

Oklahoma Broker Practice Exam (Sample)

Study Guide



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SAMPLE

Questions

- 1. Which of the following actions should a broker take if they detect a pronounced moldy odor in a new listing?**
 - A. Inform the client and recommend an environmental assessment**
 - B. Remove the listing from active status immediately**
 - C. Ignore the odor as it may not pose a significant issue**
 - D. Proceed with the sale without mentioning the odor**
- 2. What role do civil rights laws play in real estate transactions?**
 - A. They establish market pricing**
 - B. They ensure fair treatment in housing regardless of race**
 - C. They regulate real estate commissions**
 - D. They dictate property values**
- 3. Did the salesperson act appropriately if they refused to show properties priced under \$90,000 to a qualified couple?**
 - A. Yes, because those properties did not meet the couple's needs**
 - B. No, because any property for which the buyer is qualified should be shown**
 - C. Yes, because it was a personal decision based on their experience**
 - D. No, because those properties were only two-bedroom homes**
- 4. Who does a realty firm represent when entering into an agreement to sell homes for a home builder?**
 - A. The home buyers**
 - B. The seller of the homes**
 - C. The home builder**
 - D. The mortgage lenders**
- 5. Under CERCLA, who is liable for damages from hazardous waste dumping before a property sale?**
 - A. The buyer**
 - B. The real estate agent**
 - C. The local government**
 - D. The seller**

- 6. What does an 80% loan-to-value ratio indicate in mortgage lending?**
- A. The lender covers 80% of the purchase price**
 - B. The buyer must provide 80% of the down payment**
 - C. The buyer gets a loan for exactly 80% of the property's appraised value**
 - D. The loan does not require any down payment**
- 7. What is the most critical information to obtain when a buyer is not going to close on a property?**
- A. The buyer's reason for not closing**
 - B. The seller's feedback on the transaction**
 - C. Cost of repairs needed**
 - D. Inspection results of the property**
- 8. If a tenant abandons premises due to its uninhabitability, what legal term describes this action?**
- A. Constructive eviction**
 - B. Actual eviction**
 - C. Retaliatory eviction**
 - D. Illegal eviction**
- 9. What is the significance of timely earnest money deposits?**
- A. It reflects the buyer's seriousness**
 - B. It can influence the sale price**
 - C. It helps establish loan eligibility**
 - D. It ensures faster processes**
- 10. Which act requires disclosure of known lead paint in homes?**
- A. Fair Housing Act**
 - B. CERCLA**
 - C. Lead Exposure Reduction Act**
 - D. Residential Lead-Based Paint Hazard Reduction Act**

Answers

SAMPLE

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

SAMPLE

Explanations

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1. Which of the following actions should a broker take if they detect a pronounced moldy odor in a new listing?

A. Inform the client and recommend an environmental assessment

B. Remove the listing from active status immediately

C. Ignore the odor as it may not pose a significant issue

D. Proceed with the sale without mentioning the odor

When a broker detects a pronounced moldy odor in a new listing, informing the client and recommending an environmental assessment is the most prudent course of action. This approach aligns with the broker's responsibility to ensure the safety and well-being of their clients, as well as uphold ethical standards in real estate practice. Mold can indicate a serious underlying issue, such as water damage or poor ventilation, which could have health implications and affect the property's value. By informing the client, the broker is facilitating transparency and allowing the client to make an informed decision about how to address the situation. Furthermore, recommending an environmental assessment provides a professional means of evaluating the extent of the mold issue, potentially identifying necessary remediation steps. This proactive stance not only serves the client's best interests but also protects the broker from potential liability. A clear and professional communication about health and safety concerns establishes trust and demonstrates a commitment to ethical practice within the industry.

2. What role do civil rights laws play in real estate transactions?

A. They establish market pricing

B. They ensure fair treatment in housing regardless of race

C. They regulate real estate commissions

D. They dictate property values

Civil rights laws are crucial in real estate transactions as they are designed to ensure fair treatment in housing, prohibiting discrimination based on race, color, religion, sex, national origin, familial status, and disability. These laws, including the Fair Housing Act, aim to create equal opportunity for all individuals looking for housing, protecting them from discriminatory practices that could affect their ability to buy, sell, or rent property. By ensuring that no individual is denied housing based on these protected characteristics, civil rights laws contribute significantly to fostering diverse communities and promoting social equity in the housing market. This foundation is essential for upholding the principle that everyone deserves access to housing without facing bias or unfair treatment. The other options do not accurately describe the primary function of civil rights laws. They do not establish market pricing, regulate real estate commissions, or dictate property values. Instead, their main focus is on guaranteeing that all individuals have the right to secure housing fairly and without discrimination.

