a broker that authorizes the broker to represent the seller in the sale of the property. This agreement outlines the terms under which the broker will market and sell the property, including details such as the listing price, the duration of the agreement, and the commission to be paid upon the sale of the property. It serves as a legal foundation that enables the broker to act on behalf of the seller, allowing them to showcase the property, negotiate with potential buyers, and handle various aspects of the sale. This concept is crucial because it establishes the broker's authority and responsibility in the selling process, ensuring that both parties have a clear understanding of their roles and obligations. The other choices do not align with the definition of a listing agreement, demonstrating the specific relationship that exists between the seller and the broker, rather than involving buyers, tenants, or contractors.

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!

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