

REAL ESTATE PRINCIPLES PRACTICE EXAM (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. Who is responsible for ensuring that a real estate transaction complies with all legal requirements?**
 - A. The broker
 - B. The buyer
 - C. The seller's attorney
 - D. The title company

- 2. Which landmark case prohibited discrimination in housing by the United States Supreme Court?**
 - A. Brown v. Board of Education
 - B. Jones vs. Mayer
 - C. Marbury v. Madison
 - D. Civil Rights v. United States

- 3. FHA has established certain MPR's that apply to loans that they insure. MPR stands for:**
 - A. Maximum Property Requirements
 - B. Mandatory Property Regulations
 - C. Minimum Property Requirements
 - D. Mortgage Payment Regulations

- 4. An executrix of an estate is:**
 - A. A person appointed by the court
 - B. Named in the decedent's will
 - C. The financial advisor of the estate
 - D. A relative of the decedent

- 5. Which of the following is NOT considered a type of easement?**
 - A. Prescriptive easement
 - B. Express easement
 - C. Implied easement
 - D. Conditional easement

- 6. A client hires a broker to buy a parcel of land for a specified sum, but the broker buys it for himself at a lower price without revealing his costs. This is an example of:**
- A. Fraudulent misrepresentation
 - B. Secret profit
 - C. Undisclosed agency
 - D. Market manipulation
- 7. Which of the following is NOT considered personal property?**
- A. Tools
 - B. Stocks
 - C. Furniture
 - D. Easements
- 8. A lease of real property for a fixed period of time at a set rate of rent creates what type of estate?**
- A. An estate for years
 - B. A periodic tenancy
 - C. A tenancy at will
 - D. A license
- 9. Which factor is essential for determining rental pricing?**
- A. The owner's financial situation
 - B. Current market demand
 - C. The location of the owner's residence
 - D. The amount of property tax
- 10. What is a home equity line of credit (HELOC)?**
- A. A loan to purchase a new home without collateral
 - B. A line of credit secured by the equity in a borrower's home
 - C. A mortgage for second homes
 - D. A type of consumer loan for personal use

Answers

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

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Explanations

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1. Who is responsible for ensuring that a real estate transaction complies with all legal requirements?

A. The broker

B. The buyer

C. The seller's attorney

D. The title company

The broker plays a crucial role in ensuring that a real estate transaction adheres to all legal requirements. Brokers are licensed professionals with a comprehensive understanding of real estate laws, local regulations, and standards of practice governing transactions. They are responsible for guiding both buyers and sellers throughout the transaction process, which includes ensuring that necessary disclosures are made, contracts are properly executed, and that all legalities are followed to protect the interests of their clients. In contrast, while buyers and sellers have their own responsibilities in the transaction process, they are not specifically trained to navigate the full spectrum of legal compliance. The seller's attorney is indeed important for legal advice and documentation concerning the seller's interests, but the overall responsibility for compliance in the transaction is largely held by the broker. The title company ensures that the title is clear and can facilitate the closing, but it does not encompass the broader duty of compliance during the entire transaction process. Thus, it is the broker's comprehensive knowledge and responsibility that primarily ensures compliance with all legal requirements in a real estate transaction.

2. Which landmark case prohibited discrimination in housing by the United States Supreme Court?

A. Brown v. Board of Education

B. Jones vs. Mayer

C. Marbury v. Madison

D. Civil Rights v. United States

The correct response relates to Jones v. Mayer, which is a significant landmark case in the context of housing discrimination. Decided in 1968, the case tackled the issue of racial discrimination in the sale of residential property and reinforced the provisions of the Civil Rights Act of 1964, particularly those aimed at ensuring equal rights in housing. The Supreme Court ruled that private individuals could not engage in racial discrimination in real estate transactions through a broad interpretation of the Civil Rights Act. This decision established that all individuals should have the right to purchase homes without facing discrimination based on race, thus promoting equality in housing opportunities. This case is critical in understanding the legal framework surrounding housing discrimination and the efforts to eliminate such practices in the United States. Jones v. Mayer is often cited as a foundational precedent for subsequent anti-discrimination legislation and efforts, solidifying the principle of equal housing rights.

