

Professional Legal Training Course (PLTC) Real Estate Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

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- 1. Which element of a mortgage involves granting land from borrower to lender?**
 - A. Contract element**
 - B. Conveyance element**
 - C. Interest element**
 - D. Principal element**

- 2. What happens if a condition of a contingency clause is not met?**
 - A. The contract remains enforceable regardless**
 - B. The buyer loses their deposit automatically**
 - C. The contract becomes void or voidable**
 - D. The seller must lower the property price**

- 3. What is meant by "seller financing" in real estate?**
 - A. A method allowing the seller to charge higher interest**
 - B. When the seller provides direct financing to the buyer**
 - C. A type of mortgage where the seller remains liable**
 - D. A guarantee from the seller to buy back the property**

- 4. What must a seller's lawyer do to ensure a clear title during a real estate transaction?**
 - A. Notify the buyer of any defects**
 - B. Clear all financial encumbrances**
 - C. Prepare a new title for the property**
 - D. Increase the sale price to cover costs**

- 5. What is the benefit of having a pre-approval letter from a lender?**
 - A. It serves as a guarantee of loan approval**
 - B. It provides evidence that a borrower qualifies for a loan**
 - C. It secures the lowest interest rates**
 - D. It locks in property prices for a period**

6. What does a closing statement typically include?

- A. A detailed plan for future property development**
- B. All costs and disbursements involved in the transaction**
- C. An appraisal report on the property**
- D. The listing price from the initial agreement**

7. Who benefits from the Fair Housing Act?

- A. Property owners**
- B. Real estate agents**
- C. All individuals seeking housing**
- D. Only government agencies**

8. Which of the following best describes "market analysis"?

- A. An overview of local school systems**
- B. The assessment of a property's structural condition**
- C. The evaluation of market conditions to assess property value**
- D. A survey of neighborhood amenities**

9. What is required for the contract element of a mortgage?

- A. Privity**
- B. Liquidity**
- C. Certainty**
- D. Validity**

10. What may a buyer's lawyer do prior to applying to register Form A?

- A. Access the seller's credit history**
- B. Wait until there are sufficient funds in trust to complete the transaction**
- C. Submit a pre-approval letter from the lender**
- D. Inquire about pending legal disputes**

Answers

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

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Explanations

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1. Which element of a mortgage involves granting land from borrower to lender?

- A. Contract element
- B. Conveyance element**
- C. Interest element
- D. Principal element

The correct answer focuses on the conveyance element of a mortgage. In the context of real estate transactions, the conveyance element refers specifically to the transfer of an interest in property, which occurs when the borrower grants land to the lender as security for the loan. This essentially creates a lien against the property in favor of the lender, ensuring that they have a legal claim against the property if the borrower defaults on the loan. When a mortgage is executed, the borrower provides the lender with a security interest in the property, known as the mortgage lien. This means that while the borrower retains possession and use of the property, the lender has the right to take possession if the borrower fails to meet the repayment obligations. This element of conveyance is crucial to the mortgage process as it establishes the legal relationship and obligations between the borrower and the lender. The other options relate to different aspects of the mortgage agreement. The contract element pertains to the legal agreement between the borrower and lender outlining the terms of the loan and expectations. The interest element refers to the cost of borrowing, expressed as a percentage of the principal loan amount, which is typically paid regularly over the life of the loan. Meanwhile, the principal element represents the original amount of money borrowed, distinct from the interest.

2. What happens if a condition of a contingency clause is not met?

- A. The contract remains enforceable regardless
- B. The buyer loses their deposit automatically
- C. The contract becomes void or voidable**
- D. The seller must lower the property price

When a contingency clause in a real estate contract is included, it sets specific conditions that must be met for the contract to be enforceable. If these conditions are not met, the contract can become void or voidable. This means that depending on the specific circumstances—such as if the contingency was not fulfilled within the specified time frame—the party that benefits from the contingency (often the buyer) has the right to rescind the contract without facing penalties. This maintains the integrity of the agreement by ensuring that both parties remain protected under the conditions that were mutually agreed upon at the time of signing. For example, if a buyer's purchase is contingent on obtaining financing and they fail to do so, they can choose to cancel the contract without any legal repercussions, affirming that the transaction cannot proceed as initially outlined. This aspect of the contingency clause is critical in real estate transactions, as it allows parties to exit agreements when certain agreed-upon terms are not satisfied, thus ensuring fairness and accountability in the contractual process.

