

SOUTH CAROLINA REAL ESTATE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

<https://southcarolinarealestate.examzify.com>



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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. According to federal law, how many investors are required for a real estate investment trust?**
 - A. 50
 - B. 75
 - C. 100
 - D. 200

- 2. Which types of properties require a real estate license for sale in South Carolina?**
 - A. Only residential properties
 - B. Residential, commercial, and industrial properties
 - C. Only commercial properties
 - D. Any property under 5 acres

- 3. According to South Carolina law, how long must a broker retain transaction records?**
 - A. Three years
 - B. Five years
 - C. One year
 - D. Indefinitely

- 4. When a licensed agent withdraws funds from a broker's trust account with permission but is not bonded, what is the legality of this action?**
 - A. Legal
 - B. Illegal
 - C. Conditional
 - D. Permissible

- 5. What is the primary function of a deed in real estate?**
 - A. Provide a mortgage
 - B. Convey title to the property
 - C. Create a lease agreement
 - D. Assign a right of way

6. What is a "lease-option"?

- A. A rental agreement without a purchase option
- B. A lease agreement that includes the option to purchase later
- C. An option without a lease agreement
- D. A purchase agreement that can turn into a lease

7. How can real estate agents assist clients in the transaction process?

- A. By isolating clients from market trends
- B. By providing guidance and negotiation support
- C. By limiting marketing efforts
- D. By focusing solely on paperwork

8. What is the main purpose of title insurance in real estate transactions?

- A. To protect against property damages
- B. To cover repair costs
- C. To protect against financial loss due to title defects
- D. To ensure public records accuracy

9. A recipient of a high cost loan on a property in South Carolina must receive what before proceeding?

- A. Legal advice on loan terms
- B. Counseling on the advisability of the loan
- C. Approval from the agent
- D. Financial education classes

10. How long does a South Carolina landlord have to return a security deposit to a tenant at the conclusion of a lease?

- A. 15 days
- B. 30 days
- C. 45 days
- D. 60 days

Answers

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

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Explanations

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1. According to federal law, how many investors are required for a real estate investment trust?

- A. 50
- B. 75
- C. 100**
- D. 200

The correct answer is based on the federal requirement that a real estate investment trust (REIT) must have at least 100 investors. This stipulation is designed to ensure a broad base of ownership and promote liquidity in the investment structure. By requiring a minimum number of investors, the law aims to prevent any single entity from exerting too much control over the trust. This structure allows for a more diversified investment pool, which can lower risk for individual investors and enhance their potential returns. While other numbers, such as 50, 75, and 200, may represent different thresholds in varying contexts, they do not pertain specifically to the minimum investor requirement for a REIT according to federal law. This specific criterion helps shape the compliance framework under which REITs operate, making 100 the correct number to align with established regulations.

2. Which types of properties require a real estate license for sale in South Carolina?

- A. Only residential properties
- B. Residential, commercial, and industrial properties**
- C. Only commercial properties
- D. Any property under 5 acres

In South Carolina, a real estate license is required for the sale of residential, commercial, and industrial properties. This comprehensive requirement ensures that all real estate transactions, regardless of the type of property, are conducted by qualified professionals who understand the laws, regulations, and complexities associated with different property types. Residential properties encompass homes, apartments, and condominiums, where real estate licenses protect consumers engaging in what is often their most significant financial investment. Commercial properties include office buildings, retail spaces, and other properties used for business purposes, which have distinct market dynamics and legal considerations. Industrial properties, which include warehouses and manufacturing facilities, also require specialized knowledge for their transactions. By requiring a license for all these property types, South Carolina aims to maintain professional standards in the real estate market and ensure that all practitioners are adequately trained to serve clients effectively, thus providing better protection for buyers and sellers alike. This contrasts with options that limit the requirement to only specific property types or arbitrary criteria, which would not adequately shield consumers or ensure professionalism across the board.

3. According to South Carolina law, how long must a broker retain transaction records?

- A. Three years
- B. Five years**
- C. One year
- D. Indefinitely

In South Carolina, the law requires that brokers retain transaction records for a minimum of three years after the transaction has been finalized. This retention period is crucial as it ensures that brokers have access to important documentation for potential audits, disputes, or legal inquiries that could arise even after the transaction is completed. Maintaining records for three years also aligns with the standards set by the South Carolina Real Estate Commission, which aims to uphold professionalism and accountability within the real estate industry. The other timeframes presented in the options—five years, one year, or indefinitely—do not match the specific legal requirements outlined by the state. The five-year option exceeds the required retention duration, while one year is insufficient to cover the potential needs for reference or compliance. Indefinitely suggests an unbounded period, which is impractical and not mandated by law. Thus, a three-year retention period is both compliant and practical for brokers operating in South Carolina.

4. When a licensed agent withdraws funds from a broker's trust account with permission but is not bonded, what is the legality of this action?

- A. Legal
- B. Illegal**
- C. Conditional
- D. Permissible

When a licensed agent withdraws funds from a broker's trust account without being bonded, the legality of this action falls into a problematic area. The law requires that agents who have access to trust funds must be bonded to provide protection against potential misappropriation or misuse of those funds. Bonding serves as a form of insurance for clients and the brokerage, ensuring that if an agent does engage in wrongful actions, there is some level of financial recourse. Without the bond, even if the withdrawal is permitted, it poses significant risks and may be deemed illegal, as it does not adhere to the regulatory standards set forth for the handling of trust funds in real estate. This lack of bonding undermines the legal framework designed to protect trust accounts, which is why the withdrawal, regardless of permission, is considered unauthorized and illegal. This understanding highlights the importance of compliance with bonding requirements as a safeguard for both agents and their clients in real estate transactions.