3. Did the salesperson act appropriately if they refused to show properties priced under \$90,000 to a qualified couple?
- A. Yes, because those properties did not meet the couple's needs
 - B. No, because any property for which the buyer is qualified should be shown**
 - C. Yes, because it was a personal decision based on their experience
 - D. No, because those properties were only two-bedroom homes

The correct answer is based on the principle that a salesperson has an obligation to serve the interests of their clients and customers by providing equal access to properties that fit within their qualifications and budget. If a qualified couple is looking to purchase a property and can afford homes under \$90,000, the salesperson should show them those properties, as this is part of ethical service in real estate. Refusing to show properties within the couple's price range does not align with the fiduciary duty that real estate professionals have towards their clients. A salesperson should prioritize the clients' needs and preferences by offering a full range of options that meet their purchasing power. Additionally, limiting the properties shown based on the salesperson's personal preferences or unfounded criteria could lead to perceptions of discrimination, which is against fair housing laws and regulations. It is essential for salespersons to accommodate the financial reach of all qualified buyers, ensuring they have an appropriate chance to view and consider all options available to them.

4. Who does a realty firm represent when entering into an agreement to sell homes for a home builder?
- A. The home buyers
 - B. The seller of the homes
 - C. The home builder**
 - D. The mortgage lenders

When a realty firm enters into an agreement to sell homes for a home builder, they represent the home builder, who is the principal in this relationship. The realty firm acts on behalf of the home builder to market and sell the properties, effectively promoting the builder's interests in the transaction. The contract between the realty firm and the home builder establishes this agency relationship, whereby the firm is responsible for tasks such as showcasing the homes, negotiating with potential buyers, and handling sales processes to achieve the builder's objectives. The agency relationship is fundamental in real estate because it clarifies responsibilities and expectations, ensuring that the firm focuses on maximizing sales for the builder while adhering to legal and ethical standards in the promotion and representation of the homes. This is why the home builder is the correct choice, as they are the party that the realty firm is legally obligated to represent in this context.

5. Under CERCLA, who is liable for damages from hazardous waste dumping before a property sale?

- A. The buyer**
- B. The real estate agent**
- C. The local government**
- D. The seller**

Under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the seller of a property can be held liable for damages resulting from the dumping of hazardous waste prior to the sale. This liability can arise even if the seller was not directly responsible for the hazardous waste disposal. CERCLA is designed to facilitate the cleanup of hazardous waste sites and assigns liability to parties deemed to be responsible, which typically includes current and former owners and operators of the property at the time of the contamination. The law aims to promote accountability and ensure that those who contribute to environmental harm bear the costs of cleanup. This means that when a property is sold, the seller may carry ongoing legal and financial obligations related to past environmental conditions, whereas the buyer, upon purchasing the property, may inherit these risks unless they conducted due diligence prior to the sale. Understanding this framework under CERCLA is important for both sellers and buyers in real estate transactions, as it emphasizes the need for thorough environmental assessments to uncover potential liabilities associated with hazardous waste.

6. What does an 80% loan-to-value ratio indicate in mortgage lending?

- A. The lender covers 80% of the purchase price**
- B. The buyer must provide 80% of the down payment**
- C. The buyer gets a loan for exactly 80% of the property's appraised value**
- D. The loan does not require any down payment**

An 80% loan-to-value (LTV) ratio indicates that the lender covers 80% of the property's purchase price. In mortgage lending, the LTV ratio is calculated by dividing the loan amount by the appraised value or purchase price of the property, whichever is lower. Therefore, if the ratio is 80%, this means that the lender is willing to finance that percentage of the property's value while the remaining 20% typically represents the buyer's down payment. This concept is crucial for both lenders and borrowers because it helps assess risk; a higher LTV ratio often indicates more risk for the lender since the buyer has less invested in the property. In this case, covering 80% of the purchase price establishes a common standard for evaluating mortgage applications, as it signifies a substantial commitment from the lender while also requiring buyers to contribute a significant down payment. This option best reflects the meaning of an 80% LTV ratio in real estate transactions.

