

Rhode Island Real Estate Sales License 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

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- 1. Under a quitclaim deed, what can a buyer be assured of?**
 - A. Title insurance coverage**
 - B. The seller has a clear title**
 - C. All of the seller's interest belongs to the buyer**
 - D. The property is free of liens**

- 2. Steering in real estate refers to which of the following?**
 - A. Directing home seekers based on race or religion**
 - B. Encouraging homeowners to renovate properties**
 - C. Providing options for affordable housing**
 - D. Marketing properties to diverse communities**

- 3. Which term describes a gift of personal property transferred by will?**
 - A. Devise**
 - B. Legacy**
 - C. Bequest**
 - D. Dower**

- 4. Which statement is true about condemnation?**
 - A. It is always a voluntary process**
 - B. It involves public hearings**
 - C. It occurs only for commercial properties**
 - D. It requires compensation to the property owner**

- 5. Which of the following would be considered a general lien?**
 - A. Mechanic's lien**
 - B. Mortgage lien**
 - C. Judgment lien**
 - D. Vendor's lien**

- 6. What does the Comprehensive Loss Underwriting Exchange (CLUE) provide?**
 - A. Real estate market trends**
 - B. Insurance claim history database**
 - C. Mortgage approval ratings**
 - D. Property tax assessments**

- 7. Under which act may a borrower NOT cancel a transaction within three days of signing?**
- A. Real Estate Settlement Procedures Act**
 - B. Truth in Lending Act**
 - C. Home Ownership Equity Protection Act**
 - D. Fair Housing Act**
- 8. What is the principal benefit of a blanket loan for developers?**
- A. Faster sale of properties**
 - B. Ability to finance multiple projects**
 - C. Lower interest rates**
 - D. No requirement for collateral**
- 9. In real estate transactions, compensation does which of the following?**
- A. Determines agency**
 - B. Is always monetary**
 - C. Can be at no charge**
 - D. Is paid only by the principal**
- 10. What is a Deed of Trust Loan primarily used for?**
- A. A transfer of legal title to a trustee for security**
 - B. A direct sale of property between parties**
 - C. A method of transferring equity ownership**
 - D. A lease agreement without obligation**

Answers

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

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Explanations

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1. Under a quitclaim deed, what can a buyer be assured of?

- A. Title insurance coverage**
- B. The seller has a clear title**
- C. All of the seller's interest belongs to the buyer**
- D. The property is free of liens**

Under a quitclaim deed, the buyer can be assured that all of the seller's interest in the property transfers to them. This means that whatever ownership rights the seller has at the time of the transfer are conveyed to the buyer. It's important to note that a quitclaim deed does not guarantee that the title is clear, free of liens, or for that matter, even that the seller has a valid title to the property at all. The uniqueness of a quitclaim deed lies in its relinquishment of any claim the seller may have, without providing any warranty or guarantees about the condition of the title. As such, the buyer accepts the property "as-is" and may inherit any title issues, existing liens, or disputes that could be tied to the property. Therefore, what the buyer is truly acquiring is the seller's interest as it exists, which may not include all of the rights defined by a clear or marketable title. Understanding this nuance is crucial for anyone involved in real estate transactions involving quitclaim deeds. This acceptance of risk highlights the importance of conducting thorough due diligence, including title searches, when engaging in such transfers.

2. Steering in real estate refers to which of the following?

- A. Directing home seekers based on race or religion**
- B. Encouraging homeowners to renovate properties**
- C. Providing options for affordable housing**
- D. Marketing properties to diverse communities**

Steering in real estate specifically pertains to the practice of directing home seekers based on characteristics such as race, religion, or national origin. This unethical practice involves real estate professionals guiding buyers or renters towards or away from certain neighborhoods, which perpetuates segregation and discrimination in housing. Understanding this concept is crucial for anyone involved in real estate, as it highlights the importance of adhering to fair housing laws that aim to prevent discrimination and promote equal opportunity in housing. Lawmakers enacted these protections to ensure that all individuals, regardless of their background, have access to housing options that suit their needs. The other options describe legitimate practices in real estate that do not involve steering. Encouraging homeowners to renovate properties or providing options for affordable housing are positive actions that benefit the community and home values. Marketing properties to diverse communities focuses on inclusivity and outreach, which aligns more closely with the principles of fair housing, rather than steering them based on discriminatory factors.

