Real Estate Math 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. **The net operating income is requested when the property is appraised for $420,000 and the capitalization rate is 6%. What is the NOI?**

   A. $25,200

   B. $21,000

   C. $28,000

   D. $26,000

2. **Current market value is $255,000; assessed at 35% of market value with an equalization factor of 1.25. If the tax rate is $3.50 per $100 of assessed value, what is the amount of real estate tax due?**

   A. $3,904.69

   B. $3,500.00

   C. $3,700.00

   D. $4,100.00

3. **What is Interest (I) in loan terms?**

   A. The money the borrower pays the lender for the use of the lender's money

   B. The amount of the loan originally borrowed

   C. The total principal outstanding

   D. The monthly payment made by borrower

4. **In a price problem, the last step is to divide the net to be received by the decimal found in step 2. If the net to be received is $54,000 and the decimal from step 2 is 0.90, what is the final price?**

   A. $60,000

   B. $54,000

   C. $66,000

   D. $72,000

5. To determine the rate of return given profit and amount invested, which formula would you use?

A. rate of return = profit ÷ amount invested

B. rate of return = amount invested ÷ profit

C. rate of return = profit × amount invested

D. rate of return = profit + amount invested

6. A 100-acre tract is divided into 140 residential lots. The streets take up 1/8 of the total tract. How many square feet are in each lot?

A. 27,225

B. 24,000

C. 19,800

D. 30,000

7. A property owner wants to net at least $47,300 after paying a 5% broker's commission and paying $1,150 in closing costs. At what price must it sell?

A. 51,000

B. 50,500

C. 52,000

D. 49,000

8. What is the commission amount on a sale price of 310,000 at 7 percent?

A. 20,000

B. 21,700

C. 23,000

D. 24,000

9. In a price problem, the last step is to divide the net to be received by the decimal found in step 2. If the net to be received is $84,000 and the decimal from step 2 is 0.70, what is the final price?

A. $120,000

B. $84,000

C. $102,000

D. $140,000

10. Under a 100 percent commission plan, a salesperson has two sales in a month: $89,500 at 6% and $125,000 at 5.5%. Monthly desk rent is $900 and other expenses are $1,265. How much income does the salesperson keep for the month?

A. $10,080

B. $11,000

C. $12,000

D. $9,000

Answers

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

Explanations

1. The net operating income is requested when the property is appraised for $420,000 and the capitalization rate is 6%. What is the NOI?

A. $25,200

B. $21,000

C. $28,000

D. $26,000

Cap rate ties NOI to value: Value equals NOI divided by cap rate, so NOI equals Value times cap rate. With a property value of 420,000 and a cap rate of 6% (0.06), NOI = 420,000 × 0.06 = 25,200. So the net operating income is $25,200. The other numbers would come from applying different rates to the same value (for example 5% gives 21,000, about 6.67% gives 28,000, or about 6.19% gives 26,000), which don't match the given 6% rate.

2. Current market value is $255,000; assessed at 35% of market value with an equalization factor of 1.25. If the tax rate is $3.50 per $100 of assessed value, what is the amount of real estate tax due?

A. $3,904.69

B. $3,500.00

C. $3,700.00

D. $4,100.00

Real estate taxes are computed from an equalized assessed value, which starts with the market value, then applies an assessment percentage, then an equalization factor, and finally uses the tax rate per $100 of assessed value. First, apply the assessment rate to the market value: 255,000 × 0.35 = 89,250. Then apply the equalization factor to bring assessments to statewide parity: 89,250 × 1.25 = 111,562.50. The tax rate is 3.50 per $100 of assessed value, so the tax is (111,562.50 / 100) × 3.50 = 1,115.625 × 3.50 = 3,904.6875. Rounding to the nearest cent gives $3,904.69.

3. What is Interest (I) in loan terms?

A. The money the borrower pays the lender for the use of the lender's money

B. The amount of the loan originally borrowed

C. The total principal outstanding

D. The monthly payment made by borrower

Interest is the price charged by the lender for the use of the lender's money. It's the cost of borrowing and is typically expressed as a percentage of the outstanding loan balance (the principal) over a period, usually annually as the APR. In an amortizing loan, each monthly payment covers both interest on the current balance and a portion of the principal. At the start, a larger share of the payment goes to interest, and as the balance decreases, more of the payment reduces principal. This distinguishes interest from the amount borrowed (the principal) and from the total principal outstanding (the current balance) as well as from the monthly payment, which is the sum of interest and principal. For example, on a $200,000 loan at 5% annual interest, the first month accrues about $833 in interest, with the remainder of the payment reducing the principal.

