

PROFESSIONAL LEGAL TRAINING COURSE (PLTC) REAL ESTATE PRACTICE EXAM (SAMPLE) STUDY GUIDE



Prepare with structure. Pass with confidence



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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 must happen for a subsequent buyer to be in privity of a mortgage?**
 - A. They must assume the mortgage
 - B. They must refinance the mortgage
 - C. They must cancel the original mortgage
 - D. They must pay off the mortgage entirely
- 2. How are real estate commissions typically paid?**
 - A. By the buyer at closing
 - B. By the seller's lawyer only
 - C. Paid directly by the seller
 - D. By a third-party escrow account
- 3. According to the CPS, when should a buyer obtain insurance against risks such as fire?**
 - A. Before signing the contract
 - B. At least one day before the closing date
 - C. 12:01 on the completion date
 - D. Immediately after the offer is accepted
- 4. What is required for the contract element of a mortgage?**
 - A. Privity
 - B. Liquidity
 - C. Certainty
 - D. Validity
- 5. What is the purpose of reviewing the minutes of strata meetings?**
 - A. To determine past financial performance of the strata
 - B. To verify that all units are occupied
 - C. To identify any upcoming repairs or litigation
 - D. To assess the condition of common areas
- 6. What is a deed restriction?**
 - A. A method to change property ownership
 - B. A legal provision limiting property use
 - C. A requirement to maintain the property's exterior
 - D. A type of real estate financing

7. What is a property disclosure statement?

- A. A report summarizing neighborhood amenities
- B. A document detailing any known issues with the property
- C. A legal binding contract for purchase
- D. A check list for inspecting a property

8. Which term describes a right that allows the use of someone else's property?

- A. An encumbrance
- B. An easement
- C. A lien
- D. A mortgage

9. If a contract contains a fundamental breach, what can the buyer do?

- A. They can cancel the contract immediately
- B. They can insist on a price reduction
- C. They must complete the contract regardless of the breach
- D. They can negotiate further changes to the contract terms

10. What are general property taxes primarily used for?

- A. Funding private ventures
- B. Providing low-interest loans
- C. Funding local public services
- D. Supporting real estate development

Answers

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

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Explanations

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1. What must happen for a subsequent buyer to be in privity of a mortgage?

- A. They must assume the mortgage**
- B. They must refinance the mortgage
- C. They must cancel the original mortgage
- D. They must pay off the mortgage entirely

For a subsequent buyer to be in privity of a mortgage, they must assume the mortgage. This means that the buyer agrees to take over the existing mortgage obligations from the seller, thereby establishing a direct legal relationship with the lender. By assuming the mortgage, the new buyer effectively steps into the shoes of the original borrower, becoming liable for the mortgage payments and complying with the terms of the mortgage agreement. This concept of privity is essential in real estate transactions because it affects the rights and responsibilities of the parties involved. When the buyer assumes the mortgage, they gain not only the benefits of the property but also the associated debts, creating a bond between the new owner and the lender. In contrast, simply refinancing the mortgage does not create privity with the original mortgage unless stipulated in the refinancing agreement, as refinancing typically involves taking out a new loan to pay off the existing one. Canceling the original mortgage eliminates any debt but does not establish any privity with the mortgage lender. Paying off the mortgage entirely would discharge the debt but, again, does not create privity unless the buyer has assumed it in the first place. Therefore, privity only exists when a buyer formally assumes the mortgage, thereby maintaining the connection to the original loan.

