

# Promulgated Contract Forms Practice Test (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 is the primary responsibility of the title company in a real estate transaction?**
  - A. To list the property for sale**
  - B. To conduct a title search and facilitate closing**
  - C. To provide financing options**
  - D. To negotiate the sale price**
  
- 2. What should a Buyer expect if the existing survey is not approved by the lender?**
  - A. The Seller must provide a new survey at their expense**
  - B. The Buyer must pay for the new survey**
  - C. The title company will cover the costs**
  - D. The contract will allow for dispute resolution**
  
- 3. What should a buyer verify before signing a real estate contract?**
  - A. That the contract has been reviewed by legal counsel**
  - B. That all terms and conditions are acceptable and have been clearly understood**
  - C. That the list price is lower than market value**
  - D. That the property has been inspected**
  
- 4. How can property ownership be legally transferred?**
  - A. By verbal agreement only**
  - B. Through a written contract and closing process**
  - C. Only when both parties are present**
  - D. By court order only**
  
- 5. What action should parties take upon reaching a verbal agreement in real estate?**
  - A. They should delay further action until both parties are comfortable**
  - B. They should draft and sign a written contract to formalize the agreement**
  - C. They should notify the local government of the agreement**
  - D. They should inform their respective agents**

- 6. What happens if the Buyer does not give notice to the Seller that they cannot obtain credit approval within the specified days?**
- A. The contract remains valid regardless**
  - B. The contract will be terminated immediately**
  - C. The contract will no longer be subject to credit approval**
  - D. The Buyer loses the earnest money**
- 7. What does the Information About Brokerage Services (IBS) allow a broker to do?**
- A. Represent the owner**
  - B. Represent the buyer**
  - C. Represent both owner and buyer as intermediary**
  - D. None of the above**
- 8. What document details the property being sold and its legal description?**
- A. Offer to Purchase**
  - B. Purchase Agreement**
  - C. Deed**
  - D. Sales Contract**
- 9. What is the purpose of the Disclosure of Lead-Based Paint Addendum?**
- A. To notify buyers of potential risks**
  - B. To provide a sales strategy**
  - C. To establish selling price**
  - D. To complete the closing process**
- 10. Why is it important to have real estate licensure before facilitating transactions?**
- A. To ensure compliance with state laws and protect consumer interests**
  - B. To charge lower commission fees**
  - C. To conduct property appraisals legally**
  - D. To avoid taxation issues**

## Answers

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

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## **Explanations**

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**1. What is the primary responsibility of the title company in a real estate transaction?**

**A. To list the property for sale**

**B. To conduct a title search and facilitate closing**

**C. To provide financing options**

**D. To negotiate the sale price**

The primary responsibility of the title company in a real estate transaction is to conduct a title search and facilitate the closing process. This involves investigating the history of the property to ensure that the title is clear, meaning there are no liens, encumbrances, or other claims against it that would prevent the sale. The title company also prepares the necessary documentation for the closing process, such as the closing statement, and ensures that all legal requirements are met for the transfer of ownership. In facilitating the closing, the title company plays a critical role in ensuring that funds are transferred correctly, that all documents are signed in accordance with the terms of the contract, and that the new owner receives the title to the property. This impartial role is essential in providing peace of mind to both buyers and sellers by verifying that the transaction is conducted fairly and legally. The other options, such as listing the property for sale, providing financing options, or negotiating the sale price, are functions typically handled by real estate agents, lenders, or negotiators, not by title companies. Thus, focusing on the comprehensive role of the title company affirms their essential position within the real estate transaction process.

**2. What should a Buyer expect if the existing survey is not approved by the lender?**

**A. The Seller must provide a new survey at their expense**

**B. The Buyer must pay for the new survey**

**C. The title company will cover the costs**

**D. The contract will allow for dispute resolution**

When a Buyer encounters a situation where the existing survey is not approved by the lender, it typically means that the lender requires a clear and updated representation of the property boundaries and any potential encroachments or discrepancies. In such cases, it is standard practice that the Seller is responsible for providing a new survey at their own expense. This responsibility arises because the survey is essential for the lender to assess the property adequately and determine the risks associated with lending on that property. Since the Seller is conveying the property and must ensure that all conditions for the sale are met, including lender requirements, they need to resolve any issues related to the existing survey. Therefore, rather than placing the financial burden on the Buyer, the contract generally stipulates that the Seller must cover the cost of obtaining a new, lender-approved survey. The other choices offer alternatives that do not align with typical real estate practices. For instance, having the Buyer pay for a new survey would contradict the Seller's obligation to provide all necessary documentation for the property sale. The title company covering the costs is also unlikely, as their role focuses on ensuring that the title is clear rather than assuming costs related to surveys. Lastly, while the contract may include provisions for dispute resolution, this scenario typically does not invoke such

