

Superior Real Estate School Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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SAMPLE

Questions

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- 1. Which statement is true about the rights of spouses in a real estate transaction?**
 - A. Both spouses must sign the deed for valid transfer**
 - B. Only the titleholder's signature is required for the transaction**
 - C. A spouse can claim rights without their name on the deed**
 - D. A spouse's rights can be disregarded when selling property**
- 2. Assuming annual real estate taxes amount to \$1,800 and have been paid in advance by the seller, which of the following is correct for a closing set for September 15?**
 - A. credit seller \$525; debit buyer \$1,275**
 - B. credit seller \$1,275; debit buyer \$525**
 - C. credit buyer \$525; debit seller \$1,275**
 - D. credit seller \$525; debit buyer \$525**
- 3. Which situation exemplifies dual agency?**
 - A. A buyer client assisted by a broker who listed the property**
 - B. A firm representing both buyers and sellers**
 - C. A cooperating firm in a transaction**
 - D. A broker representing both the buyer and seller in a sale**
- 4. When a seller accepts a buyer's offer, at what point is the buyer able to withdraw the offer?**
 - A. After communication of acceptance**
 - B. Once the seller signs the offer**
 - C. Before earnest money is deposited**
 - D. At any time before closing**
- 5. What must Jack, a licensee, do before making an offer on a property he has listed?**
 - A. Obtain full and proper consent for dual agency**
 - B. Withdraw as the listing agent**
 - C. Disclose his status to the seller**
 - D. Seek permission from the seller before proceeding**

- 6. When a buyer sues for specific performance after the seller backs out, what is the buyer seeking?**
- A. A new contract**
 - B. Transfer of the property**
 - C. Deficiency judgment**
 - D. Money damages**
- 7. Aunt Fran sells property with a conventional life estate reserved. Who is the life tenant?**
- A. The church is the life tenant and Aunt Fran has a reversionary interest.**
 - B. Aunt Fran is the life tenant and the church has a remainder interest.**
 - C. The church owns the property and Aunt Fran has established a non-freehold interest.**
 - D. This is best referred to as a life estate pur autre vie.**
- 8. Which agreement is NOT typically subject to the Statute of Frauds?**
- A. Agreements lasting more than a year**
 - B. Oral agreements for the sale of property**
 - C. Partnership agreements**
 - D. Contracts made under seal**
- 9. In a typical seller's market, which of the following is most likely to decline?**
- A. Sale prices**
 - B. Inventory of homes available**
 - C. Demand from buyers**
 - D. Mortgage rates**
- 10. Which agent violated the Law of Agency when negotiating the offer?**
- A. Joe, the listing agent**
 - B. Lucy, the buyer's subagent**
 - C. Both Joe and Lucy**
 - D. Neither Joe nor Lucy**

Answers

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

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Explanations

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1. Which statement is true about the rights of spouses in a real estate transaction?

- A. Both spouses must sign the deed for valid transfer**
- B. Only the titleholder's signature is required for the transaction**
- C. A spouse can claim rights without their name on the deed**
- D. A spouse's rights can be disregarded when selling property**

In a real estate transaction, both spouses must sign the deed for a valid transfer, especially in jurisdictions that recognize community property laws or equitable distribution of property. This requirement is rooted in the concept that both spouses have an interest in the marital property, and their rights need to be acknowledged in the transfer process. The rationale behind needing both signatures is to protect the rights of both parties in a marriage. In many cases, property acquired during the marriage is considered jointly owned. Therefore, both spouses need to consent to the sale or transfer of the property to ensure that neither spouse's rights are compromised without their knowledge or agreement. While it is true that the titleholder's signature alone might be sufficient in certain situations, such as when the property was acquired before the marriage or in cases where state law allows for individual ownership, this does not apply universally. Moreover, it's crucial for real estate professionals to understand the implications of spousal rights in transactions to avoid legal disputes that could arise from an incomplete or invalid deed transfer. The other statements misunderstand or misrepresent the legal protections afforded to spouses in such transactions: it is not sufficient for just one spouse to sign in cases where both have rights, nor can a spouse's rights be disregarded without risking legal challenges

2. Assuming annual real estate taxes amount to \$1,800 and have been paid in advance by the seller, which of the following is correct for a closing set for September 15?