3. What is meant by "seller financing" in real estate?

- A. A method allowing the seller to charge higher interest
- B. When the seller provides direct financing to the buyer**
- C. A type of mortgage where the seller remains liable
- D. A guarantee from the seller to buy back the property

Seller financing refers to a situation in real estate transactions where the seller directly provides financing to the buyer, enabling the buyer to purchase the property without relying on traditional lenders like banks or mortgage companies. This arrangement can be beneficial for both parties: the seller can facilitate the sale by making it easier for buyers who may struggle to secure conventional financing, while the buyer gains access to a potentially more flexible payment structure. In seller financing, the terms of the loan—including the interest rate, payment schedule, and any down payment requirements—are negotiated directly between the seller and the buyer. This arrangement can also allow the seller to earn interest on the financing provided, which is usually higher than what they might obtain from other investment avenues. The other answer choices represent concepts that do not accurately capture the essence of seller financing. For instance, the idea of charging higher interest is not a defining characteristic of seller financing; rather, the terms can vary widely based on negotiation. The concept of a mortgage with seller liability does not reflect the direct transaction dynamics involved in seller financing. Lastly, offering a buy-back guarantee aligns more closely with a different set of financing strategies, such as options or guarantees, and is not a standard feature of seller financing.

4. What must a seller's lawyer do to ensure a clear title during a real estate transaction?

- A. Notify the buyer of any defects
- B. Clear all financial encumbrances**
- C. Prepare a new title for the property
- D. Increase the sale price to cover costs

To ensure a clear title during a real estate transaction, clearing all financial encumbrances is essential. A clear title means that the property is free from any liens, mortgages, or other claims that could interfere with the buyer's ownership. This process involves verifying and satisfying any outstanding debts or obligations tied to the property, such as unpaid property taxes or vendor liens, ensuring that ownership can be transferred without legal issues. In real estate transactions, the title must be clear for the buyer to have unencumbered ownership rights, which are vital for securing financing and providing peace of mind regarding property use and enjoyment. This often includes working with creditors to release claims, which is a critical responsibility for the seller's lawyer. The other choices focus on different aspects of the transaction but do not directly address the fundamental requirement of ensuring a clear title. For instance, notifying the buyer of any defects relates more to transparency rather than the clearing of title; preparing a new title does not solve existing encumbrances; and increasing the sale price to cover costs does not impact the title's status or clarity. Hence, the emphasis on clearing financial encumbrances stands as the vital action needed to safeguard the buyer's interests following the sale.

5. What is the benefit of having a pre-approval letter from a lender?

- A. It serves as a guarantee of loan approval
- B. It provides evidence that a borrower qualifies for a loan**
- C. It secures the lowest interest rates
- D. It locks in property prices for a period

Having a pre-approval letter from a lender is beneficial because it provides evidence that a borrower qualifies for a loan. This document is crucial in the home buying process as it indicates to sellers that the buyer is serious and has been vetted by a financial institution. A pre-approval means the lender has assessed the borrower's financial situation, including their creditworthiness, income, and debt levels, to determine how much they are likely to be approved for in a mortgage. This level of validation can make a significant difference in a competitive real estate market. Sellers tend to favor buyers with pre-approval letters because it reduces the risk that the sale will fall through due to financing issues. It shows that the buyer is more than just a casual inquiry and has the financial backing to proceed with an offer. While it's important to understand the other choices, they don't fully capture the purpose of a pre-approval letter. It does not guarantee loan approval in all circumstances, as final loan approval can still be contingent on additional factors. Additionally, it doesn't necessarily secure the lowest interest rates or lock in property prices, as those are influenced by market conditions and lender offerings at the time of the actual loan closing.

6. What does a closing statement typically include?

- A. A detailed plan for future property development
- B. All costs and disbursements involved in the transaction**
- C. An appraisal report on the property
- D. The listing price from the initial agreement

A closing statement is a crucial document in real estate transactions, serving as a summary of the financial details involved in the property transfer. The correct choice is that a closing statement includes all costs and disbursements involved in the transaction. This typically encompasses various fees such as the purchase price, loan fees, title insurance, property taxes, and any other costs associated with the sale or purchase of the property. It ensures that all parties are aware of the financial obligations and entitlements at the time of closing. In contrast, a detailed plan for future property development, an appraisal report on the property, and the listing price from the initial agreement do not belong in a closing statement. Development plans would be separate considerations that relate to future projects rather than the immediate transaction. An appraisal report, while important for valuing the property, serves a different purpose entirely and is usually generated before the closing process rather than being part of the final settlement. The listing price is also not included in the closing statement, as the final sale transaction details are documented in the statement, which reflects what the parties have ultimately agreed to, often different from the initial listing price.

