

PSI New Jersey Real Estate State 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 scenarios might indicate a violation of fair housing regulations?**
 - A. Advertising a property as "quiet and peaceful"**
 - B. Marketing a home as "perfect for families"**
 - C. Seeking a male roommate only**
 - D. Offering flexible terms for all potential renters**
- 2. What does zoning regulate?**
 - A. How properties can be financed**
 - B. The ownership transfer process of real estate**
 - C. How land can be used in specific areas**
 - D. Local government tax rates**
- 3. A licensee affiliated with a principal broker as an independent contractor must receive which of the following from the principal broker?**
 - A. Support for personal marketing strategies**
 - B. Training in different real estate strategies**
 - C. Advertising resources and an independent contractor agreement with compensation based on production**
 - D. Legal advice in disputes**
- 4. What kind of contract is being referred to if a buyer and seller have agreed on a price and both signed a written agreement with a cancellation clause?**
 - A. Executed contract**
 - B. Exclusively written contract**
 - C. An executory contract**
 - D. Non-binding agreement**
- 5. What is a lease option?**
 - A. A rental contract that requires immediate payment in full**
 - B. A lease agreement that gives the tenant the right to purchase the property at a later date**
 - C. A type of maintenance agreement between landlord and tenant**
 - D. A loan agreement used for property investment**

- 6. In the context of real estate, what does the term "escrow" refer to?**
- A. A process of conveying property**
 - B. A neutral third party holding funds**
 - C. A legal binding contract**
 - D. A temporary housing agreement**
- 7. What does title insurance protect against?**
- A. Losses from disputes over property ownership**
 - B. Losses from foreclosure proceedings**
 - C. Losses from natural disasters**
 - D. Losses from home appraisal discrepancies**
- 8. What type of listing allows the seller to sell the property independently while still giving brokers the ability to find buyers?**
- A. Exclusive agency listing**
 - B. Exclusive right-to-sell listing**
 - C. Open listing**
 - D. Dual agency listing**
- 9. What is a requirement for a broker to collect a commission under an open listing?**
- A. A written contract with the seller**
 - B. The sale must be finalized immediately**
 - C. The broker's involvement must be proven**
 - D. The seller is under no obligation to accept the offer**
- 10. What is the timeframe within which a complaint must be filed with HUD after a fair housing violation?**
- A. 2 weeks**
 - B. 1 month**
 - C. 6 months**
 - D. 1 year**

Answers

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

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Explanations

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1. Which of the following scenarios might indicate a violation of fair housing regulations?

- A. Advertising a property as "quiet and peaceful"**
- B. Marketing a home as "perfect for families"**
- C. Seeking a male roommate only**
- D. Offering flexible terms for all potential renters**

The scenario where a landlord or property owner is seeking a male roommate only is indicative of a violation of fair housing regulations. Under the Fair Housing Act, discrimination based on sex is prohibited. This means that a landlord should not impose restrictions on potential tenants based on their gender. Being selective about a roommate's gender can lead to exclusionary practices that are not permitted under fair housing laws, which aim to ensure equal opportunity in housing regardless of sex or other protected characteristics. In contrast, the other scenarios, while they might raise questions about inclusivity or targeting specific demographics, do not explicitly contravene fair housing laws in the same way. For instance, advertising a property as "quiet and peaceful" or marketing a home as "perfect for families" can be seen as descriptors of the property and do not discriminate against any protected class. Similarly, offering flexible terms to all potential renters suggests a willingness to accommodate various needs, aligning with fair housing principles.

2. What does zoning regulate?

- A. How properties can be financed**
- B. The ownership transfer process of real estate**
- C. How land can be used in specific areas**
- D. Local government tax rates**

Zoning primarily regulates how land can be used in specific areas, establishing guidelines for the types of developments permitted and their designated purposes. This includes differentiating between residential, commercial, industrial, and agricultural uses, as well as regulating characteristics such as building height, density, and land setbacks. By implementing zoning laws, local governments aim to control urban growth, maintain property values, and ensure a cohesive community structure. The other options do not fall within the purview of zoning regulations. For instance, financing of properties is governed by financial institutions and laws related to loans and mortgages, rather than by zoning laws. The ownership transfer process is regulated by various legal statutes and property law, rather than zoning. Lastly, local government tax rates are determined by budgetary needs and fiscal policies, which do not influence land use regulations. Thus, zoning is specifically concerned with the way land is utilized and organized within communities, making the correct choice the regulation of land use.