- A. credit seller \$525; debit buyer \$1,275**
- B. credit seller \$1,275; debit buyer \$525**
- C. credit buyer \$525; debit seller \$1,275**
- D. credit seller \$525; debit buyer \$525**

In this scenario, the real estate taxes are \$1,800 annually, which means that the seller has already paid this amount in advance for the entire year. Since the closing is set for September 15, we need to determine how much of the real estate taxes cover the period up to the closing date and how much has been pre-paid for the remaining portion of the year. To break it down, from January 1 to September 15 is approximately 8.5 months of the year. We can calculate the monthly tax amount as follows: - Monthly tax = Annual tax / 12 months = $\$1,800 / 12 = \150 per month. Next, we calculate how much the seller has covered from January to September 15: - Total tax for 8.5 months = $\$150 * 8.5 = \$1,275$. This \$1,275 represents the portion of the annual taxes that covers the time period until the closing date. Since the seller has already paid \$1,800 for the year, the amount that has not been used is: - Remaining taxes = Total taxes paid - Taxes for 8.5 months = $\$1,800 - \$1,275 = \$525$. At closing

3. Which situation exemplifies dual agency?

- A. A buyer client assisted by a broker who listed the property**
- B. A firm representing both buyers and sellers**
- C. A cooperating firm in a transaction**
- D. A broker representing both the buyer and seller in a sale**

The situation that best exemplifies dual agency is when a broker represents both the buyer and the seller in a sale. In a dual agency scenario, the broker acts as a neutral intermediary between two parties with conflicting interests. This arrangement requires the broker to maintain fairness and impartiality, ensuring that neither party is given an unfair advantage over the other. In practice, dual agency means that the same broker or brokerage firm has fiduciary duties to both the buyer and seller, which can create unique challenges, such as managing confidential information and conflicts of interest. It is important for the broker to disclose this dual representation to both parties and obtain their consent to operate under such circumstances, as it is essential for ethical and legal compliance in real estate transactions. The other options do not fully capture the essence of dual agency. For example, having a buyer client assisted by a broker who listed the property does not require the broker to represent both sides equally and may indicate a more traditional agency relationship. A firm representing both buyers and sellers may imply multiple clients but does not necessarily indicate that a single agent is representing both the buyer and the seller in one transaction, which defines dual agency. A cooperating firm refers to a scenario where different brokerages work together but again does not embody the

4. When a seller accepts a buyer's offer, at what point is the buyer able to withdraw the offer?

- A. After communication of acceptance**
- B. Once the seller signs the offer**
- C. Before earnest money is deposited**
- D. At any time before closing**

The buyer can withdraw the offer at any point prior to the closing of the transaction. This flexibility exists because until closing occurs, the buyer has not legally committed to finalize the purchase. The acceptance of the offer by the seller creates a legally binding agreement, but there are still conditions and contingencies that could allow the buyer to withdraw within that timeframe. These might include financing contingencies, inspection results, or simply a change in the buyer's circumstances. At closure, the buyer's obligation to proceed with the transaction becomes binding. Therefore, it is crucial for buyers to understand their rights to withdraw up until that final stage, ensuring they can retain control over their decision until they are irrevocably committed to the purchase of the property.

5. What must Jack, a licensee, do before making an offer on a property he has listed?

A. Obtain full and proper consent for dual agency

B. Withdraw as the listing agent

C. Disclose his status to the seller

D. Seek permission from the seller before proceeding

In this scenario, the correct action for Jack, as a licensee, involves obtaining permission from the seller before making an offer on the property he has listed. This is essential because Jack has a fiduciary duty to act in the best interests of his client, the seller. By seeking permission, he ensures transparency and maintains trust in the professional relationship. If Jack were to withdraw as the listing agent, it would not be necessary or practical if he intends to make an offer on the property. His role is to facilitate the transaction while representing the seller's interests. Not obtaining consent for dual agency or disclosing his status to the seller would not align with the proper ethical and legal obligations of a real estate professional in such circumstances. Therefore, seeking permission aligns with the integrity of the process and adherence to legal standards in real estate practice.

6. When a buyer sues for specific performance after the seller backs out, what is the buyer seeking?

A. A new contract

B. Transfer of the property

C. Deficiency judgment

D. Money damages

When a buyer sues for specific performance after the seller backs out of a contract, the buyer is seeking the transfer of the property. Specific performance is a legal remedy available in contract law that compels a party to fulfill their obligations under a contract when monetary damages would not suffice as adequate compensation. In real estate transactions, this often involves the buyer wanting the seller to complete the sale of the property as originally agreed. Choosing the transfer of the property reflects the buyer's desire to obtain the specific asset—the property in question—rather than simply receiving financial compensation or starting anew with a different agreement. This is particularly important in real estate because each piece of property is unique, making the actual transfer of ownership necessary to satisfy the buyer's interest and intent.