4. In a price problem, the last step is to divide the net to be received by the decimal found in step 2. If the net to be received is $54,000 and the decimal from step 2 is 0.90, what is the final price?

A. $60,000

B. $54,000

C. $66,000

D. $72,000

The basic idea is that the net amount equals a portion of the final price. If the decimal 0.90 represents the portion you actually receive, then net = final price × 0.90. To find the final price, divide the net by the decimal: 54,000 ÷ 0.90 = 60,000. So the final price is $60,000. You can verify by checking that 0.90 × 60,000 = 54,000.

5. To determine the rate of return given profit and amount invested, which formula would you use?

A. rate of return = profit ÷ amount invested

B. rate of return = amount invested ÷ profit

C. rate of return = profit × amount invested

D. rate of return = profit + amount invested

The rate of return is a measure of how much profit you earn for each dollar you invested. Expressing it as profit divided by the amount invested gives that proportion directly, showing the profit-per-dollar invested. For example, earning $200 on a $1,000 investment yields a rate of return of 200/1000 = 0.20, or 20% when expressed as a percentage. The other forms don't express this proportional relationship: dividing the investment by the profit reverses the ratio, multiplying profit by investment mixes amounts in a way that isn't a rate, and adding them simply sums totals rather than showing the return relative to the investment.

6. A 100-acre tract is divided into 140 residential lots. The streets take up 1/8 of the total tract. How many square feet are in each lot?

A. 27,225

B. 24,000

C. 19,800

D. 30,000

The problem tests converting acreage to square feet after accounting for land used by streets, then dividing the remaining area among the lots. First, streets take 1/8 of the tract, leaving 7/8 for lots. So usable land = 100 acres × 7/8 = 87.5 acres. With 140 lots, each lot is 87.5 acres ÷ 140 = 0.625 acres. Convert to square feet using 1 acre = 43,560 sq ft: 0.625 × 43,560 = 27,225 square feet per lot. Therefore, each lot is 27,225 square feet.

7. A property owner wants to net at least $47,300 after paying a 5% broker's commission and paying $1,150 in closing costs. At what price must it sell?

A. 51,000

B. 50,500

C. 52,000

D. 49,000

Think of the net proceeds as the selling price minus the broker's commission (5% of the price) and minus the closing costs. If the selling price is P, the net is P minus 0.05P minus 1,150, which is 0.95P minus 1,150. Set this equal to the target net of 47,300: 0.95P − 1,150 = 47,300 0.95P = 48,450 P = 48,450 ÷ 0.95 = 51,000 So the property must sell for 51,000 to net 47,300. Checking: 5% of 51,000 is 2,550; subtracting 2,550 and 1,150 from 51,000 leaves 47,300. Lower prices would yield a smaller net.

8. What is the commission amount on a sale price of 310,000 at 7 percent?

A. 20,000

B. 21,700

C. 23,000

D. 24,000

To find the commission, apply the percentage to the sale price. Convert 7% to a decimal (0.07) and multiply by 310,000: 310,000 × 0.07 = 21,700. So the commission is $21,700. The other numbers would come from using different percentages or rounding, but at 7% this is the exact result.

9. In a price problem, the last step is to divide the net to be received by the decimal found in step 2. If the net to be received is $84,000 and the decimal from step 2 is 0.70, what is the final price?

A. $120,000

B. $84,000

C. $102,000

D. $140,000

When the net amount you'll receive is a certain decimal of the final price, the relationship is net = final price × decimal. So to find the final price, divide the net by the decimal. Here, the net to be received is 84,000 and the decimal is 0.70. Final price = 84,000 ÷ 0.70 = 120,000. This checks because 120,000 × 0.70 = 84,000. Other final prices wouldn't produce the given net: for example, 84,000 × 0.70 = 58,800; 102,000 × 0.70 = 71,400; 140,000 × 0.70 = 98,000. Only 120,000 yields the 84,000 net.

10. Under a 100 percent commission plan, a salesperson has two sales in a month: $89,500 at 6% and $125,000 at 5.5%. Monthly desk rent is $900 and other expenses are $1,265. How much income does the salesperson keep for the month?

A. $10,080

B. $11,000

C. $12,000

D. $9,000

In a 100 percent commission plan, the salesperson keeps all commissions earned but must pay their own business expenses, so net income equals total commissions minus expenses. Compute the commissions: 89,500 at 6% is 5,370. The second sale is 125,000 at 5.5% which is 6,875. Add them to get total gross commissions: 5,370 + 6,875 = 12,245. Total expenses are desk rent plus other expenses: 900 + 1,265 = 2,165. Net income kept for the month is 12,245 − 2,165 = 10,080. So the amount kept is $10,080.

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://realestatemath.examzify.com

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