3. A licensee affiliated with a principal broker as an independent contractor must receive which of the following from the principal broker?

- A. Support for personal marketing strategies**
- B. Training in different real estate strategies**
- C. Advertising resources and an independent contractor agreement with compensation based on production**
- D. Legal advice in disputes**

A licensee affiliated with a principal broker as an independent contractor must receive an independent contractor agreement with compensation based on production, along with advertising resources. This is fundamental because the relationship between the principal broker and the licensee is structured to allow for flexibility and independence in managing their business. The independent contractor agreement outlines the terms of their working relationship, including expectations and the method of compensation. By focusing on production as a basis for compensation, the broker incentivizes the licensee to maximize their efforts in generating sales and closing deals. Advertising resources are also necessary, as these tools enable the independent contractor to effectively market properties and showcase their services. Having access to such resources supports the licensee's business while still maintaining their independent status. This structure allows for a mutually beneficial partnership where both the broker and the licensee can thrive in the competitive real estate market. Other options mention training and support that, while potentially beneficial, do not capture the essential contractual and business relationship components inherent in the independent contractor model.

4. What kind of contract is being referred to if a buyer and seller have agreed on a price and both signed a written agreement with a cancellation clause?

- A. Executed contract**
- B. Exclusively written contract**
- C. An executory contract**
- D. Non-binding agreement**

The situation described fits the definition of an executory contract. An executory contract is one where the parties have made an agreement that has yet to be fully performed; in this case, while the buyer and seller have agreed on a price and signed a written agreement, certain actions still need to occur for the transaction to be complete, such as transferring the title and completing the sale. The cancellation clause indicates that there are conditions under which either party can withdraw from the agreement, further emphasizing that the contract has not yet been fully executed. In contrast, an executed contract would imply that all terms have been fulfilled, which is not the case here since performance is still pending. An exclusively written contract isn't a term typically used in real estate lingo, and a non-binding agreement would suggest that the contract lacks legal enforceability, which contradicts the fact that both parties signed a binding agreement. Thus, calling this an executory contract is accurate as it encapsulates the ongoing obligations present in a deal that is not yet completed.

5. What is a lease option?

- A. A rental contract that requires immediate payment in full
- B. A lease agreement that gives the tenant the right to purchase the property at a later date**
- C. A type of maintenance agreement between landlord and tenant
- D. A loan agreement used for property investment

A lease option is specifically defined as a lease agreement that provides the tenant with the right, but not the obligation, to purchase the property at a predetermined price within a specified timeframe. This arrangement allows tenants to live in a property while having the potential to purchase it later, combining the elements of leasing and purchasing in a single contract. The tenant typically pays an option fee, which may or may not be credited toward the purchase price should they decide to exercise their option to buy. This approach benefits both parties. The landlord may secure a future sale and provide the tenant with the opportunity to become a homeowner, while the tenant enjoys the flexibility of living in the property they might wish to own, with the chance to lock in a purchase price, which can be advantageous if property values rise over time. This arrangement is particularly appealing for those who may not currently have the full financial means to buy the property outright but still wish to invest in homeownership in the future.

6. In the context of real estate, what does the term "escrow" refer to?

- A. A process of conveying property
- B. A neutral third party holding funds**
- C. A legal binding contract
- D. A temporary housing agreement

The term "escrow" refers specifically to a financial arrangement in which a neutral third party holds and manages funds or documents on behalf of the involved parties during a real estate transaction. This process is crucial because it ensures that the transaction is secure and fair for both the buyer and the seller. Escrow acts as a safeguard, ensuring that neither party has access to the funds or property until all conditions of the sale are met. This means that, for example, the buyer's deposit is held in escrow until the seller fulfills certain obligations, such as providing a clear title or completing repairs. Once all conditions are satisfied, the escrow agent releases the funds to the seller and the property title to the buyer, completing the transaction. In contrast, options like the process of conveying property, a legal binding contract, and a temporary housing agreement do not encapsulate the unique function of escrow as a neutral holding entity within a supervised real estate transaction. Understanding escrow is key for any real estate professional, as it plays a critical role in facilitating trust and security in property deals.