7. Aunt Fran sells property with a conventional life estate reserved. Who is the life tenant?
- A. The church is the life tenant and Aunt Fran has a reversionary interest.
 - B. Aunt Fran is the life tenant and the church has a remainder interest.**
 - C. The church owns the property and Aunt Fran has established a non-freehold interest.
 - D. This is best referred to as a life estate pur autre vie.

In the context of real estate, when Aunt Fran sells property with a conventional life estate reserved, she retains the right to occupy and use the property during her lifetime, making her the life tenant. The life tenant has the ability to use the property for as long as she is alive. Once Aunt Fran passes away, the property then transfers to the holder of the remainder interest, which in this case is likely the church. This arrangement effectively means that while Aunt Fran is alive, she has all the rights associated with ownership of the property, including the right to live in it or even rent it out. Once her life ends, the church automatically gains full ownership of the property without needing to go through probate or another transfer process. While other options discuss different scenarios, they do not accurately reflect the nature of the life estate and the relationship between Aunt Fran and the church in this particular situation. This understanding is crucial in distinguishing the roles and rights associated with life estates and remainder interests in property law.

8. Which agreement is NOT typically subject to the Statute of Frauds?
- A. Agreements lasting more than a year
 - B. Oral agreements for the sale of property**
 - C. Partnership agreements
 - D. Contracts made under seal

The Statute of Frauds requires certain types of agreements to be in writing in order to be enforceable. This typically includes contracts such as those involving the sale of real estate, agreements that cannot be performed within one year, and various types of surety agreements. In the context of this question, oral agreements for the sale of property do fall under the Statute of Frauds and are typically not enforceable unless they are documented in writing. Therefore, these agreements are subject to the requirements of the Statute of Frauds. Partnership agreements can often be verbal but may need to be in writing depending on the jurisdiction and the specifics of the agreement. Contracts made under seal, while often not requiring a writing to be enforceable, still tend to be treated differently under the law due to their formal nature. This leaves agreements lasting more than a year, which certainly must be in writing, therefore confirming that oral agreements for the sale of property do not meet the criteria for exemption from the Statute of Frauds.

9. In a typical seller's market, which of the following is most likely to decline?

- A. Sale prices**
- B. Inventory of homes available**
- C. Demand from buyers**
- D. Mortgage rates**

In a typical seller's market, where there are more buyers than available homes, the inventory of homes for sale is most likely to decline. This occurs because the heightened demand from buyers often leads to homes being sold quickly, causing the inventory levels to drop. Sellers benefit from this scenario, as they can often sell their homes at higher prices due to the competitive environment among buyers. The limited supply of homes creates a sense of urgency, further depleting the inventory. In contrast, during a seller's market, one would expect sale prices to rise due to increased competition among buyers, while demand from buyers remains robust. Mortgage rates may fluctuate based on various economic factors, but they are not intrinsically linked to the dynamics of a seller's market—rather, they may influence buyer behavior.

10. Which agent violated the Law of Agency when negotiating the offer?

- A. Joe, the listing agent**
- B. Lucy, the buyer's subagent**
- C. Both Joe and Lucy**
- D. Neither Joe nor Lucy**

In the context of the Law of Agency, which governs the relationship between agents and their clients, the listing agent—the one representing the seller—has a fiduciary duty to act in the best interest of the seller. If Joe, the listing agent, violated this law during negotiations, it would typically involve actions such as failing to disclose important information about the property, not presenting a legitimate offer to the seller, or negotiating against the interests of the seller, which would breach his obligation. Lucy, as the buyer's subagent, represents the buyer and is responsible for advocating for the buyer's best interests. Her duties include communicating offers and negotiating terms, but her actions must align with the legal expectations of her role, typically facilitating the transaction without undermining her duty to her client while adhering to the broader legal framework. If there is no indication that Lucy acted unethically or against legal requirements, and the violation is squarely placed on Joe's actions, it makes sense that Joe is identified as the agent who violated the Law of Agency. Thus, focusing on Joe's conduct clarifies the violation's source in the scenario, affirming his responsibilities as the listing agent and the legal implications of failing to uphold those duties.