2. How are real estate commissions typically paid?

- A. By the buyer at closing
- B. By the seller's lawyer only
- C. Paid directly by the seller**
- D. By a third-party escrow account

In real estate transactions, commissions are primarily paid by the seller. This is typically outlined in the listing agreement between the seller and the real estate agent. The seller agrees to compensate the agent for their services, which often includes marketing the property and facilitating the sale. This arrangement incentivizes agents to secure the best possible sale price, as their commission is a percentage of the sale price. While there are instances where buyers might pay a portion of the commission — particularly in some buyer-broker agreements — the standard practice remains that the seller covers the real estate commission. This is also advantageous for buyers, as they can access professional representation without an immediate direct cost. The other options present less common scenarios or misinterpretations of standard practices. For example, the notion that the seller's lawyer solely pays the commission is misleading; the legal representation typically handles paperwork but does not directly pay commissions. Additionally, while a third-party escrow account may facilitate the transaction by holding funds until closing, it does not directly pay commissions; such payments are authorized by the seller as part of the transaction process. Understanding these dynamics clarifies the customary role of seller-paid commissions in real estate transactions.

3. According to the CPS, when should a buyer obtain insurance against risks such as fire?

- A. Before signing the contract
- B. At least one day before the closing date
- C. 12:01 on the completion date**
- D. Immediately after the offer is accepted

The reasoning behind obtaining insurance against risks such as fire at 12:01 on the completion date aligns with the concept of risk transfer in property transactions. Once the completion date arrives, the ownership and responsibility for the property transfer from the seller to the buyer. At this moment, the buyer is at risk for any damages to the property, including potential fire damage. By ensuring that insurance is in effect at 12:01 on the completion date, the buyer is protected immediately upon taking ownership. Acquiring insurance before the completion date, whether it's during the contract signing or after the offer acceptance, would not adequately cover the buyer during the period when they are still not officially the owner of the property. By contrast, waiting until after the completion date would leave the buyer exposed to risks, particularly during the time just after taking ownership. Thus, commencing the insurance coverage at the stroke of midnight on the completion date provides timely protection, which is essential given the sudden shift in liability and financial responsibility.

4. 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

5. What is the purpose of reviewing the minutes of strata meetings?

- A. To determine past financial performance of the strata
- B. To verify that all units are occupied
- C. To identify any upcoming repairs or litigation**
- D. To assess the condition of common areas

Reviewing the minutes of strata meetings serves several important purposes, one of which is to identify any upcoming repairs or litigation. The minutes typically document discussions held during meetings, decisions made by the strata council, and any actionable items that need to be addressed. This information is crucial for ensuring that residents and stakeholders are aware of any ongoing issues or planned projects that may affect the community. In the context of property management and strata governance, being informed about upcoming repairs allows owners and tenants to prepare for any inconveniences or financial implications associated with maintenance work. Additionally, understanding any potential litigation helps residents stay informed about legal matters that could affect the strata and its financial stability. Overall, reviewing these minutes provides a clear view of the management's priorities and the overall health of the strata community. While examining financial performance, unit occupancy, and the condition of common areas can be elements of a broader assessment of the strata, they do not represent the primary focus of meeting minutes. The minutes are mainly concerned with recorded discussions and decisions, making identification of repairs or litigation a central aspect of this documentation.

6. What is a deed restriction?

- A. A method to change property ownership
- B. A legal provision limiting property use**
- C. A requirement to maintain the property's exterior
- D. A type of real estate financing

A deed restriction is a legal provision that restricts or limits the way property can be used or developed. These restrictions are typically outlined in the property deed and are designed to maintain certain standards within a neighborhood or community. For example, a deed restriction may prohibit certain types of construction, impose specific architectural guidelines, or limit the activities that can take place on the property. These restrictions are often put in place to ensure a uniform appearance or to maintain the property values within a community, benefiting all property owners in the area. It's important to understand that these provisions are legally enforceable, meaning that they can be upheld in court if challenged. The other options revolve around different concepts in real estate that do not accurately convey the definition of a deed restriction. For instance, altering property ownership does not relate to the limitations on property use inherent in deed restrictions, and while maintaining a property's exterior can be part of a deed restriction, it is too narrow a focus to encompass the broader definition. Additionally, real estate financing refers to the methods used to fund property purchases and does not connect to restrictions on property use.

