

# Ohio Real Estate 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 of the following is NOT a feature of an FHA-insured loan?**
  - A. Adjustable Interest Rate**
  - B. No MIP Insurance**
  - C. Low Down Payment**
  - D. Government Backing**
- 2. In the context of eminent domain, what does "condemnation" refer to?**
  - A. The right of the government to take private property**
  - B. The compensation given to property owners**
  - C. The legal process for settling disputes**
  - D. The public use of private property**
- 3. What principle does "Caveat Emptor" represent in real estate transactions?**
  - A. The seller must disclose all defects**
  - B. The buyer must inspect the property and be cautious**
  - C. The property should be free of any liens**
  - D. The buyer can trust the seller's claims**
- 4. What is the key purpose of determining replacement cost in real estate?**
  - A. To assess the market value of a property**
  - B. To evaluate the property tax liability**
  - C. To estimate the insurance coverage needed**
  - D. To establish the value of improvements made to a property**
- 5. What are the two essential components of a valid contract?**
  - A. Terms and conditions**
  - B. Offer and acceptance**
  - C. Signature and execution**
  - D. Negotiation and agreement**

- 6. What do usury laws regulate?**
- A. Minimum loan amounts**
  - B. Maximum interest rates**
  - C. Loan default penalties**
  - D. Borrower eligibility criteria**
- 7. What is an example of a primary market lender?**
- A. Investment banks**
  - B. Mortgage banking companies**
  - C. Savings and loan associations**
  - D. Brokerage firms**
- 8. Which of the following terms applies to property use that has been allowed to continue despite zoning changes?**
- A. Conforming use**
  - B. Nonconforming use**
  - C. Illegal use**
  - D. Varianced use**
- 9. Which of the following is an example of a superfund site?**
- A. A vacant lot**
  - B. A hazardous waste storage facility**
  - C. A residential neighborhood**
  - D. An industrial area**
- 10. What is typically NOT included in the calculation for property depreciation?**
- A. Land Value**
  - B. Improvements**
  - C. Market Demand**
  - D. Asset Lifespan**



## **Answers**

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

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## **Explanations**

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**1. Which of the following is NOT a feature of an FHA-insured loan?**

- A. Adjustable Interest Rate**
- B. No MIP Insurance**
- C. Low Down Payment**
- D. Government Backing**

An FHA-insured loan is designed to make homeownership more accessible and comes with several distinct features aimed at assisting borrowers, particularly first-time homebuyers. One significant aspect of FHA loans is the requirement for mortgage insurance premiums (MIP), which are generally required for the life of the loan. This insurance protects lenders in case of borrower default. Therefore, the assertion that there is "No MIP Insurance" in an FHA loan is incorrect. On the other hand, adjustable interest rates, low down payments, and government backing are indeed features of FHA-insured loans. Many FHA loans offer adjustable-rate options, which means borrowers can benefit from lower initial rates that may change over time. Additionally, FHA loans are well-known for their low down payment requirements, often as low as 3.5% of the purchase price, making them an attractive option for those with limited savings. Lastly, the loans are backed by the federal government, providing lenders with the reassurance needed to offer loans to borrowers who might otherwise struggle to qualify through conventional means.

**2. In the context of eminent domain, what does "condemnation" refer to?**

- A. The right of the government to take private property**
- B. The compensation given to property owners**
- C. The legal process for settling disputes**
- D. The public use of private property**

In the context of eminent domain, "condemnation" specifically refers to the legal process by which the government exercises its right to take private property for public use. This often involves a formal procedure where the government must demonstrate that the property is necessary for a public project, such as infrastructure development or urban renewal. Eminent domain is rooted in the principle that private property can be taken for the greater good, but it also necessitates that the property owner be fairly compensated. Therefore, while compensation is an essential aspect of the process, "condemnation" itself is the act of legally declaring that the property can be taken by the government. Understanding this concept is vital, as it clarifies the government's authority and the procedures it must follow, including notifying owners and possibly going through court if disagreements arise about the necessity of the condemnation or the amount of compensation.

