

Real Estate Continuing Education Practice Test Sample Study Guide



EVERYTHING you need from our exam experts!

Featuring practice questions, answers, and explanations for each question.

This study guide is a SAMPLE. Visit <https://realestatecontinuingeduc.examzify.com> to get the full version available exclusively to Examzify Plus pass holders .

Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Questions

- 1. What does the term "due diligence" include?**
 - A. Investigating property history and conditions**
 - B. Finalizing sale contracts**
 - C. Advertising properties for sale**
 - D. Conducting open houses**
- 2. What is the Fair Housing Act?**
 - A. A state law aimed at protecting renters**
 - B. A federal law that prohibits discrimination in housing**
 - C. A law that regulates real estate commissions**
 - D. A guideline for property development**
- 3. How many total listings must the sales associate take to achieve an average commission goal if two-thirds are expected to sell?**
 - A. 24**
 - B. 36**
 - C. 54**
 - D. 72**
- 4. What result does depreciation have on property investment returns?**
 - A. It typically increases return rates**
 - B. It has no impact on investment returns**
 - C. It usually decreases property values, impacting returns negatively**
 - D. It only affects rental income**
- 5. What are the main types of property ownership?**
 - A. Fee simple, lease, joint use, and communal**
 - B. Freehold, leasehold, joint tenancy, and tenancy in common**
 - C. Partnership, corporation, sole ownership, and modified tenancy**
 - D. Equity, leasehold, trust, and division**

- 6. What is a down payment in the context of real estate?**
- A. The insurance cost associated with property purchase**
 - B. The upfront cash payment made by a buyer toward the purchase of a property**
 - C. The total price of the property after financing**
 - D. The monthly mortgage payment required by the lender**
- 7. What defines a 'Green Home'?**
- A. A home built with traditional materials**
 - B. A home designed to minimize environmental impact**
 - C. A luxury home with high-end amenities**
 - D. A home located in an urban area**
- 8. What is the implication if a licensed sales associate works exclusively for the seller?**
- A. They can also represent the buyer**
 - B. They are legally bound to represent the seller's interests**
 - C. They must provide open listing options**
 - D. They are required to disclose all offers**
- 9. Which of the following are types of real estate licenses?**
- A. Salesperson, broker, and property manager licenses**
 - B. Investigator, property appraiser, and land surveyor licenses**
 - C. Owner, lessee, and tenant licenses**
 - D. Landlord, developer, and architect licenses**
- 10. Is it productive for a licensee to pursue a listing from a FSBO who is not motivated to sell?**
- A. Yes, always**
 - B. No, that's unproductive**
 - C. It depends on the market**
 - D. Only if they are priced competitively**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What does the term "due diligence" include?

A. Investigating property history and conditions

B. Finalizing sale contracts

C. Advertising properties for sale

D. Conducting open houses

The term "due diligence" in real estate primarily refers to the investigative process that a buyer or investor undertakes before completing a transaction. This process is crucial for ensuring that the property meets the buyer's expectations and that there are no hidden issues. Investigating property history and conditions includes thoroughly reviewing vital documents such as title reports, inspection reports, zoning regulations, and environmental assessments. It also involves verifying the property's ownership history, checking for liens, and assessing the physical state of the property to understand any existing or potential problems. This comprehensive investigation helps the buyer make an informed decision, protecting them from potential financial losses or legal issues after the purchase. The other options relate to different activities in real estate but do not encompass the essential elements of due diligence. Finalizing sale contracts, advertising properties, and conducting open houses are all important parts of the real estate process but do not involve the in-depth investigations necessary for due diligence.

2. What is the Fair Housing Act?

A. A state law aimed at protecting renters

B. A federal law that prohibits discrimination in housing

C. A law that regulates real estate commissions

D. A guideline for property development

The Fair Housing Act is a federal law enacted in 1968 to eliminate discrimination in housing based on race, color, national origin, religion, sex, familial status, or disability. This law ensures that everyone has equal access to housing opportunities and protects individuals from discriminatory practices in the sale, rental, or financing of housing. The significance of the Fair Housing Act lies in its broad scope, as it applies to various aspects of the housing market, including advertising, lending, renting, and selling. Understanding the specifics of the Fair Housing Act is crucial for real estate professionals. They must be aware of what constitutes discriminatory behavior and comply with the provisions to ensure fair treatment of all clients and customers. Compliance not only protects individuals' rights but also helps avoid legal repercussions for real estate practitioners. The other choices refer to different aspects of housing and real estate, but they miss the essential point of the Fair Housing Act's purpose and scope, which is focused primarily on preventing discrimination and promoting equal housing opportunities at a federal level.