7. What is the most critical information to obtain when a buyer is not going to close on a property?

- A. The buyer's reason for not closing**
- B. The seller's feedback on the transaction**
- C. Cost of repairs needed**
- D. Inspection results of the property**

Gathering the buyer's reason for not proceeding with the closing is crucial as it provides insights into the circumstances that led to the decision. Understanding the rationale helps in evaluating the situation and planning the next steps. For example, if the buyer is withdrawing due to financial issues, the seller may need to reassess the listing price or explore different financing options for future buyers. If the reason is related to issues with the property itself, it can inform the seller about potential repairs or negotiations needed with future offers. This information is pivotal as it not only affects the current transaction but can also guide future actions, whether that involves relisting the property, addressing specific issues raised, or understanding market dynamics. Knowing the buyer's perspective is essential in managing the seller's expectations and strategizing how to approach subsequent buyers, ultimately impacting how the property is marketed going forward.

8. If a tenant abandons premises due to its uninhabitability, what legal term describes this action?

- A. Constructive eviction**
- B. Actual eviction**
- C. Retaliatory eviction**
- D. Illegal eviction**

The term that describes a tenant abandoning the premises due to its uninhabitability is known as constructive eviction. This legal concept applies when a landlord fails to maintain the rental property in a livable condition, thereby forcing the tenant to leave. Essentially, the conditions of the property make it impossible for the tenant to continue residing there, which can occur when essential services like heating, plumbing, or electricity are not provided or maintained. In instances of constructive eviction, the tenant can argue that the landlord's negligence or failure to act has breached the lease agreement, allowing the tenant to terminate the lease. This is a significant distinction; the tenant is not being physically removed from the property (as would be the case with actual eviction) but rather is compelled to leave due to the uninhabitable conditions created by the landlord's actions or inactions. Understanding this concept is crucial for both tenants and landlords, as it emphasizes the landlord's responsibility to provide a safe and livable environment. The other terms listed, such as actual eviction, retaliatory eviction, and illegal eviction, refer to different situations regarding lease agreements and tenant rights, thus distinguishing them from the context of abandonment due to uninhabitability.

9. What is the significance of timely earnest money deposits?

A. It reflects the buyer's seriousness

B. It can influence the sale price

C. It helps establish loan eligibility

D. It ensures faster processes

Timely earnest money deposits are significant because they reflect the buyer's seriousness and commitment to the purchase of the property. When a buyer submits earnest money promptly, it serves as a financial demonstration of their intent to proceed with the transaction. This deposit signals to the seller that the buyer is genuinely interested and willing to put skin in the game, which can increase the seller's confidence in negotiating and finalizing the sale. The earnest money contributes to the overall perception of reliability in the transaction, helping to foster a sense of trust between the buyer and the seller. In a competitive market, a timely deposit could even give the buyer an edge over others who might delay, as sellers often prefer to engage with buyers who show readiness and seriousness through quick action. This aspect makes the earnest money deposit a vital component in real estate transactions, impacting not just the negotiating process but also the seller's willingness to take the property off the market.

10. Which act requires disclosure of known lead paint in homes?

A. Fair Housing Act

B. CERCLA

C. Lead Exposure Reduction Act

D. Residential Lead-Based Paint Hazard Reduction Act

The Residential Lead-Based Paint Hazard Reduction Act is the legislation that mandates the disclosure of known lead-based paint and lead-based paint hazards in homes, specifically those built before 1978. This act requires sellers and landlords to provide potential buyers or renters with a lead hazard information pamphlet, inform them of any known lead paint presence, and allow for the opportunity to conduct lead-based paint inspections prior to finalizing a sale or lease. This requirement arose due to the health risks associated with lead exposure, which can cause serious health problems, particularly in young children. The act emphasizes the importance of transparency regarding lead paint in order to protect public health and promote informed decision-making in real estate transactions involving older properties. Other options, while related to housing and environmental safety, do not specifically address the requirement for lead paint disclosure. For instance, the Fair Housing Act primarily focuses on preventing discrimination in housing, while CERCLA deals with the cleanup of hazardous waste sites, including certain lead issues but not specific disclosures in residential transactions. The Lead Exposure Reduction Act, though related to the overarching topic of lead safety, does not enforce the same disclosure requirements as the Residential Lead-Based Paint Hazard Reduction Act.