7. What does title insurance protect against?

A. Losses from disputes over property ownership

B. Losses from foreclosure proceedings

C. Losses from natural disasters

D. Losses from home appraisal discrepancies

Title insurance primarily provides protection against losses that may arise from disputes related to property ownership. This includes issues like undisclosed liens, claims of ownership by other parties, or other faults in the title that were not identified prior to the purchase of the property. When a buyer acquires title insurance, they are essentially safeguarding themselves against potential legal challenges or financial losses that can occur if the title is found to be defective after the purchase. The other options do not fall under the scope of what title insurance covers. Foreclosure proceedings relate to the lender's ability to take back property due to mortgage default, which is generally addressed through separate forms of insurance, such as mortgage insurance. Natural disasters would typically be covered by homeowners insurance, which deals with physical damage to the property, not title issues. Home appraisal discrepancies relate to the valuation of the property and do not impact the ownership rights covered by title insurance.

8. What type of listing allows the seller to sell the property independently while still giving brokers the ability to find buyers?

A. Exclusive agency listing

B. Exclusive right-to-sell listing

C. Open listing

D. Dual agency listing

The correct choice, which is an open listing, allows the seller to retain the right to sell the property on their own without paying a commission to a broker if they find a buyer independently. This type of listing provides flexibility to the seller, as they can work with multiple brokers and also take the initiative to sell the property themselves. If a broker brings in a buyer, the seller is obligated to pay the broker a commission, but if the seller finds a buyer without any broker's involvement, no commission is owed. In contrast, an exclusive agency listing allows the seller to sell the property independently as well; however, it is more structured, as it typically limits the seller to only one broker, meaning if the broker finds a buyer, the commission must still be paid. An exclusive right-to-sell listing commits the seller to pay a commission to the broker regardless of who sells the property, either the broker or the seller themselves. A dual agency listing refers to a situation where one broker represents both the buyer and seller in a transaction, which doesn't relate to how the property is listed or the seller's ability to sell it independently.

9. What is a requirement for a broker to collect a commission under an open listing?

- A. A written contract with the seller**
- B. The sale must be finalized immediately**
- C. The broker's involvement must be proven**
- D. The seller is under no obligation to accept the offer**

In the context of an open listing, the correct understanding revolves around the seller's obligations and the nature of the agreement. An open listing allows multiple brokers to be involved in facilitating the sale of a property, and the seller retains the right to sell the property themselves without owing any commission to the brokers. This means that the seller is under no obligation to accept any offers that come from the brokers, reflecting the flexible and non-exclusive nature of an open listing agreement. In this arrangement, if the seller chooses to accept an offer from a broker, then that broker may collect a commission. However, if the seller decides to reject the offers or sells the property independently, they are not obligated to pay a commission, unless it was agreed otherwise in a separate contract. The seller's right to refuse to accept an offer is a key feature of an open listing, which distinguishes it from other types of listings where exclusivity or prior agreements may require payment regardless of the outcome.

10. What is the timeframe within which a complaint must be filed with HUD after a fair housing violation?

- A. 2 weeks**
- B. 1 month**
- C. 6 months**
- D. 1 year**

The correct timeframe to file a complaint with the U.S. Department of Housing and Urban Development (HUD) after experiencing a fair housing violation is 1 year. Under the Fair Housing Act, individuals who believe they have been subjected to discrimination in housing have up to 1 year from the date of the alleged violation to file a complaint. This allows sufficient time for those affected to gather necessary information and seek assistance regarding the violation they experienced. Filing within this timeframe is essential to ensure that the complaint can be investigated. Complaints can be made directly to HUD or through various advocacy organizations that assist with fair housing issues. Understanding this timeline is critical for anyone working in real estate or involved in housing-related matters to protect the rights of individuals and address discrimination promptly.

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://psi-newjersey.examzify.com>

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