3. How many total listings must the sales associate take to achieve an average commission goal if two-thirds are expected to sell?

A. 24

B. 36

C. 54

D. 72

To determine how many total listings a sales associate needs to take in order to achieve an average commission goal, given that two-thirds of those listings are expected to sell, we can set up a calculation based on ratios. Let's say the goal is to sell a certain number of properties to reach the commission goal. If two-thirds of the listings sell, that implies that for every three listings taken, two are expected to close. This ratio helps us understand how to scale the total number of listings based on the expected sales. If we denote the total number of listings as "X," and we expect two-thirds to sell, then the number of properties sold would be $(2/3)X$. To find out how many listings need to be taken to achieve a given target (let's say it's 24 sales to achieve the desired commission), we can set up the equation: $(2/3)X = \text{Target Sales}$. Assuming the target sales to achieve the goal is, for example, 24, the equation becomes: $(2/3)X = 24$. To solve for X, you would multiply both sides of the equation by $(3/2)$: $X = 24 * (3/2) = 36$. Therefore,

4. What result does depreciation have on property investment returns?

A. It typically increases return rates

B. It has no impact on investment returns

C. It usually decreases property values, impacting returns negatively

D. It only affects rental income

Depreciation has a significant impact on property investment returns, primarily by affecting the perceived value of the property over time. As a property depreciates, its market value decreases, which can reduce the amount an investor might realize upon selling the property. This decrease in property value can directly affect the overall returns on investment by lowering the potential profit from a sale. However, it's important to note that while depreciation reduces the market value of the property, it can also bring tax advantages. Investors can deduct depreciation on their taxes, which can help offset income generated from the property, such as rent. This tax benefit can improve cash flow and mitigate some of the negative impact of depreciation on overall return rates. When evaluating the returns on a property, investors need to consider both the decline in market value due to depreciation and the tax benefits associated with it. This dual effect is crucial in understanding how depreciation influences overall investment performance.

5. What are the main types of property ownership?

- A. Fee simple, lease, joint use, and communal
- B. Freehold, leasehold, joint tenancy, and tenancy in common**
- C. Partnership, corporation, sole ownership, and modified tenancy
- D. Equity, leasehold, trust, and division

The main types of property ownership encompass various legal structures that dictate how ownership rights are shared or held among individuals or entities. The correct choice highlights freehold, leasehold, joint tenancy, and tenancy in common as the primary forms of property ownership recognized in real estate. Freehold ownership refers to ownership of real property that is not bound by time limits; the owner has full ownership rights for an indefinite period. Leasehold, on the other hand, denotes a property interest that is limited in time and typically involves renting the property from a freeholder. Joint tenancy allows two or more individuals to hold title to a property together, featuring rights of survivorship, meaning that if one owner passes away, their share automatically transfers to the surviving owner(s). Tenancy in common allows multiple owners to hold ownership shares in a property, which may be unequal, and there are no rights of survivorship—each owner's share can be passed on to heirs. In contrast, the other options present alternatives that either mischaracterize types of property ownership or include categories that don't typically apply to real estate ownership structures. Recognizing the distinct characteristics of fee simple, lease, joint use, and communal in the first option shows some understanding but lacks the formal terminology used in legal contexts

6. What is a down payment in the context of real estate?

- A. The insurance cost associated with property purchase
- B. The upfront cash payment made by a buyer toward the purchase of a property**
- C. The total price of the property after financing
- D. The monthly mortgage payment required by the lender

A down payment refers to the upfront cash payment that a buyer contributes toward the purchase of a property. This amount is typically expressed as a percentage of the total property price and serves several important purposes in real estate transactions. It demonstrates the buyer's commitment to the purchase and can influence the terms of financing. A larger down payment may also lead to more favorable mortgage rates, as it reduces the lender's risk by lowering the loan-to-value ratio. This concept plays a critical role in real estate transactions, as it directly affects the overall financing process, the amount that needs to be borrowed, and the buyer's equity in the home right from the start. The down payment is distinct from other financial aspects of real estate, such as insurance costs, total purchase price after financing, or monthly mortgage payments, which all serve different functions in the home buying process. These distinctions highlight the significance of the down payment in establishing ownership and financial responsibility in a real estate purchase.