5. What is the primary function of a deed in real estate?

- A. Provide a mortgage
- B. Convey title to the property**
- C. Create a lease agreement
- D. Assign a right of way

The primary function of a deed in real estate is to convey title to the property. A deed is a legal document that acts as evidence of property ownership and serves to transfer ownership from one party to another. This transfer of title is a fundamental aspect of real estate transactions, as it provides the buyer with the legal rights to the property. In this context, a deed ensures that the grantor (the seller) formally relinquishes ownership and that the grantee (the buyer) receives all the rights associated with that property. Deeds contain specific elements, including the names of the parties involved, a description of the property, and the signature of the grantor, which makes them essential in formalizing the ownership transfer. In contrast, providing a mortgage pertains to securing a loan against the property, creating a lease agreement relates to tenancy and rental terms between a landlord and a tenant, and assigning a right of way deals with granting access across someone else's property. None of these functions relate directly to the primary purpose of a deed, which centers specifically on the conveyance of property title.

6. What is a "lease-option"?

- A. A rental agreement without a purchase option
- B. A lease agreement that includes the option to purchase later**
- C. An option without a lease agreement
- D. A purchase agreement that can turn into a lease

A "lease-option" is a specific type of lease agreement that provides the tenant with the right, but not the obligation, to purchase the property at a predetermined price before the lease expires. This arrangement benefits tenants who may want to eventually buy the home they are renting, allowing them to live in the property while securing the option to purchase it later. The lease part of the agreement establishes the terms of renting while the option component allows the tenant to consider buying the property in the future, often providing time to improve their financial situation or to evaluate whether they want to own the property long term. In this context, it is important to note that while other options may involve rentals or options, they do not encapsulate the unique feature of an agreement that combines both leasing and purchasing rights. This is what distinctly characterizes a lease-option agreement and makes it a popular choice for both buyers and sellers in various real estate markets.

7. How can real estate agents assist clients in the transaction process?

- A. By isolating clients from market trends
- B. By providing guidance and negotiation support**
- C. By limiting marketing efforts
- D. By focusing solely on paperwork

Real estate agents play a crucial role in assisting clients throughout the transaction process by providing guidance and negotiation support. This includes helping clients understand the complexities involved in buying or selling a property, such as pricing strategies, market conditions, and legal requirements. Agents leverage their expertise and market knowledge to provide informed advice that aligns with clients' goals. In addition to guidance, negotiation support is vital. Agents act as intermediaries during negotiations, using their skills to advocate for their clients' best interests. This can result in better purchase prices, favorable contract terms, and a smoother transaction overall. Providing personalized strategies tailored to the client's needs, agents ensure that their clients are well-represented in all aspects of the transaction process. This comprehensive support is essential in navigating the often complicated real estate market, ensuring that clients feel confident and informed every step of the way.

8. What is the main purpose of title insurance in real estate transactions?

- A. To protect against property damages
- B. To cover repair costs
- C. To protect against financial loss due to title defects**
- D. To ensure public records accuracy

The main purpose of title insurance in real estate transactions is to protect against financial loss due to title defects. When a property is bought, buyers and lenders want assurance that the title to the property is clear and free of any claims or liens that could affect ownership rights. Title insurance provides this protection by covering losses that may arise from issues such as undisclosed heirs, liens, or errors in public records. By purchasing title insurance, the policyholder is safeguarded against potential financial losses that could occur if a title problem arises after the sale has been completed. This is especially important because title issues can be complex and can take considerable time and resources to resolve, often resulting in substantial financial implications for the buyer or lender. The other options relate to different aspects of property ownership and maintenance. Protecting against property damages and covering repair costs are more concerned with homeowner's insurance or warranty policies rather than title insurance. Ensuring public records accuracy, while important, is not the primary function of title insurance; instead, the focus is on protecting financial interests related to the title itself.

9. A recipient of a high cost loan on a property in South Carolina must receive what before proceeding?

- A. Legal advice on loan terms
- B. Counseling on the advisability of the loan**
- C. Approval from the agent
- D. Financial education classes

The requirement for a recipient of a high-cost loan to receive counseling on the advisability of the loan is rooted in consumer protection laws designed to ensure that borrowers understand the implications and risks associated with such loans. High-cost loans can often include unfavorable terms that may lead to financial hardship if the borrower is not fully informed. Counseling serves as a means to educate the borrower about these terms and provide them with actionable advice tailored to their financial situation. By engaging in this counseling process, borrowers can be better equipped to make informed decisions, comprehend their rights and obligations, and contemplate alternative financing options. This requirement aligns with the goal of safeguarding consumers from predatory lending practices and is a critical step before they commit to a high-cost loan agreement.

10. How long does a South Carolina landlord have to return a security deposit to a tenant at the conclusion of a lease?

- A. 15 days
- B. 30 days**
- C. 45 days
- D. 60 days

In South Carolina, the law stipulates that a landlord is required to return a security deposit to a tenant within 30 days after the termination of the lease. This timeframe is in place to ensure that tenants receive their deposits back promptly, allowing them to manage their finances effectively as they transition to a new living situation. Within this 30-day window, landlords are also permitted to make deductions from the security deposit for specific reasons, such as unpaid rent or damages beyond normal wear and tear. However, the overall expectation is that the landlord must account for and return the remaining deposit promptly within the specified time frame. Understanding this regulation is crucial for both landlords and tenants to maintain compliance and to ensure clear communication regarding the handling of security deposits at the end of a lease.

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://southcarolinarealestate.examzify.com>

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

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