3. Which term describes a gift of personal property transferred by will?

- A. Devise**
- B. Legacy**
- C. Bequest**
- D. Dower**

The term that describes a gift of personal property transferred by will is "bequest." In the context of estate planning, a bequest specifically refers to the act of giving personal property through a will, distinguishing it from other terms that are associated with the transfer of property. For further clarification, a "devise" usually refers to a gift of real property (land or buildings) given through a will, not personal property. A "legacy" often carries a similar meaning to bequest, but it can sometimes be used more broadly or primarily to refer to monetary gifts, creating a slight distinction. "Dower" pertains to the rights that a surviving spouse has in the deceased spouse's property, particularly regarding real estate, which does not relate to the concept of personal property transferred in a will. Thus, "bequest" is the most accurate term when specifically addressing the gifting of personal property through a will.

4. Which statement is true about condemnation?

- A. It is always a voluntary process**
- B. It involves public hearings**
- C. It occurs only for commercial properties**
- D. It requires compensation to the property owner**

The assertion that condemnation requires compensation to the property owner is based on the principle of eminent domain. When the government or a designated authority takes private property for public use, they must provide just compensation to the owner. This ensures that property owners are fairly remunerated for their loss, as mandated by the Fifth Amendment of the U.S. Constitution. The other statements about condemnation do not accurately reflect the broader legal context. It is not always a voluntary process, as many condemnations occur through legal means against the owner's will. While the process can involve public hearings, it is not a requirement in every case. Lastly, condemnation can apply to both residential and commercial properties, not just commercial. Thus, the necessity of compensation aligns with the legal guarantees surrounding eminent domain, confirming the correctness of the assertion.

5. Which of the following would be considered a general lien?

- A. Mechanic's lien
- B. Mortgage lien
- C. Judgment lien**
- D. Vendor's lien

A general lien refers to a legal claim on a person's property, which typically extends to all the property owned by that individual, rather than just a specific asset. In this context, a judgment lien is classified as a general lien because it arises when a court grants a creditor an interest in the debtor's property to secure payment for a debt. This means that the judgment lien can potentially attach to any and all property owned by the debtor, providing the creditor with a broad claim against the debtor's assets. Other types of liens, such as a mechanic's lien or a mortgage lien, are generally considered specific liens. A mechanic's lien secures payment for work performed or materials supplied for a specific property, while a mortgage lien secures the mortgage debt to that particular property. Similarly, a vendor's lien may be placed specifically on a property involved in a sale until payment is received. Therefore, these specific liens do not have the same broad reach over the debtor's overall assets as a judgment lien does, which is why the judgment lien is identified as the correct answer in this scenario.

6. What does the Comprehensive Loss Underwriting Exchange (CLUE) provide?

- A. Real estate market trends
- B. Insurance claim history database**
- C. Mortgage approval ratings
- D. Property tax assessments

The Comprehensive Loss Underwriting Exchange (CLUE) is a valuable tool used primarily in the insurance industry. It serves as an insurance claim history database that compiles information regarding claims made on properties. This database provides insurers with a history of claims associated with a particular property or individual, helping them assess risk more accurately when underwriting new policies or renewing existing ones. The information contained in the CLUE report includes significant details such as the type of claim, date of the claim, and the amount paid, which can greatly influence underwriting decisions. Insurers rely on this data to determine the likelihood of future claims based on past activity, thereby influencing the premiums they charge or the decision to provide coverage altogether. By contrast, options regarding real estate market trends, mortgage approval ratings, and property tax assessments do not pertain to the CLUE database. These items are related to different aspects of real estate and financial services, such as property valuation, market analysis, and taxation, rather than the specifics of insurance claims history. The CLUE database focuses solely on relevant insurance claim data, making it an essential resource for insurers in managing risk and making informed decisions.

