

RECA Residential Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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

SAMPLE

- 1. How long is a building permit typically valid?**
 - A. Six months**
 - B. One year**
 - C. Two years**
 - D. Three years**
- 2. Which type of Power of Attorney can make all decisions regarding financial and legal affairs?**
 - A. General POA**
 - B. Special POA**
 - C. Immediate POA**
 - D. Enduring POA**
- 3. What is the primary reason for obtaining a home warranty?**
 - A. To provide a backup for real estate commissions**
 - B. To enhance the aesthetic appeal of the home**
 - C. To provide financial protection against unexpected repairs after purchase**
 - D. To guarantee the property's resale value**
- 4. What is the primary document that outlines the terms and conditions of a real estate transaction?**
 - A. A listing agreement**
 - B. A mortgage agreement**
 - C. A purchase agreement**
 - D. A trust agreement**
- 5. What is a typical responsibility of a seller's real estate professional?**
 - A. Tracking all advertising costs**
 - B. Collecting and submitting taxes**
 - C. Managing client funds**
 - D. Overseeing property advertisements**

- 6. If a contract condition is extended, what does this imply?**
- A. The condition is ignored**
 - B. The condition must be fulfilled by a later date**
 - C. The contract is void**
 - D. The buyer withdraws their agreement**
- 7. What defines a low slope roof?**
- A. Less than 10 degrees**
 - B. Less than 14 degrees**
 - C. 15 degrees or more**
 - D. More than 20 degrees**
- 8. What is the primary purpose of a rural utility association?**
- A. To provide educational services to members**
 - B. To supply utility services for electricity, gas, or water**
 - C. To manage local government affairs**
 - D. To provide housing services for members**
- 9. What is one of the most common property condition concerns for buyers?**
- A. Presence of nearby amenities**
 - B. Future value appreciation**
 - C. Structural integrity and necessary repairs**
 - D. Community demographics**
- 10. Who is responsible for ensuring all advertising by real estate professionals complies with RECA regulations?**
- A. The client**
 - B. The brokerage**
 - C. The real estate board**
 - D. The government agency**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. How long is a building permit typically valid?

- A. Six months**
- B. One year**
- C. Two years**
- D. Three years**

A building permit is typically valid for one year. This time frame allows property owners and contractors sufficient time to start and complete the construction or renovation project specified in the permit. Depending on local regulations, the time frame can vary, but a one-year validity is commonly accepted in many jurisdictions. After the one-year period, if significant work has not begun, the permit may expire, requiring the applicant to reapply. Some areas might offer extensions under particular circumstances or if progress has been demonstrated, but the general rule remains that the initial validity is one year. Understanding this timeframe is crucial for project planning and compliance with local building codes.

2. Which type of Power of Attorney can make all decisions regarding financial and legal affairs?

- A. General POA**
- B. Special POA**
- C. Immediate POA**
- D. Enduring POA**

A General Power of Attorney is the correct answer because it grants broad authority to an agent to act on behalf of the principal in a variety of financial and legal matters. This type of POA allows the designated agent to make decisions that encompass a wide range of activities, including managing bank accounts, filing taxes, handling real estate transactions, and conducting business dealings. Unlike a Special Power of Attorney, which is limited to specific tasks or transactions, a General Power of Attorney provides comprehensive powers unless stated otherwise. This characteristic makes it suitable for individuals who want to ensure that their financial and legal interests are managed fully by an appointed person, especially if they are unable to do so themselves due to absence or incapacity. Immediate POA generally refers to when the authority is effective immediately and does not denote a specific scope of authority, while an Enduring POA remains effective even if the principal becomes incapacitated but does not inherently confer the same comprehensive powers as a General POA unless specified.

3. What is the primary reason for obtaining a home warranty?

- A. To provide a backup for real estate commissions**
- B. To enhance the aesthetic appeal of the home**
- C. To provide financial protection against unexpected repairs after purchase**
- D. To guarantee the property's resale value**

Obtaining a home warranty primarily serves the purpose of providing financial protection against unexpected repairs that may arise after the purchase of a home. Home warranties typically cover the repair or replacement of major systems and appliances due to normal wear and tear, which can otherwise lead to significant and unplanned expenses for the homeowner. This layer of protection can be especially valuable in the first years after purchasing a home, when new owners may be unfamiliar with the home's condition and potential issues that could surface. Having a home warranty in place can provide peace of mind and allow homeowners to address issues without worrying about the financial burden that sudden repairs can impose. This aspect of risk management and financial security makes the home warranty an appealing option for many buyers.

4. What is the primary document that outlines the terms and conditions of a real estate transaction?

- A. A listing agreement**
- B. A mortgage agreement**
- C. A purchase agreement**
- D. A trust agreement**

The primary document that outlines the terms and conditions of a real estate transaction is the purchase agreement. This document serves as a legally binding contract between the buyer and the seller, detailing crucial aspects such as the purchase price, any contingencies, closing dates, and other specific conditions that must be met for the transaction to proceed. The purchase agreement is essential because it provides clarity and protection for both parties involved in the transaction, ensuring that all agreed-upon terms are clearly stated and can be referenced if disputes arise. This contract serves as the foundation for the entire transaction process, guiding both the buyer and seller through their obligations and rights. In contrast, while a listing agreement facilitates the relationship between a seller and their real estate agent, it does not define the terms of the sale itself, but rather the agent's role in marketing the property. A mortgage agreement pertains specifically to the borrowing and lending aspects of financing the property and is separate from the terms of the purchase itself. A trust agreement involves the management of assets within a trust, which is not specifically related to the direct terms of a property sale. Therefore, the purchase agreement is recognized as the central document in a real estate transaction.