7. What defines a 'Green Home'?

- A. A home built with traditional materials
- B. A home designed to minimize environmental impact**
- C. A luxury home with high-end amenities
- D. A home located in an urban area

A 'Green Home' is defined as a home designed to minimize environmental impact. This involves careful consideration of energy efficiency, sustainable building materials, and a focus on reducing carbon footprints. Green homes often utilize features such as energy-efficient appliances, solar panels, proper insulation, and sustainable materials that promote a healthier living environment while ensuring conservation of natural resources and minimizing waste. Choosing options related to traditional building methods, luxury amenities, or specific locations do not encompass the core principle of a green home, which is its environmental focus and sustainability across various aspects of home construction and living.

8. What is the implication if a licensed sales associate works exclusively for the seller?

- A. They can also represent the buyer
- B. They are legally bound to represent the seller's interests**
- C. They must provide open listing options
- D. They are required to disclose all offers

When a licensed sales associate works exclusively for the seller, they are legally bound to represent the seller's interests. This relationship is typically defined by a listing agreement which establishes the terms of representation. The agent's fiduciary duty is to act in the best interests of the seller, which includes negotiating on their behalf, marketing the property to potential buyers, and providing advice that benefits the seller throughout the transaction process. This commitment means that the agent must prioritize the seller's goals and preferences when it comes to pricing, offers, and any negotiations. The obligation to represent the seller's interests is fundamental to the agency relationship in real estate, ensuring that the seller receives the full benefits of professional representation. While agents may encounter buyers during their work, their exclusive relationship with the seller limits their ability to represent the buyers unless a separate agreement is established, which would then require dual agency disclosures if applicable. Hence, it's crucial for the sales associate to maintain a clear focus on serving the seller's needs and interests.

9. Which of the following are types of real estate licenses?

- A. Salesperson, broker, and property manager licenses**
- B. Investigator, property appraiser, and land surveyor licenses**
- C. Owner, lessee, and tenant licenses**
- D. Landlord, developer, and architect licenses**

Salesperson, broker, and property manager licenses are indeed recognized types of real estate licenses that allow individuals to engage in specific real estate activities. A salesperson license enables an individual to assist buyers and sellers in real estate transactions, typically working under the supervision of a broker. A broker's license permits individuals to operate their own real estate business, allowing them to employ salespersons and manage transactions independently. The property manager license is crucial for those whose responsibilities include managing residential or commercial properties on behalf of owners, handling tasks such as rent collection, maintenance coordination, and tenant relations. The other choices include roles and terms that do not classify as real estate licenses. For instance, investigators, property appraisers, and land surveyors have specific functions within the real estate realm but do not represent commonly recognized real estate licenses pertaining directly to the practice of buying, selling, or managing property. Similarly, terms like owner, lessee, tenant, landlord, developer, and architect describe roles or categories within real estate but are not designated licenses required to practice in the field.

10. Is it productive for a licensee to pursue a listing from a FSBO who is not motivated to sell?

- A. Yes, always**
- B. No, that's unproductive**
- C. It depends on the market**
- D. Only if they are priced competitively**

Pursuing a listing from a For Sale By Owner (FSBO) who is not motivated to sell is considered unproductive because a lack of motivation generally indicates that the seller is not ready to engage in the selling process seriously. Unmotivated sellers are less likely to be amenable to negotiation or to adhere to the necessary processes involved in a transaction, such as staging the home or making repairs. The situation can result in wasted time and resources for the licensee without any potential for a successful sale. In real estate, successful listings often come from engaged sellers who understand the value of working with a professional. When sellers are not motivated, they may not be open to listening to the agent's advice or pricing strategies, which makes it challenging for the licensee to facilitate a successful sale. Therefore, focusing efforts on motivated sellers who are committed to completing a transaction leads to better outcomes for both the seller and the real estate professional.