7. Under which act may a borrower NOT cancel a transaction within three days of signing?

- A. Real Estate Settlement Procedures Act**
- B. Truth in Lending Act**
- C. Home Ownership Equity Protection Act**
- D. Fair Housing Act**

The correct choice is based on understanding the purpose of the acts listed. The Real Estate Settlement Procedures Act (RESPA) primarily governs disclosures related to the settlement process and the costs associated with real estate transactions. It does not provide a borrower with the right to cancel a transaction after signing. In contrast, both the Truth in Lending Act and the Home Ownership Equity Protection Act include provisions that allow borrowers to rescind certain transactions within three days of signing. Specifically, the Truth in Lending Act gives borrowers a right of rescission for certain types of loans, particularly those involving home equity. Similarly, the Home Ownership Equity Protection Act outlines protective measures for borrowers, including a right to cancel under specific high-cost loan situations. The Fair Housing Act, on the other hand, focuses on the prohibition of discrimination in housing based on race, color, national origin, religion, sex, familial status, or disability, and does not pertain to cancellation rights. Given this context, the Real Estate Settlement Procedures Act is the appropriate choice regarding situations where a borrower does not have the right to cancel a transaction within three days of signing, as it does not include such provisions.

8. What is the principal benefit of a blanket loan for developers?

- A. Faster sale of properties**
- B. Ability to finance multiple projects**
- C. Lower interest rates**
- D. No requirement for collateral**

The principal benefit of a blanket loan for developers lies in its ability to finance multiple projects under a single loan agreement. This type of loan allows developers to secure funding for several properties simultaneously, which significantly streamlines the financing process. A blanket loan consolidates multiple mortgages into one, making it easier to manage payments and potentially reducing overall borrowing costs. Developers often have multiple projects underway or planned, and using a blanket loan facilitates the acquisition, development, or construction of these properties without the need to negotiate separate loans for each one. This not only simplifies the financial management aspect but also contributes to better cash flow and the ability to capitalize on opportunities quickly. In contrast, while faster sales, lower interest rates, and not requiring collateral may be attractive features in different contexts, they do not specifically characterize the unique advantages that blanket loans provide to developers. The primary reason developers seek out this type of financing is indeed its capacity to support multiple projects efficiently, making it the most relevant and beneficial aspect of such a loan arrangement.

9. In real estate transactions, compensation does which of the following?

- A. Determines agency**
- B. Is always monetary**
- C. Can be at no charge**
- D. Is paid only by the principal**

Compensation in real estate transactions can indeed be provided at no charge. This is particularly relevant in contexts where services may be offered pro bono or in scenarios where a real estate professional chooses not to charge for their services due to various reasons, such as establishing goodwill or in specific contractual agreements. Understanding this aspect highlights that while the most common form of compensation is monetary, it is not strictly limited to that; real estate agents may waive fees or charge differently based on negotiation or circumstance. This flexibility is a significant component of the industry, allowing for diverse arrangements that can benefit both parties. Additionally, compensation can also take on different formats, including non-monetary forms such as equity, which showcases the versatility in how agents can be compensated for their expertise and services. This understanding emphasizes the importance of clearly defining compensation structures in agreements between parties, ensuring that all involved have a clear comprehension of what is expected and valued in a given real estate transaction.

10. What is a Deed of Trust Loan primarily used for?

- A. A transfer of legal title to a trustee for security**
- B. A direct sale of property between parties**
- C. A method of transferring equity ownership**
- D. A lease agreement without obligation**

A Deed of Trust Loan is primarily used for the transfer of legal title to a trustee as a form of security for the loan. In essence, when a borrower takes out a loan secured by real estate, a Deed of Trust is executed, which involves three parties: the borrower (trustor), the lender (beneficiary), and the trustee. The legal title of the property is transferred to the trustee, who holds it on behalf of the lender until the borrower repays the loan in full. This arrangement provides a streamlined process for the lender to take possession of the property in the event of default, facilitating a quicker foreclosure process compared to traditional mortgage scenarios. This security interest protects the lender while allowing the borrower to retain possession of the property during the term of the loan. In contrast, the other choices refer to different concepts related to real estate transactions. A direct sale of property between parties focuses on the exchange of ownership without the inclusion of a trust arrangement. Transferring equity ownership pertains to methods of sharing or dividing ownership interests rather than securing a loan. A lease agreement signifies a rental arrangement between a landlord and a tenant, completely separate from the context of property ownership or securing financing.

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://rrealestatesales.examzify.com>

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

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