

REAL ESTATE CONTINUING EDUCATION PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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 does the acronym 'FHA' stand for in real estate?**
 - A. Federal Finance Association
 - B. Federal Housing Authority
 - C. Federal Housing Administration
 - D. Financial Housing Agency

- 2. 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

- 3. What is a real estate syndication?**
 - A. A method of selling properties quickly
 - B. A legal requirement for property transactions
 - C. A partnership where multiple investors come together to pool funds for real estate investment
 - D. A loan structure used for financing property purchases

- 4. What is a "dual agency" in real estate?**
 - A. A situation where agents represent only the buyer
 - B. A situation where agents represent only the seller
 - C. A situation where a real estate agent represents both the buyer and the seller in the same transaction
 - D. A situation where two agents represent the same party

- 5. What does 'leverage' refer to in real estate investing?**
 - A. Using personal savings to buy properties outright
 - B. Investing in a variety of real estate projects
 - C. Using borrowed capital to increase potential returns
 - D. Choosing properties in high-demand areas

- 6. True or False: A licensee may disclose facts from a past transaction to future buyers.**
- A. True
 - B. False
 - C. Only if required by law
 - D. Only with the current owner's permission
- 7. How much capital gain may a married couple filing jointly exclude on the sale of their primary residence?**
- A. \$250,000
 - B. \$500,000
 - C. \$350,000
 - D. \$400,000
- 8. What is tenancy in common?**
- A. A type of lease agreement for multiple tenants
 - B. A form of ownership where multiple individuals hold distinct shares in a property
 - C. A partnership agreement on business properties
 - D. An agreement for shared occupancy without ownership
- 9. What is a key factor in determining whether to approve a short sale?**
- A. The seller's credit score
 - B. The mortgage lender's acceptance of the sale terms
 - C. The condition of the property
 - D. The duration of the listing agreement
- 10. Is the statement true that buyer seminars are a very important source of listings?**
- A. True
 - B. False
 - C. Only for specialized markets
 - D. It depends on the area

Answers

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

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Explanations

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1. What does the acronym 'FHA' stand for in real estate?

- A. Federal Finance Association
- B. Federal Housing Authority
- C. Federal Housing Administration**
- D. Financial Housing Agency

The acronym 'FHA' stands for the Federal Housing Administration. This federal agency was established in 1934 to stimulate the housing market by providing mortgage insurance on loans made by approved lenders throughout the United States. The primary goal of the FHA is to make housing more accessible to low- and moderate-income individuals and families, helping them to purchase homes by lowering the barriers to entry for home buying. The FHA insures loans, which reduces the risk for lenders and encourages them to provide loans to borrowers who may not qualify under traditional lending criteria. This has been particularly important in promoting homeownership and, by extension, economic stability. Understanding the role of the FHA in real estate is crucial for real estate professionals, as it impacts mortgage options and availability for clients.

2. 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.

3. What is a real estate syndication?

- A. A method of selling properties quickly
- B. A legal requirement for property transactions
- C. A partnership where multiple investors come together to pool funds for real estate investment**
- D. A loan structure used for financing property purchases

A real estate syndication is characterized as a partnership where multiple investors collaborate to pool their financial resources for the purpose of investing in real estate. This arrangement allows individuals to participate in larger real estate deals than they might be able to afford independently. By pooling their funds, syndicate members can acquire properties, undertake development projects, or invest in real estate funds, allowing for diversified investment opportunities and shared risk. In real estate syndication, each investor typically contributes capital and may also assume a specific role, whether as a general partner managing the investment or as a limited partner providing funding but not directly managing the asset. The structure leverages the expertise of those involved, enabling investors to benefit from professional management and strategic investments, which can lead to enhanced returns. This cooperative approach fosters a communal investment model typically used for large-scale commercial or residential property investments. Understanding the dynamics of real estate syndication is crucial for investors looking to maximize their potential while minimizing individual financial strain, thus offering a powerful avenue for collective investment success in the real estate market.

4. What is a "dual agency" in real estate?

- A. A situation where agents represent only the buyer
- B. A situation where agents represent only the seller
- C. A situation where a real estate agent represents both the buyer and the seller in the same transaction**
- D. A situation where two agents represent the same party

A "dual agency" occurs when a real estate agent represents both the buyer and the seller in the same transaction. This arrangement can lead to potential conflicts of interest, as the agent must balance the interests of both parties. It often requires full disclosure and consent from both the buyer and the seller to ensure transparency and fairness in the transaction. Understanding dual agency is crucial for real estate professionals, as it impacts how agents communicate and negotiate during the buying or selling process. This concept emphasizes the importance of ethical considerations and the agent's duty to maintain confidentiality, loyalty, and full disclosure to both parties involved in the transaction. In contrast, scenarios where agents represent only the buyer or only the seller do not fit the definition of dual agency, nor does a situation where two agents represent the same party.

