

REAL ESTATE TRANSACTIONS 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 must satisfy the conditions required at closing in a real estate transaction?**
 - A. The buyer only
 - B. The seller only
 - C. Both parties
 - D. No one, conditions are waived

- 2. What is the implication of the borrower paying the mortgage debt in full upon default of the buyer?**
 - A. The borrower can resell the property immediately
 - B. The borrower becomes guaranteed a profit
 - C. The borrower is subrogated to the mortgagee's rights
 - D. The borrower loses all equity in the property

- 3. What does the term 'consideration' mean in real estate contracts?**
 - A. The physical act of selling the property
 - B. Monetary or performance value exchanged between the parties
 - C. A standard management fee for real estate agents
 - D. The time frame required to process the transaction

- 4. Which of the following may be included in a deed?**
 - A. Marital status of grantor
 - B. Payment method
 - C. Recital of consideration
 - D. Notarization details

- 5. Which statement about notarization in deed transactions is true?**
 - A. It is necessary for the validity of the deed
 - B. It is only required for public recordings
 - C. It is required to prove the identity of the parties
 - D. It is optional and does not affect the deed's validity

- 6. What must a lender charge when providing a loan estimate?**
- A. A fee for processing applications.
 - B. A credit report fee.
 - C. An origination fee.
 - D. A closing coordination fee.
- 7. Which of the following statements is true regarding title defects?**
- A. Title defects can never be cured
 - B. Title defects can be cured by the seller before closing
 - C. Buyers should ignore minor title defects
 - D. Sellers are never responsible for title defects
- 8. What is the main purpose of a DOS clause in a real estate transaction?**
- A. To dictate future use of the property
 - B. To limit the seller's ability to transfer property
 - C. To outline payment schedules
 - D. To specify maintenance responsibilities
- 9. Do quitclaim deeds protect the grantor from fraud?**
- A. Yes, they provide complete protection
 - B. No, they do not protect from fraud
 - C. Only if the grantor states it explicitly
 - D. Only in cases of misrepresentation
- 10. What happens to a personal property heir's inheritance when the real property is bequeathed to another?**
- A. The personal property heir receives more value
 - B. The personal property heir's inheritance is increased
 - C. The personal property heir's inheritance is reduced by owed funds
 - D. The personal property heir loses all inheritance

Answers

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

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Explanations

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1. Who must satisfy the conditions required at closing in a real estate transaction?

- A. The buyer only
- B. The seller only
- C. Both parties**
- D. No one, conditions are waived

In a real estate transaction, it is essential for both parties, the buyer and the seller, to satisfy the conditions required at closing. This is because the closing process is the culmination of the transaction, where the ownership of the property is officially transferred from the seller to the buyer. Both parties have obligations that must be fulfilled in order for the transaction to proceed smoothly. The buyer might need to provide necessary financing documents or funds, while the seller may need to ensure that the title is clear and that any agreed-upon repairs have been completed. The conditions laid out in the purchase agreement are designed to protect the interests of both parties, ensuring that all aspects of the transaction are met satisfactorily before the transfer of ownership. If either party fails to meet their obligations, it could lead to delays, disputes, or even the cancellation of the transaction. Therefore, it's crucial that both the buyer and the seller fulfill their respective requirements at closing to ensure a successful transfer of the property.

2. What is the implication of the borrower paying the mortgage debt in full upon default of the buyer?

- A. The borrower can resell the property immediately
- B. The borrower becomes guaranteed a profit
- C. The borrower is subrogated to the mortgagee's rights**
- D. The borrower loses all equity in the property

When a borrower pays off the mortgage debt in full after the buyer defaults, the implication is that the borrower is subrogated to the mortgagee's rights. This legal concept means that the borrower steps into the shoes of the lender (mortgagee) and acquires the rights that the lender previously had regarding the mortgage agreement. This subrogation allows the borrower to seek reimbursement from the delinquent buyer or to take legal action to recover any losses incurred due to the buyer's default. By paying off the mortgage debt, the borrower can also take control of the property, making it easier to manage or resell. Essentially, the rights are transferred from the lender to the borrower, facilitating recourse against the responsible party. The other options do not reflect the legal results of paying the debt in this context. For instance, immediately reselling the property is not guaranteed through this action alone. Similarly, just because the borrower pays off the debt does not automatically mean they will make a profit, as sales prices can vary and depend on market conditions. Lastly, losing all equity is not a consequence; rather, paying off the mortgage allows the borrower to regain control and potentially recoup their investment. Thus, the action of paying the mortgage leads directly to sub