7. What is a property disclosure statement?

- A. A report summarizing neighborhood amenities
- B. A document detailing any known issues with the property**
- C. A legal binding contract for purchase
- D. A check list for inspecting a property

A property disclosure statement is a document that provides detailed information about the condition of a property. It primarily serves to inform potential buyers of any known defects or issues, such as problems with the roof, plumbing, electrical systems, or the presence of hazardous materials like lead or mold. This disclosure is crucial as it ensures transparency in a real estate transaction, helping the buyer make an informed decision and potentially avoiding future disputes. In real estate transactions, sellers are often legally obligated to disclose specific issues they are aware of. This includes any repairs that have been done or that need to be done, thus offering protection to the buyer. The emphasis on known issues is what differentiates this document from other types of reports or checklists, ensuring that all relevant property concerns are communicated upfront. On the other hand, a report summarizing neighborhood amenities focuses on the surrounding area rather than the property itself, which does not fulfill the purpose of informing buyers about specific property conditions. A legal binding contract for purchase refers to the agreement between buyer and seller regarding the sale, which includes terms, conditions, and obligations but does not specifically address the property's condition. Lastly, a checklist for inspecting a property is a tool used during inspections to assess various aspects of a property but does not serve the

8. Which term describes a right that allows the use of someone else's property?

- A. An encumbrance
- B. An easement**
- C. A lien
- D. A mortgage

The term that describes a right allowing the use of someone else's property is known as an easement. This legal concept enables one party to use a portion of another person's land for a specific purpose, such as access to a road, pipeline installation, or utility lines. Easements can be created through various means, including agreements between parties or as a result of longstanding use under certain legal doctrines. In the context of real estate and property law, an easement is distinct from other concepts such as encumbrances, liens, and mortgages. An encumbrance refers broadly to any claim or liability that may affect the value of a property, such as a restriction or burden on the property. A lien is a legal right or interest that a lender has in the borrower's property, granted until the debt obligation is satisfied. A mortgage specifically is a type of lien that secures the repayment of a loan used to purchase real estate. These distinctions clarify why the right to use someone else's property is most accurately described as an easement. It specifically pertains to the rights of use, while the other terms have different legal meanings related to property rights.

9. If a contract contains a fundamental breach, what can the buyer do?

- A. They can cancel the contract immediately**
- B. They can insist on a price reduction
- C. They must complete the contract regardless of the breach
- D. They can negotiate further changes to the contract terms

In the context of real estate contracts, a fundamental breach occurs when one party fails to uphold a significant aspect of the agreement, rendering the contract fundamentally flawed and the intended purpose unachievable. Such a breach gives the aggrieved party, in this case, the buyer, the right to take decisive action. When a contract contains a fundamental breach, the buyer can cancel the contract immediately. This is because the fundamental breach affects the core of the agreement, allowing the buyer to terminate their obligations and seek remedies, such as pursuing damages or finding an alternative property. Cancellation reflects the gravity of the breach, as it undermines the buyer's trust in the contract's validity. Other actions, such as insisting on a price reduction or negotiating changes to the terms, do not fully address the severity of a fundamental breach. The buyer is not obliged to complete the contract when it is fundamentally breached, as an obligation exists only when the contract's fundamental aspects are honored by both parties. Thus, the immediate cancellation of the contract is the appropriate and justified response in this situation.

10. What are general property taxes primarily used for?

- A. Funding private ventures
- B. Providing low-interest loans
- C. Funding local public services**
- D. Supporting real estate development

General property taxes are primarily used to fund local public services. This includes essential services such as education, public safety (police and fire departments), road maintenance, and other community services that contribute to the overall well-being and infrastructure of the locality. The revenue generated from property taxes is allocated to various governmental functions that directly impact residents' quality of life and community amenities. By collecting taxes based on property ownership, local governments can ensure a steady funding source for these critical services. Without this funding, local governments would struggle to provide the necessary support for community projects and essential services that residents rely upon, thus emphasizing the importance of general property taxes in maintaining and enhancing local governance and community standards.

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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