5. What does 'leverage' refer to in real estate investing?

- A. Using personal savings to buy properties outright
- B. Investing in a variety of real estate projects
- C. Using borrowed capital to increase potential returns**
- D. Choosing properties in high-demand areas

In real estate investing, 'leverage' specifically refers to the practice of using borrowed capital to increase the potential return on investment. By taking out a mortgage or loan, an investor can purchase a property without having to pay the full price upfront. This means they can invest in larger or additional properties than they could afford with their own capital alone. The goal of leveraging is to amplify returns; if the property appreciates in value, the investor benefits from a larger profit relative to their initial investment since they are only paying interest on the borrowed funds, and any appreciation is on the total property value. This strategy can significantly enhance profitability, making it a fundamental concept in real estate investing.

6. True or False: A licensee may disclose facts from a past transaction to future buyers.

- A. True
- B. False**
- C. Only if required by law
- D. Only with the current owner's permission

The statement regarding whether a licensee may disclose facts from a past transaction to future buyers is influenced by the rules and regulations governing real estate practices. The correct answer indicates that a licensee is generally restricted from disclosing information from a past transaction without specific limitations or permissions in place. In most cases, confidentiality agreements or privacy laws may prevent a licensee from sharing details of previous transactions, as such disclosures could violate the trust and legal obligations owed to previous clients. Therefore, unless there is an exception, such as legal requirements or explicit consent from the current owner, a licensee typically should not disclose past transaction details. The rationale behind this principle is to maintain the integrity of client relationships and to protect sensitive information, which aligns with the ethical standards mandated within the real estate profession.

7. How much capital gain may a married couple filing jointly exclude on the sale of their primary residence?

- A. \$250,000
- B. \$500,000**
- C. \$350,000
- D. \$400,000

The correct response reflects the tax code provisions related to capital gains on the sale of a primary residence. Under the current tax law, a married couple filing jointly can exclude up to \$500,000 in capital gains from the sale of their primary residence, provided certain conditions are met. To qualify for this exclusion, the couple must have owned and used the property as their principal residence for at least two of the five years preceding the sale. This benefit is designed to encourage home ownership and assist families in managing their financial investments in real estate. The exclusion applies to the gain from the sale, which is the difference between the selling price and the adjusted basis of the home. It's important for homeowners to understand this provision, as it significantly affects their tax liability and can promote more favorable financial outcomes when selling their primary residence.

8. What is tenancy in common?

- A. A type of lease agreement for multiple tenants
- B. A form of ownership where multiple individuals hold distinct shares in a property**
- C. A partnership agreement on business properties
- D. An agreement for shared occupancy without ownership

Tenancy in common is a legal form of ownership where two or more individuals hold distinct and separate shares in a property. Each co-owner, known as a tenant in common, can possess a different percentage of ownership, which does not have to be equal among all parties. This means that one co-owner could own 50% of the property, while another could own just 20%, for example. Each owner has the right to use and enjoy the whole property, regardless of their ownership percentage, and they can sell or transfer their share independently without needing permission from the other co-owners. This ownership arrangement is particularly beneficial as it allows for shared investment in real estate while providing flexibility in ownership transfer. It contrasts with joint tenancy, where co-owners share equal ownership and have rights of survivorship. The other choices describe different concepts that do not capture the essence of tenancy in common. For example, a lease agreement pertains to rental situations, while partnership agreements are related to business ownership, and shared occupancy agreements refer to living arrangements without conveying ownership rights.

9. What is a key factor in determining whether to approve a short sale?

- A. The seller's credit score
- B. The mortgage lender's acceptance of the sale terms**
- C. The condition of the property
- D. The duration of the listing agreement

The mortgage lender's acceptance of the sale terms is a key factor in determining whether to approve a short sale because the lender is the party that stands to lose money if the sale does not meet their required threshold for repayment. In a short sale, the seller owes more on their mortgage than the home is currently worth, which means the lender may have to accept less than the full amount owed to facilitate the sale. For a short sale to proceed, the lender must agree to the terms outlined in the buyer's offer, including the sale price and any other conditions attached to the sale. The lender will review the offer to determine if it is acceptable based on their policies, the current market conditions, and the seller's financial situation. Ultimately, without the lender's approval, the short sale cannot go forward, highlighting the lender's crucial role in this process. Other factors, such as the seller's credit score, the property's condition, and the duration of the listing agreement, may influence the overall sale process but do not hold the same weight as the lender's acceptance of the sale terms when it comes to short sale approval.

10. Is the statement true that buyer seminars are a very important source of listings?

A. True

B. False

C. Only for specialized markets

D. It depends on the area

The correct response recognizes that while buyer seminars can play a role in networking and educating potential clients, they are not primarily designed as a source of listings for real estate agents. Buyer seminars typically focus on providing information to prospective homebuyers about the purchasing process, financing options, and market conditions. Their main objective is to equip buyers with knowledge, rather than to generate listings for properties. In many market situations, listings arise from other avenues such as direct marketing, referrals, and established relationships with sellers, which tend to be more effective than seminars aimed at buyers. Therefore, declaring the statement as false aligns with the idea that buyer seminars do not directly create listings, even though they can foster future business when attendees later decide to buy or sell properties. This understanding highlights the importance of knowing which strategies yield better outcomes in real estate, allowing agents to focus on the most productive methods for generating listings.

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://realestatecontinuingeduc.examzify.com>

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

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