3. What does the term 'consideration' mean in real estate contracts?

- A. The physical act of selling the property
- B. Monetary or performance value exchanged between the parties**
- C. A standard management fee for real estate agents
- D. The time frame required to process the transaction

The term 'consideration' in real estate contracts refers to the monetary or performance value exchanged between the parties involved in the transaction. It is a fundamental component of a contract and represents the benefit or value that each party agrees to provide to the other. In real estate, this often manifests as the purchase price for a property; however, it can also include other forms of value, such as services, commitments, or promises made as part of the agreement. Including consideration demonstrates that both parties have accepted something of value in return for fulfilling their obligations under the contract, which is essential for the contract's enforceability. Without consideration, a contract may be deemed void or unenforceable, as it lacks the necessary mutual benefit and reciprocity required in contractual agreements. In contrast to this, the other options describe elements that do not encapsulate the definition of consideration. The physical act of selling the property refers to the actual transfer process rather than the underlying value exchange. A standard management fee for real estate agents does not apply across all contracts universally and is not relevant to the concept of consideration itself. Similarly, the time frame required to process a transaction does not relate to the value exchanged and is more about logistical planning than the contractual foundation of the agreement.

4. Which of the following may be included in a deed?

- A. Marital status of grantor
- B. Payment method
- C. Recital of consideration**
- D. Notarization details

Including a recital of consideration in a deed is a fundamental aspect of real estate transactions. The recital of consideration refers to the stated amount of money or value being exchanged as part of the transaction. It is an essential part of the deed as it demonstrates that something of value is being transferred from the grantor (the person transferring the property) to the grantee (the person receiving the property). This helps establish the legitimacy of the transaction and can protect against challenges to the deed's validity. The inclusion of consideration also serves practical and legal functions; it aids in determining tax implications for both parties and can be critical in case of future disputes regarding the nature of the transaction. In many jurisdictions, clearly stating the consideration bolsters the deed's enforceability. The other options address elements that, while potentially relevant in a broader context, are not standard inclusions in a deed. Marital status of the grantor might not necessarily influence property transfer validity but could be relevant in certain marital property contexts; however, it does not typically need to be stated in the deed itself. The payment method is generally not included in the deed, as it pertains more to the transaction process, rather than the transfer of the property ownership itself. Notarization details are procedural and ensure

5. Which statement about notarization in deed transactions is true?

- A. It is necessary for the validity of the deed
- B. It is only required for public recordings
- C. It is required to prove the identity of the parties**
- D. It is optional and does not affect the deed's validity

The correct statement regarding notarization in deed transactions is that it is required to prove the identity of the parties. Notarization serves as an important step in real estate transactions because it helps ensure that the individuals signing the deed are who they claim to be. This process provides a layer of protection against fraud, as a notary public verifies the identity of the signers and their willingness to sign the document. This verification is essential since a deed must be executed by the true owner of the property to be legally binding. By introducing a notary into the process, parties can have greater assurance that they are dealing with legitimate individuals, thus enhancing the overall integrity of the transaction. In contrast, while deeds generally need to be recorded to provide public notice and create certain legal effects, notarization is not solely linked to public recordings. Furthermore, while notarization is indeed not strictly necessary for all deeds to be valid, its absence can create complications, especially in disputes regarding identity or authorization. Therefore, understanding the role of notarization in affirming the identities of the parties involved is key to ensuring transparent and trustworthy real estate transactions.

6. What must a lender charge when providing a loan estimate?

- A. A fee for processing applications.
- B. A credit report fee.**
- C. An origination fee.
- D. A closing coordination fee.

When a lender provides a loan estimate, it is required to include a credit report fee. This fee is essential because the lender needs to assess the borrower's creditworthiness before approving a loan. The credit report provides critical information about a borrower's credit history, such as past borrowing behavior, payment patterns, outstanding debts, and credit scores. The inclusion of the credit report fee in the loan estimate is in line with the requirements under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). These regulations ensure that consumers receive transparent and accurate information regarding the costs that they will incur during the loan process, allowing them to compare offers from different lenders and make informed decisions. Other potential fees that lenders might assess, such as processing application fees, origination fees, or closing coordination fees, might not be required to be included in the loan estimate as they are not directly related to the necessary information needed to evaluate creditworthiness. Thus, while these fees can be part of the total cost of obtaining a loan, they do not carry the same regulatory requirement for disclosure in the initial loan estimate as the credit report fee does.