### 3. What should a buyer verify before signing a real estate contract?

- A. That the contract has been reviewed by legal counsel
- B. That all terms and conditions are acceptable and have been clearly understood**
- C. That the list price is lower than market value
- D. That the property has been inspected

The choice of verifying that all terms and conditions are acceptable and have been clearly understood is crucial for a buyer before signing a real estate contract. This step ensures that the buyer fully comprehends their obligations, rights, and liabilities as outlined in the agreement. A clear understanding of the terms helps prevent misunderstandings or disputes down the line, which can lead to legal issues or financial consequences. While having legal counsel review the contract (option A) is advisable, it is not always a requirement for every buyer and can depend on the buyer's familiarity with real estate transactions. The other options, such as ensuring the list price is lower than market value (option C) and verifying that the property has been inspected (option D), are also important considerations, but they pertain more to the valuation and condition of the property rather than an understanding of the contractual obligations themselves. Therefore, the primary focus should be on ensuring that the buyer is fully aware of and agrees to all aspects of the contract.

### 4. How can property ownership be legally transferred?

- A. By verbal agreement only
- B. Through a written contract and closing process**
- C. Only when both parties are present
- D. By court order only

Property ownership can be legally transferred through a written contract and a closing process because these steps ensure that all legal requirements are met to formalize the transfer. A written contract provides a clear, documented agreement between the buyer and seller that outlines the terms of the sale, including the purchase price and any conditions or contingencies. The closing process involves several essential tasks, such as the exchange of funds, the signing of various legal documents, and the final transfer of the title to the new owner. This process is crucial as it often entails checks for any liens against the property and ensures that the title is clear for the new owner. Legal stipulations, such as recording the deed with the appropriate government office, are also part of this process to protect the interests of all parties involved. On the other hand, reliance on a verbal agreement lacks legal standing and clarity, making it difficult to enforce. Similarly, requiring both parties to be physically present or limiting the transfer to a court order does not encompass the full scope of the legal processes available for property transfer, which includes various accepted methods like using escrow services, titles, and contract execution. Thus, the complete and legally sound method is through a written contract and a structured closing procedure.

5. What action should parties take upon reaching a verbal agreement in real estate?
- A. They should delay further action until both parties are comfortable
  - B. They should draft and sign a written contract to formalize the agreement**
  - C. They should notify the local government of the agreement
  - D. They should inform their respective agents

Upon reaching a verbal agreement in real estate, the appropriate action for the parties is to draft and sign a written contract to formalize the agreement. This step is crucial because verbal agreements can be vague and difficult to enforce, as they lack the clarity and specificity that a written contract provides. Formalizing the agreement in writing serves multiple purposes. It clearly outlines the terms and conditions of the transaction, detailing each party's rights and obligations. A written contract also helps prevent misunderstandings and disputes that could arise from differing recollections of the verbal agreement. Furthermore, many jurisdictions require real estate contracts to be in writing to be legally enforceable due to the Statute of Frauds, which is a legal doctrine that requires certain contracts, including those related to real estate transactions, to be documented in writing. While options like delaying further actions, notifying the local government, or informing agents may hold some relevance in specific contexts, they do not adequately address the immediate need for a binding and enforceable agreement that a written contract provides. Drafting and signing a formal contract is the fundamental step that ensures both parties are legally protected and have a clear understanding of the agreed-upon terms.

6. What happens if the Buyer does not give notice to the Seller that they cannot obtain credit approval within the specified days?
- A. The contract remains valid regardless
  - B. The contract will be terminated immediately
  - C. The contract will no longer be subject to credit approval**
  - D. The Buyer loses the earnest money

If the Buyer does not provide notice to the Seller about their inability to obtain credit approval within the specified timeframe, the contract will no longer be subject to credit approval. This means that the Buyer has effectively affirmed their commitment to the agreement without the contingency that typically allows them to withdraw if financing is not secured. By failing to notify the Seller within the designated days, the Buyer effectively waives their right to invoke credit approval as a condition for the contract's validity, making it binding regardless of their financial situation. The insinuation here is that the Buyer has accepted responsibility to proceed with the contract despite their inability to obtain credit, which puts them in a position where they must fulfill their obligations under the agreement. This highlights the importance of adhering to timelines and communicating intentions clearly during the contract process.