5. What is a typical responsibility of a seller's real estate professional?

- A. Tracking all advertising costs**
- B. Collecting and submitting taxes**
- C. Managing client funds**
- D. Overseeing property advertisements**

A typical responsibility of a seller's real estate professional includes overseeing property advertisements. This role is crucial as effective advertising can significantly influence the sale of a property. The real estate professional develops marketing strategies to showcase the property in the best light, ensuring it reaches the right audience. This can involve selecting appropriate listing platforms, creating eye-catching descriptions, and coordinating professional photos or virtual tours. While tracking advertising costs and managing client funds are important aspects of the real estate market, they are not the primary functions associated with a seller's agent. Collecting and submitting taxes is typically outside the purview of a real estate professional and is generally handled by an accountant or tax specialist. Thus, overseeing property advertisements stands out as a key responsibility that directly impacts the seller's ability to effectively market their property.

6. If a contract condition is extended, what does this imply?

- A. The condition is ignored**
- B. The condition must be fulfilled by a later date**
- C. The contract is void**
- D. The buyer withdraws their agreement**

When a contract condition is extended, it implies that the timeframe for fulfilling that condition has been lengthened. This means that instead of the original deadline, the party responsible for meeting the condition now has additional time to do so. In real estate and legal contexts, conditions are often tied to specific actions or approvals that must be completed for the contract to remain valid. By extending the condition, the parties maintain their agreement and simply adjust the timeline, allowing for additional flexibility to meet obligations or requirements that may not have been satisfied within the original timeframe. This is a common occurrence in contracts where circumstances may necessitate more time to fulfill certain conditions.

7. What defines a low slope roof?

- A. Less than 10 degrees
- B. Less than 14 degrees**
- C. 15 degrees or more
- D. More than 20 degrees

A low slope roof is typically defined as having a pitch or slope that is less than 3:12, which translates to approximately 14 degrees. This means that for every 12 horizontal units, the roof rises less than 3 vertical units. Roofs with this low slope are designed for various roofing materials and drainage considerations, as they may not allow for the same water runoff as steeper roofs. When considering the other options, a roof with a slope of less than 10 degrees is indeed low, but 14 degrees is the upper limit of what is generally classified as a low slope. A pitch of 15 degrees or more is usually categorized as a steep slope roof, as this is where more effective drainage and roof material options begin to change. Similarly, a roof with a slope of more than 20 degrees would also be classified as steep slope due to the significant rise. Understanding the classification of roof slopes is crucial for determining appropriate roofing materials, methods of installation, and drainage strategies.

8. What is the primary purpose of a rural utility association?

- A. To provide educational services to members
- B. To supply utility services for electricity, gas, or water**
- C. To manage local government affairs
- D. To provide housing services for members

The primary purpose of a rural utility association is to supply utility services for electricity, gas, or water. These associations are formed specifically to meet the utility needs of rural communities, where access to reliable utility services may be limited. By organizing as a cooperative or association, members can pool resources, share costs, and facilitate the provision of essential services that enhance their quality of life. Such associations typically focus on creating efficient and cost-effective utility solutions tailored to the unique needs of their rural members, ensuring that they have access to the essential services that urban areas take for granted. This role is crucial in fostering economic growth and sustainability in rural regions, making reliable utility access a foundational element for development. While educational services, local government affairs management, and housing services can be important aspects of community support, they do not define the primary role of these associations, which centers around providing essential utility services.

9. What is one of the most common property condition concerns for buyers?

- A. Presence of nearby amenities**
- B. Future value appreciation**
- C. Structural integrity and necessary repairs**
- D. Community demographics**

When considering property condition concerns, structural integrity and necessary repairs are fundamental aspects that can significantly impact a buyer's decision. Buyers are typically focused on ensuring that the property is safe, stable, and in good condition for living. Any existing or potential issues with the structure—like the foundation, roofing, plumbing, and electrical systems—can lead to substantial repair costs and affect the overall livability of the home. For many buyers, understanding the condition of the property is critical to making an informed decision and assessing whether the property is a good investment. In contrast, the presence of nearby amenities, future value appreciation, and community demographics, while important factors in the overall property evaluation, do not directly pertain to the physical condition of the property itself. These considerations often influence the desirability of a location but do not address immediate concerns regarding safety or maintenance that can arise from structural issues. Therefore, structural integrity and repairs emerge as a primary concern for buyers during the property assessment phase.

10. Who is responsible for ensuring all advertising by real estate professionals complies with RECA regulations?

- A. The client**
- B. The brokerage**
- C. The real estate board**
- D. The government agency**

The brokerage holds the responsibility for ensuring that all advertising practices by real estate professionals comply with RECA regulations. This responsibility stems from the fact that brokerages are the entities that supervise the activities of their affiliated real estate professionals, ensuring adherence to all applicable laws and regulations, including advertising standards. Brokerages implement policies and procedures to guide their agents in creating and distributing advertising materials, ensuring that these align with ethical practices and legal requirements. This oversight is crucial in maintaining the integrity of the industry and protecting consumers from misleading or fraudulent advertising practices. By enforcing compliance at the brokerage level, RECA strives to uphold professionalism and accountability within the real estate sector. While clients and government agencies play important roles in the overall real estate environment, it is primarily the brokerage that is tasked with monitoring and ensuring compliance in advertising efforts. The real estate board may provide guidance or support, but they are not the ones directly responsible for regulatory compliance.