**3. What principle does "Caveat Emptor" represent in real estate transactions?**

- A. The seller must disclose all defects**
- B. The buyer must inspect the property and be cautious**
- C. The property should be free of any liens**
- D. The buyer can trust the seller's claims**

"Caveat Emptor," which translates to "let the buyer beware," represents the principle that places the responsibility on the buyer to thoroughly inspect and assess the property before making a purchase. This concept emphasizes that buyers need to be vigilant and exercise due diligence when evaluating a property to ensure they are aware of any potential issues or defects. In the context of real estate transactions, this understanding is crucial because it highlights that the buyer cannot solely rely on the seller's representations or guarantees. It is incumbent upon the buyer to investigate the condition of the property themselves, including assessing physical attributes and checking for any legal or financial obligations attached to it, such as liens. Thus, under this principle, if a buyer makes a purchase and later discovers defects or issues that were not disclosed, they typically have limited recourse against the seller. This principle has significant implications in real estate, as it reinforces the notion that transparency and thorough research on the buyer's part are fundamental to a successful transaction.

**4. What is the key purpose of determining replacement cost in real estate?**

- A. To assess the market value of a property**
- B. To evaluate the property tax liability**
- C. To estimate the insurance coverage needed**
- D. To establish the value of improvements made to a property**

Determining the replacement cost in real estate primarily serves the purpose of estimating the insurance coverage needed. Replacement cost refers to the amount it would take to replace a damaged property with a similar one using current materials and construction standards, without regard for depreciation. This assessment is crucial for determining how much insurance coverage a property owner should obtain to adequately protect against potential losses. If a property is underinsured, the owner risks losing significant equity, as the insurance may not cover the full cost of rebuilding or repairing the property in the event of a loss. Other considerations, such as assessing market value or property tax liability, while important in the broader scope of real estate, do not directly relate to the specific considerations of replacement cost. Similarly, evaluating improvements made to a property typically involves appraisals of value increase rather than the direct assessment of replacement costs incurred. Therefore, the main focus remains on ensuring that the insurance coverage reflects a realistic and current estimate of what it would cost to replace the structure if necessary.

## 5. What are the two essential components of a valid contract?

- A. Terms and conditions
- B. Offer and acceptance**
- C. Signature and execution
- D. Negotiation and agreement

A valid contract is fundamentally built on two essential components: offer and acceptance. The "offer" represents a proposal made by one party to another, indicating a willingness to enter into a contractual agreement under specified terms. This proposal must be clear and definite, outlining the important elements of the intended agreement. The "acceptance" occurs when the party to whom the offer was made agrees to the terms set forth by the offeror. Acceptance must be communicated effectively and should mirror the terms of the offer for the agreement to be considered valid. This mutual exchange of commitment is what forms the basis of a binding contract. While terms and conditions, signature and execution, and negotiation and agreement play significant roles in the overall contractual process, they do not encompass the foundational building blocks required for a contract to be deemed valid. Terms and conditions elaborate on the specifics of the agreement, signatures signify consent and acknowledgment, and negotiation involves the discussion phase prior to the formation of a contract, but none of these elements can stand alone as the core criteria for contract validity. Offer and acceptance are what determine whether a legally enforceable contract exists.

## 6. What do usury laws regulate?

- A. Minimum loan amounts
- B. Maximum interest rates**
- C. Loan default penalties
- D. Borrower eligibility criteria

Usury laws are specifically designed to regulate the maximum interest rates that lenders can charge borrowers. These laws are intended to protect consumers from predatory lending practices and exorbitant interest charges that can lead to financial hardship. By setting a cap on interest rates, usury laws ensure that borrowing remains fair and affordable for individuals and businesses. In this context, minimum loan amounts, loan default penalties, and borrower eligibility criteria do not fall under the purview of usury laws. Minimum loan amounts relate to the smallest amount a lender is willing to approve, which is independent of interest rate concerns. Loan default penalties address the consequences for failing to repay a loan, while borrower eligibility criteria involve the qualifications needed to secure a loan, such as creditworthiness and income levels. Usury laws, therefore, focus solely on limiting how much interest can be charged, making option B the correct answer.

