

PSI NEW JERSEY REAL ESTATE STATE 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 term describes the relationship between a property manager and an owner?**
 - A. Agency relationship
 - B. Brokerage relationship
 - C. Buyer relationship
 - D. Advisory relationship
- 2. Which type of lien is typically mandatory and arises without the property owner's consent?**
 - A. Voluntary lien
 - B. Equitable lien
 - C. Involuntary lien
 - D. Statutory lien
- 3. What must a real estate professional disclose when representing a buyer?**
 - A. Potential closing costs
 - B. Material facts about the property
 - C. Personal opinions about the neighborhood
 - D. Possible future zoning changes
- 4. When is a life estate terminated in relation to the recipient?**
 - A. When the beneficiary decides to sell the property
 - B. When the recipient becomes deceased
 - C. When the property passes to the heirs
 - D. When the recipient reaches a certain age
- 5. Which of the following describes a 'buyer's agent'?**
 - A. An agent who represents the seller in the transaction
 - B. An agent who helps buyers find and purchase properties
 - C. An agent who manages rental properties
 - D. An agent focused on commercial property transactions

- 6. Which document is essential to verify a seller's financial commitment and intention to sell?**
- A. Sales contract
 - B. Title report
 - C. Property inspection report
 - D. Listing agreement
- 7. What does dual agency entail?**
- A. One broker representing the buyer only
 - B. One broker representing both the buyer and seller
 - C. Two brokers representing one party
 - D. No representation for either party
- 8. In real estate terminology, what is considered "consideration" in a contract?**
- A. A verbal agreement between the parties
 - B. Any item of value exchanged between parties
 - C. The seller's asking price only
 - D. The closing date indicated in the agreement
- 9. Before executing a sales contract, what document must be provided to buyers in New Jersey?**
- A. The Property Purchase Agreement
 - B. The Loan Estimate Document
 - C. The Real Estate Disclosure Statement
 - D. The Buyer's Agency Agreement
- 10. What is the role of the buyer in relation to offers made during an exclusive right to sell agreement?**
- A. The buyer is obligated to finalize an agreement
 - B. The buyer can withdraw their offer at any time
 - C. The buyer must wait for the seller's response
 - D. The buyer's offer will be automatically rejected

Answers

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

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Explanations

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1. What term describes the relationship between a property manager and an owner?

- A. Agency relationship**
- B. Brokerage relationship
- C. Buyer relationship
- D. Advisory relationship

The correct term that describes the relationship between a property manager and an owner is the agency relationship. In this context, an agency relationship is established when one party (the property manager) acts on behalf of another party (the property owner) to manage and oversee the property. This relationship is based on trust, loyalty, and the duty to act in the best interests of the property owner. The property manager is tasked with making decisions regarding the management of the property, which may include finding and screening tenants, maintaining the property, and handling financial matters related to the property. Because the property manager has the authority to make these decisions, the owner effectively delegates certain responsibilities and has a fiduciary relationship with the manager. This legal and ethical obligation ensures that the property manager acts diligently and responsibly, prioritizing the owner's interests and objectives in all management activities. The other terms do not accurately define this relationship. A brokerage relationship typically pertains to interactions between real estate brokers and buyers or sellers, while a buyer relationship focuses specifically on transactions involving purchasers of property. An advisory relationship suggests a more consultative role, which may not encompass the full range of operational responsibilities a property manager has toward the owner.

2. Which type of lien is typically mandatory and arises without the property owner's consent?

- A. Voluntary lien
- B. Equitable lien
- C. Involuntary lien**
- D. Statutory lien

A lien is a legal right or interest that a lender has in the borrower's property, granted until the debt obligation is satisfied. An involuntary lien is a type of lien that is created without the consent of the property owner. It often arises from legal actions taken to enforce payment for debts, such as unpaid property taxes or court judgments. Involuntary liens can be particularly significant because they can affect a property owner's ability to sell or refinance their property if the liens are unpaid. They serve as a method for creditors to secure their interests against properties, ensuring that they have a legal claim in the event of default. Therefore, the essence of an involuntary lien is that it is imposed upon the property without the owner's agreement, distinguishing it from voluntary liens, which are established by property owners willingly, such as when taking out a mortgage. Understanding the nuances of the different types of liens is crucial for real estate professionals, as they must navigate these legalities when dealing with property transactions.