7. Which of the following statements is true regarding title defects?

- A. Title defects can never be cured
- B. Title defects can be cured by the seller before closing**
- C. Buyers should ignore minor title defects
- D. Sellers are never responsible for title defects

The statement that title defects can be cured by the seller before closing is true. In real estate transactions, title defects refer to any issues that may impair the ability to transfer ownership of a property, such as liens, encumbrances, or inaccuracies in the title record. It is often the seller's responsibility to address these defects prior to closing the sale to ensure that the buyer receives clear and marketable title. Sellers are typically required to disclose known defects and may take necessary actions to remedy these issues, such as paying off liens, obtaining necessary releases, or correcting title documentation. Addressing these defects is essential for closing the transaction smoothly and protecting the buyer's investment. In contrast, the other statements do not align with typical real estate practices. Title defects can indeed be cured, and while buyers should be aware of minor defects, it's not prudent to ignore them entirely. Sellers can be held accountable for title defects, especially if they failed to disclose issues or comply with obligations to resolve them before the transaction concludes.

8. What is the main purpose of a DOS clause in a real estate transaction?

- A. To dictate future use of the property
- B. To limit the seller's ability to transfer property**
- C. To outline payment schedules
- D. To specify maintenance responsibilities

The main purpose of a Due on Sale (DOS) clause in a real estate transaction is to limit the seller's ability to transfer the property. This clause is typically included in a mortgage or trust deed and provides that if the property is sold or transferred without the lender's consent, the lender has the right to demand full repayment of the outstanding loan balance. The inclusion of a DOS clause protects the lender's interests by preventing the new buyer from assuming the existing mortgage terms without the lender's approval. It ensures that the lender maintains control over who takes on the mortgage obligation, effectively reducing the risk to the lender if the current borrower sells the property to someone who may not have the same creditworthiness or ability to repay the loan. Other choices do not accurately describe the function of a DOS clause. For instance, while it may have implications on how the property is used, such a purpose is not central to the clause. Similarly, it does not deal with payment schedules or maintenance responsibilities, which are typically covered through separate provisions in the transaction documents. Thus, the focus remains on limiting the transfer of the property as it relates to the mortgage agreement.

9. Do quitclaim deeds protect the grantor from fraud?

- A. Yes, they provide complete protection
- B. No, they do not protect from fraud**
- C. Only if the grantor states it explicitly
- D. Only in cases of misrepresentation

Quitclaim deeds do not provide protection for the grantor from fraud. When a property owner transfers their interest in a property through a quitclaim deed, they are essentially relinquishing any claims to that property without any guarantees regarding the title's validity. This type of deed conveys whatever interest the grantor has, if any, without making any warranties or representations about the property. Since quitclaim deeds lack warranties, they do not protect the grantor against potential fraud that may involve misrepresentation or claims from other parties. For instance, if a seller engages in fraudulent activities, such as providing false information about the property or its encumbrances, the grantor cannot rely on the deed to shield them from the consequences brought on by such misrepresentation. This nature of quitclaim deeds distinguishes them from other types of deeds, such as warranty deeds, which do provide protections and guarantees about the title. Understanding the limitations of a quitclaim deed is crucial for both grantors and grantees in real estate transactions.

10. What happens to a personal property heir's inheritance when the real property is bequeathed to another?

- A. The personal property heir receives more value
- B. The personal property heir's inheritance is increased
- C. The personal property heir's inheritance is reduced by owed funds**
- D. The personal property heir loses all inheritance

When real property is bequeathed to another individual, the impact on the personal property heir's inheritance often hinges on the specifics of the estate and any debts owed by the deceased. In many cases, when an estate is settled, outstanding debts need to be paid out of the overall estate assets before distributions are made to heirs. If the real property is bequeathed specifically to one person and there are debts associated with the overall estate, the value of the estate available for distribution to personal property heirs may be diminished to cover those debts. This situation can lead to a reduction in the personal property heir's inheritance, as they may end up receiving a smaller share of the remaining assets after the debts and obligations are settled. This principle reflects how the overall value of an estate can be influenced by the distribution of its components—real property and personal property—and the financial responsibilities attached. Thus, the personal property heir's inheritance could be reduced by any owed funds or debts that need to be settled, impacting what they ultimately receive.

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:

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

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