**7. What is an example of a primary market lender?**

- A. Investment banks
- B. Mortgage banking companies**
- C. Savings and loan associations
- D. Brokerage firms

Mortgage banking companies serve as primary market lenders by focusing on the origination of mortgage loans. They are at the forefront of the lending process, providing direct financing to borrowers who are purchasing homes or refinancing existing mortgages. These companies typically create loans and then often sell these loans on the secondary market to investors or financial institutions after they are originated. By acting directly with consumers, mortgage banking companies facilitate the initial stages of financing for real estate purchases, making them a key component of the primary mortgage market. Investment banks primarily operate in the secondary market, dealing with the buying and selling of existing securities rather than originating loans. Savings and loan associations, while they do engage in similar activities as mortgage banks, are not exclusively focused on only mortgage lending and may also offer a broader range of savings and loan products. Brokerage firms typically focus on investment products and do not engage in the direct lending of mortgage funds, positioning them outside of the primary lending activities. Thus, mortgage banking companies clearly fit the role of primary market lenders due to their direct involvement in lending to borrowers for real estate financing.

**8. Which of the following terms applies to property use that has been allowed to continue despite zoning changes?**

- A. Conforming use
- B. Nonconforming use**
- C. Illegal use
- D. Varianced use

Nonconforming use refers to a situation where a property is allowed to continue its existing use, even though changes in zoning laws may render that use incompatible with the new zoning regulations. This concept is important in real estate because it provides protection for existing land uses that predate the current zoning designations, allowing property owners to maintain their investment without being forced to change their use or demolish the structure. Typically, nonconforming uses are recognized to avoid undue hardship on property owners who have not committed any wrongdoing; rather, they simply invested based on older regulations. Nonconforming uses can usually continue indefinitely, although they may be subject to specific restrictions regarding expansion or changes, depending on local laws. In contrast, conforming use describes land that complies with current zoning regulations, illegal use refers to uses that violate zoning laws without any allowance for continuation, and varianced use involves a special exception or allowance granted by a zoning board that permits a property to deviate from current zoning regulations under certain circumstances. Each of these terms relates to different aspects of zoning and property use, but nonconforming use specifically addresses the continuation of a property's use despite changes in zoning.

**9. Which of the following is an example of a superfund site?**

- A. A vacant lot
- B. A hazardous waste storage facility**
- C. A residential neighborhood
- D. An industrial area

A superfund site is a term used to describe land that has been contaminated by hazardous waste and requires cleanup under the Superfund program, which is administered by the Environmental Protection Agency (EPA) in the United States. The program was established to address and remediate sites where past industrial activities led to contamination. A hazardous waste storage facility is specifically designed to handle and store hazardous materials, and often, these sites become designated as superfund sites when they pose a significant risk to public health and the environment due to improper handling or leakage of hazardous substances. These sites are generally prioritized for cleanup based on the severity of the contamination and the potential risks they pose. In contrast, options like a vacant lot, a residential neighborhood, or an industrial area may not inherently represent superfund sites unless they have specific issues with hazardous waste contamination. For example, a vacant lot may simply be unused land with no contamination, a residential neighborhood is usually developed for housing and is less likely to be associated with hazardous waste issues, and while an industrial area could potentially be contaminated, not all industrial areas qualify as superfund sites unless there is documented contamination that meets the criteria set by the EPA. This context elaborates on why a hazardous waste storage facility exemplifies what constitutes a super

**10. What is typically NOT included in the calculation for property depreciation?**

- A. Land Value**
- B. Improvements
- C. Market Demand
- D. Asset Lifespan

In real estate, property depreciation refers to the decrease in value of a property over time, typically due to wear and tear, economic factors, or changes in market conditions. When calculating property depreciation, land value is often excluded from the equation. This is because land is considered a non-depreciable asset; it generally does not lose value over time and may even appreciate. In contrast, improvements, such as buildings or renovations, are subject to depreciation because their value diminishes as they age and require maintenance or replacement. Market demand can influence property value but is not a direct factor in the calculation of depreciation. Lastly, the asset lifespan is relevant as it helps determine the depreciation schedule and how long an asset can be expected to last before it needs significant repair or replacement. Identifying land value as not included in the calculation reflects a fundamental principle in real estate—that land appreciates or maintains its value, thus distinguishing it from depreciable improvements.



## 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://ohiorealestate.examzify.com>**

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