7. Who benefits from the Fair Housing Act?

- A. Property owners**
- B. Real estate agents**
- C. All individuals seeking housing**
- D. Only government agencies**

The Fair Housing Act is designed to ensure that all individuals seeking housing are not discriminated against based on specific protected characteristics such as race, color, national origin, religion, sex, familial status, or disability. The primary beneficiaries of this legislation are therefore all individuals who are looking for housing. By prohibiting discrimination in housing rental, sales, and financing, the Fair Housing Act plays a critical role in promoting equal opportunity and fair access to housing for everyone. This includes providing recourse for those who feel they have been victims of discrimination and promoting inclusive communities. The goal is to create an environment where individuals—regardless of their background—can seek and find housing without facing barriers. Other choices may reference specific groups like property owners or real estate agents, but they are not the intended primary beneficiaries of the Act. Property owners and agents must comply with the law, and while they may benefit indirectly from a more equitable housing market, the fundamental purpose of the Fair Housing Act is to protect the rights and interests of individuals seeking housing. Government agencies play a role in enforcing the Act but are not the beneficiaries; rather, they serve as regulators to ensure compliance and protect the rights of citizens.

8. Which of the following best describes "market analysis"?

- A. An overview of local school systems**
- B. The assessment of a property's structural condition**
- C. The evaluation of market conditions to assess property value**
- D. A survey of neighborhood amenities**

The correct choice describes "market analysis" as the evaluation of market conditions to assess property value. Market analysis involves examining various factors that influence the real estate market, such as supply and demand dynamics, recent sales of comparable properties, current listings, and economic indicators. This comprehensive assessment helps real estate professionals, buyers, and sellers understand pricing trends, appreciate the competitive landscape, and make informed decisions regarding property transactions. In the context of real estate practice, market analysis goes beyond merely looking at individual property characteristics or neighborhood features; it incorporates a broader look at how overall market conditions affect property values. Understanding these market dynamics is crucial for determining a fair market price for a property, making it a foundational aspect of real estate practice.

9. What is required for the contract element of a mortgage?

- A. Privity**
- B. Liquidity**
- C. Certainty**
- D. Validity**

In the context of mortgages, the contract element refers specifically to the agreements made between the parties involved. Privity is the legal relationship that exists between parties who agree to the terms of a contract, indicating that they have a mutual interest and understanding that binds them under the law. For a mortgage contract to be enforceable, it is essential that there is privity between the mortgagor (borrower) and the mortgagee (lender), ensuring that both parties are legally obligated to adhere to the terms stipulated in the contract. Privity establishes the requisite legal framework for the contract, allowing both parties to seek remedies or enforce terms as necessary.

Therefore, emphasizing the importance of privity highlights that both parties must recognize and agree to their rights and obligations, which is foundational for the validity and enforceability of the mortgage. Other options may touch on aspects related to contracts but do not capture the essential legal relationship necessary for a mortgage agreement specifically. For instance, liquidity pertains to the ability to quickly convert assets into cash, which does not directly influence the structure or necessity of the mortgage contract itself. Certainty refers to clarity in the terms of the contract, while validity relates more broadly to the enforceability of any contract but is not as specific to the

10. What may a buyer's lawyer do prior to applying to register Form A?

- A. Access the seller's credit history**
- B. Wait until there are sufficient funds in trust to complete the transaction**
- C. Submit a pre-approval letter from the lender**
- D. Inquire about pending legal disputes**

A buyer's lawyer must ensure that sufficient funds are available in trust prior to applying to register Form A, which is typically used for the transfer of land or property in real estate transactions. The presence of adequate funds is vital because it confirms that all financial obligations related to the transaction can be met, including the purchase price and any applicable fees or taxes. This step is critical to prevent issues during the registration process and to ensure the buyer's ability to complete the transaction without delays. Other options, while they may be useful in the broader context of real estate transactions, do not directly pertain to the immediate actions necessary before applying to register Form A. Accessing the seller's credit history, submitting a pre-approval letter from the lender, and inquiring about pending legal disputes may be important components of the due diligence process, but they do not relate to the critical requirement of ensuring that sufficient funds are in place to finalize the transaction.

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://pltcrealestate.examzify.com>

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

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