3. What must a real estate professional disclose when representing a buyer?

- A. Potential closing costs
- B. Material facts about the property**
- C. Personal opinions about the neighborhood
- D. Possible future zoning changes

When representing a buyer in a real estate transaction, a real estate professional is required to disclose material facts about the property. Material facts are important pieces of information that could affect the buyer's decision to purchase the property. This includes details such as structural issues, past repairs, or any other condition that could significantly influence the property's value or desirability. Disclosing material facts is crucial, as it helps ensure transparency and allows the buyer to make an informed decision. Real estate professionals have a duty to act in the best interest of their clients, which encompasses being honest and forthright about any issues that may affect the property. Failing to disclose such facts can lead to legal ramifications and a breach of fiduciary duty. While potential closing costs, personal opinions about the neighborhood, and possible future zoning changes may be relevant considerations for a buyer, they do not meet the same standard of disclosure as material facts about the property itself. Closing costs are typically discussed later in the process, personal opinions can be subjective, and zoning changes may not be known or ascertainable at the time of representing the buyer.

4. When is a life estate terminated in relation to the recipient?

- A. When the beneficiary decides to sell the property
- B. When the recipient becomes deceased**
- C. When the property passes to the heirs
- D. When the recipient reaches a certain age

A life estate is a type of property ownership that is limited to the duration of a specific person's life, known as the life tenant. The defining feature of a life estate is that it grants the holder certain rights during their lifetime, but those rights terminate upon their death. Therefore, when the recipient of a life estate, or the life tenant, passes away, the life estate is automatically terminated. This concept underscores the temporary nature of life estates, as they are inherently tied to the lifespan of the individual designated to hold the estate. Upon the death of the life tenant, the property typically reverts back to the original grantor or is passed on to a remainderman, depending on the terms of the estate's creation. This ensures clarity regarding the transfer of property rights and the cessation of ownership under the life estate. The other options do not encompass the fundamental nature of life estates. Selling the property, the passage of property to heirs, or reaching a certain age does not influence the status of a life estate; it remains tied solely to the life of the beneficiary.

5. Which of the following describes a 'buyer's agent'?

- A. An agent who represents the seller in the transaction
- B. An agent who helps buyers find and purchase properties**
- C. An agent who manages rental properties
- D. An agent focused on commercial property transactions

The correct description of a 'buyer's agent' is the one that identifies an agent who helps buyers find and purchase properties. A buyer's agent specializes in representing the interests of the homebuyer throughout the real estate transaction process. This involves providing market analysis, helping to identify suitable properties, advising on negotiations, and assisting with the closing process. A buyer's agent is distinct from a seller's agent, who represents the interests of the seller, and is focused solely on the seller's objectives in marketing and selling the property. This distinction highlights the role of a buyer's agent, which is not to manage rental properties or focus solely on commercial transactions. Instead, the buyer's agent emphasizes the needs and desires of the buyer, ensuring they make informed decisions throughout the buying process.

6. Which document is essential to verify a seller's financial commitment and intention to sell?

- A. Sales contract
- B. Title report
- C. Property inspection report

D. Listing agreement

The listing agreement is essential to verify a seller's financial commitment and intention to sell because it is a formal contract between the seller and the real estate broker. This document outlines the terms and conditions under which the broker will market the property and contains the seller's authorization to sell. By signing this agreement, the seller demonstrates their commitment to the sale of the property and provides the broker with the necessary authority to act on their behalf. In evaluating the other options, the sales contract, while important, is typically executed after an offer has been accepted, so it may not reflect the seller's initial commitment to selling. The title report is useful for confirming ownership and outstanding liens but doesn't directly indicate a seller's intention to sell. The property inspection report provides insight into the condition of the property but also does not serve as a declaration of intent to sell. Thus, the listing agreement is the key document that confirms both the seller's financial commitment and intention to proceed with the sale.