**3. FHA has established certain MPR's that apply to loans that they insure.
MPR stands for:**

- A. Maximum Property Requirements
- B. Mandatory Property Regulations
- C. Minimum Property Requirements
- D. Mortgage Payment Regulations

The term MPR in the context of FHA-insured loans stands for Minimum Property Requirements. These requirements are established by the Federal Housing Administration to ensure that properties being bought or refinanced with FHA loans meet certain safety, security, and soundness standards. The intent behind MPR is to protect the health and safety of the occupants as well as to ensure that the property maintains its value over time. FHA's Minimum Property Requirements cover aspects such as the condition of the property, the functionality of essential systems (like plumbing and electrical), and the safety of the environment (including issues like lead-based paint or mold). This ensures that the homes purchased with FHA backing are livable and meet a minimum standard, which ultimately protects both the homeowner and the lender's investment. Understanding this concept is crucial for real estate professionals, as failing to meet MPRs can lead to issues with loan approval. Recognizing MPRs is also valuable for buyers, as they can be assured that the property they are purchasing through an FHA loan has been evaluated against these essential safety standards.

4. An executrix of an estate is:

- A. A person appointed by the court
- B. Named in the decedent's will
- C. The financial advisor of the estate
- D. A relative of the decedent

An executrix of an estate refers specifically to a female appointed to administer the estate of a deceased person according to the terms of the decedent's will. This individual is typically named in the will itself, indicating that the decedent entrusted her with this responsibility. The role involves managing the estate, settling debts, distributing assets, and ensuring that the wishes outlined in the will are carried out correctly. While it is indeed true that the court may appoint an executrix if the decedent did not name one in the will, the defining aspect of the executrix's role is that she is specifically named by the decedent, thus making option B the most accurate choice. Being a financial advisor or a relative of the decedent does not inherently establish the authority or role of an executrix, which is explicitly defined by the will.

5. Which of the following is NOT considered a type of easement?

- A. Prescriptive easement
- B. Express easement
- C. Implied easement
- D. Conditional easement**

The correct choice is that a conditional easement is not typically recognized as a standard type of easement. Easements are legal rights to use another person's land for a specific purpose, and they come in several established forms. A prescriptive easement arises when a party uses a portion of someone else's property openly and continuously without permission for a specific period defined by law. This type is acknowledged because it protects a party that has developed a practical use of the land over time. An express easement is created through a written agreement between parties, clearly outlining the rights of the easement holder. This legal documentation is fundamental for establishing the terms of use. An implied easement, on the other hand, is one that is not created by a written agreement but is instead inferred from the actions or circumstances of the parties. For example, if land is sold and it's clear that one party depends on a particular use of the other party's land for access, an implied easement may be recognized. In contrast, a conditional easement is less common in real estate terminology. While conditions can be attached to easements (such as continuation until a certain event occurs), the concept of an easement dependent solely on conditions as a standard category is not established in the

6. A client hires a broker to buy a parcel of land for a specified sum, but the broker buys it for himself at a lower price without revealing his costs. This is an example of:

- A. Fraudulent misrepresentation
- B. Secret profit**
- C. Undisclosed agency
- D. Market manipulation

This scenario illustrates the concept of a secret profit, which occurs when a broker or agent secretly benefits from a transaction without disclosing that they have obtained the asset at a lower price. In this case, the broker was hired to act on behalf of the client and was expected to act in the client's best interests. Instead, by purchasing the land for himself at a lower price and not revealing this to the client, the broker is effectively profiting from the transaction in a manner that is not disclosed, thereby violating ethical obligations and principles of transparency. This situation underlines the importance of fiduciary duty in real estate transactions, where the broker must disclose any information that could impact the client's decision-making. By failing to reveal his costs and benefitting personally from the deal, the broker is engaging in unethical behavior that undermines trust in the agency relationship. Understanding this concept is crucial as it highlights the responsibilities brokers have toward their clients and the legal implications of failing to disclose potential conflicts of interest.