**7. What does the Information About Brokerage Services (IBS) allow a broker to do?**

- A. Represent the owner**
- B. Represent the buyer**
- C. Represent both owner and buyer as intermediary**
- D. None of the above**

The Information About Brokerage Services (IBS) is a document that provides consumers with important information regarding the role of a real estate broker in a transaction. Selecting the option that indicates the broker can represent both the owner and the buyer as an intermediary reflects the dual agency concept, where a broker facilitates a transaction between two parties while maintaining a neutral stance. This arrangement requires the broker to disclose their role in the transaction transparently to all parties involved and obtain informed consent from them. In situations where a broker serves as an intermediary, they must handle the interests of both sides fairly and equally, ensuring that neither party is given preferential treatment. This capability is particularly valuable in real estate transactions, where the broker's guidance can significantly influence the outcome for both the seller and the buyer. The other options represent exclusive agency roles, where a broker is committed to either the seller or the buyer solely, which does not take full advantage of the dual agency possibilities that the IBS allows. Thus, the choice that includes representing both owner and buyer covers the broader scope of services a broker can provide under the context of the IBS.

**8. What document details the property being sold and its legal description?**

- A. Offer to Purchase**
- B. Purchase Agreement**
- C. Deed**
- D. Sales Contract**

The correct answer is the deed, as it specifically serves to transfer ownership of the property from the seller to the buyer and provides the legal description of the property. This description is crucial because it accurately identifies the boundaries and location of the property involved in the transaction. The deed is a formal document that is recorded in public records, ensuring that the transfer of title is legally recognized. While other documents like the offer to purchase and purchase agreement play significant roles in the process of buying and selling real estate, they do not usually include the legal description of the property. The offer to purchase outlines the buyer's intention to buy the property and may specify terms but lacks the detailed legal description necessary for transferring ownership. The purchase agreement, similar in purpose, sets out the terms of the sale but is not the instrument that conveys ownership. The sales contract generally refers to a broader range of agreements and does not specifically indicate the legal transfer of title as clearly as the deed does. Thus, the deed is the definitive document that captures the legal details required to establish ownership.

**9. What is the purpose of the Disclosure of Lead-Based Paint Addendum?**

- A. To notify buyers of potential risks**
- B. To provide a sales strategy**
- C. To establish selling price**
- D. To complete the closing process**

The purpose of the Disclosure of Lead-Based Paint Addendum is to notify buyers of potential risks associated with lead-based paint, particularly in homes built before 1978, when the use of such paint was banned due to health concerns. This addendum serves as an important mechanism to inform buyers about the presence of lead-based paint that may pose significant health risks, especially to young children and pregnant women. By incorporating this addendum into real estate transactions, sellers fulfill their legal obligation to disclose known information regarding lead-based hazards, ensuring that buyers can make informed decisions. The awareness about these risks is crucial, as lead exposure can lead to serious health issues, so the primary goal of the addendum is to promote safety and transparency in property transactions. The other options do not align with the intent of the Disclosure of Lead-Based Paint Addendum. For instance, it doesn't serve as a sales strategy, establish a selling price, or complete the closing process, as its sole focus is on health and safety regarding lead exposure.

**10. Why is it important to have real estate licensure before facilitating transactions?**

- A. To ensure compliance with state laws and protect consumer interests**
- B. To charge lower commission fees**
- C. To conduct property appraisals legally**
- D. To avoid taxation issues**

Having real estate licensure is crucial because it ensures that agents and brokers adhere to state laws and regulations governing real estate transactions. This licensure system is designed to protect consumer interests by ensuring that only qualified individuals are allowed to facilitate property transactions. Licensed professionals are held to a high standard of ethical behavior and must complete a certain amount of education and training, which equips them with the necessary knowledge about the real estate market, contract law, and other pertinent regulations. In this way, licensure acts as a safeguard for consumers, as they can trust that the individual they are working with is knowledgeable and legally authorized to assist them in their real estate needs.

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

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

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