7. What does dual agency entail?

- A. One broker representing the buyer only
- B. One broker representing both the buyer and seller**
- C. Two brokers representing one party
- D. No representation for either party

Dual agency occurs when a single real estate broker represents both the buyer and the seller in a transaction. This arrangement allows the broker to facilitate the sale while acting on behalf of both parties, which can lead to efficiencies in communication and negotiation. However, it also creates potential conflicts of interest because the broker must balance the interests of both the buyer and the seller. For example, if the buyer is seeking to negotiate a lower price, that interest may conflict with the seller's goal of obtaining the highest possible price. Therefore, it's crucial for the broker to disclose this dual agency relationship to both parties and obtain their informed consent. This definition emphasizes the unique nature of dual agency in real estate transactions, distinguishing it from scenarios where a broker represents only one party, as well as from situations involving multiple brokers for a single party, or where neither party has representation.

8. In real estate terminology, what is considered "consideration" in a contract?

- A. A verbal agreement between the parties
- B. Any item of value exchanged between parties**
- C. The seller's asking price only
- D. The closing date indicated in the agreement

In real estate terminology, "consideration" refers to any item of value that is exchanged between parties involved in a contract. It represents the benefit that each party receives in the agreement, forming the basis of the contract itself. This can encompass a wide range of items such as money, services, or other goods. In the context of a real estate transaction, consideration often takes the form of the purchase price for the property, but it can also include other forms of value that may be exchanged, such as repairs, services, or even a promise to perform certain actions. The essence of consideration is that it is something of value provided by one party to another, which establishes the contractual obligation. The other choices do not accurately capture the definition of consideration. A verbal agreement lacks a tangible exchange of value, which is essential for establishing a binding contract. The seller's asking price, while an example of consideration if paid, does not encompass the full range of what can be considered valuable in a contract. Lastly, the closing date is simply a term of the agreement and does not represent an exchange of value. Thus, the correct interpretation of consideration highlights the necessity of a mutual exchange of value, making it fundamental to any contract.

9. Before executing a sales contract, what document must be provided to buyers in New Jersey?

- A. The Property Purchase Agreement
- B. The Loan Estimate Document
- C. The Real Estate Disclosure Statement**
- D. The Buyer's Agency Agreement

In New Jersey, before executing a sales contract, it is required to provide buyers with the Real Estate Disclosure Statement. This document plays a critical role in real estate transactions as it provides buyers with essential information about the condition of the property and any known defects or issues that could affect their decision to purchase. The Real Estate Disclosure Statement is designed to promote transparency and protect the interests of buyers by allowing them to make informed decisions. It outlines specific details such as the age of the roof, the presence of lead-based paint, history of flooding, and other property-specific concerns. While other documents like the Property Purchase Agreement or the Loan Estimate Document may be necessary later in the transaction process, they do not precede the signing of a sales contract in the way that the Real Estate Disclosure Statement does. Similarly, the Buyer's Agency Agreement is related to the representation of the buyer in the transaction but does not directly pertain to the property's condition that the buyers need to be aware of prior to executing a sales contract. Therefore, the Real Estate Disclosure Statement is essential for ensuring that buyers are fully informed before moving forward with their purchase.

10. What is the role of the buyer in relation to offers made during an exclusive right to sell agreement?

- A. The buyer is obligated to finalize an agreement
- B. The buyer can withdraw their offer at any time
- C. The buyer must wait for the seller's response**
- D. The buyer's offer will be automatically rejected

In the context of an exclusive right to sell agreement, the role of the buyer regarding offers made is to wait for the seller's response. This means that once a buyer submits an offer to purchase a property, they must allow the seller to review and respond to that offer. The seller has the discretion to accept, reject, or counter the offer based on their own circumstances and intentions. While buyers have the option to communicate directly with the seller or their agent, they cannot force a response or change the terms of the agreement unilaterally without the seller's involvement. This process allows the seller to fully consider the buyer's proposal in the context of their existing agreement with their listing agent, thus facilitating a clear and organized transaction. In this scenario, the other options do not accurately capture the dynamics of this relationship. Buyers have the freedom to submit offers and can certainly withdraw them, but the emphasis here is on waiting for the seller's response. This highlights the critical process of negotiation in real estate transactions.

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!

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