7. Which of the following is NOT considered personal property?

- A. Tools
- B. Stocks
- C. Furniture
- D. Easements**

Easements are classified as an interest in real property, rather than personal property. They represent a legal right to use someone else's land for a specific purpose, which distinguishes them from personal property items. Personal property generally includes movable items that are not affixed to real estate, such as tools, stocks, and furniture. In contrast, tools are considered personal property because they can be easily moved and are not permanently attached to real estate. Similarly, stocks are financial instruments and represent ownership in a company, clearly categorizing them as personal property. Furniture also falls under personal property, as it consists of movable items used to furnish a residence or business. Thus, the classification of easements as real property sets them apart from personal property, making it clear why they do not belong to the same category.

8. A lease of real property for a fixed period of time at a set rate of rent creates what type of estate?

- A. An estate for years**
- B. A periodic tenancy
- C. A tenancy at will
- D. A license

A lease of real property for a fixed period of time at a set rate of rent is known as an estate for years. This type of arrangement is characterized by having a definitive start and end date, establishing a specific duration for the tenancy. The payment of rent is predetermined and remains consistent throughout the lease term, which further emphasizes the stability and clarity of this type of estate. In contrast, periodic tenancies typically have no specified end date and renew automatically at the end of each rental period unless notice is given. Tenancies at will offer even greater flexibility, allowing either party to terminate the lease without notice, thus lacking the fixed duration found in an estate for years. A license, on the other hand, is not a lease but rather a permission to use another's property, which does not create any interest or estate in the property itself. Therefore, the characteristics of an estate for years make it distinct in terms of having a set, finite lease period and established rent, confirming why this is the correct choice in the context of the question.

9. Which factor is essential for determining rental pricing?

- A. The owner's financial situation
- B. Current market demand**
- C. The location of the owner's residence
- D. The amount of property tax

Current market demand is essential for determining rental pricing because it directly influences how much tenants are willing to pay for a rental property. When demand is high—meaning there are more tenants looking for rental spaces than there are available properties—rental prices tend to rise. Conversely, if there is an oversupply of rental properties and fewer tenants, landlords may need to lower their prices to attract renters. Market demand reflects various factors including local economic conditions, employment rates, and demographic trends, all of which play a crucial role in shaping pricing strategies for rental properties. The other factors, while they may influence individual circumstances, do not have the same broad impact on rental pricing as current market demand does. For instance, an owner's financial situation might affect their willingness to negotiate on price, but it does not dictate what the market can bear overall. Similarly, the location of the owner's residence may be irrelevant if the property to be rented is in a different area, and while property tax can affect the owner's overall expenses, it is not a primary factor in determining rental prices in a dynamic market environment.

10. What is a home equity line of credit (HELOC)?

- A. A loan to purchase a new home without collateral
- B. A line of credit secured by the equity in a borrower's home**
- C. A mortgage for second homes
- D. A type of consumer loan for personal use

A home equity line of credit (HELOC) is a line of credit that is secured against the equity in a borrower's home. This means that the amount of credit available to the borrower is determined by the difference between the current market value of the home and the outstanding mortgage balance. As homeowners pay down their mortgage or if their property's value increases, their equity grows, providing them with a potential source of borrowing. This type of financing allows homeowners to access funds as needed, often for significant expenses like home improvements, education costs, or debt consolidation. The credit line functions similarly to a credit card, where the borrower can draw on the available credit and pay it back over time. The interest rates on HELOCs are usually variable and may be lower than those for unsecured loans, making them an attractive option for those who have accumulated substantial equity in their homes. In contrast, the other choices do not accurately describe a HELOC. For instance, a loan to purchase a new home without collateral would suggest unsecured lending, which does not relate to home equity. A mortgage for second homes pertains specifically to financing additional properties, while a type of consumer loan for personal use typically refers to unsecured loans that do not require collateral or involve home equity.

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://realestateprinciples.examzify.com>

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

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