

Tennessee Realtor State Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

- 1. What responsibility does a retail property manager have?**
 - A. Setting loan terms**
 - B. Establishing leases as percentage leases**
 - C. Managing residential properties only**
 - D. Negotiating purchase agreements**
- 2. In Tennessee, how long must electronic real estate forms be kept with the broker?**
 - A. One year**
 - B. Two years**
 - C. Three years**
 - D. Five years**
- 3. What is true about a consumer who is working with a real estate licensee but hasn't signed an agency agreement?**
 - A. The consumer must work exclusively with that licensee**
 - B. The consumer can only sign a dual agency agreement**
 - C. The consumer is free to sign an agreement or work with any other licensee**
 - D. The consumer loses the right to negotiate**
- 4. If a buyer has not signed a representation agreement, who does the sales agent represent?**
 - A. The buyer**
 - B. Both buyer and seller**
 - C. The seller**
 - D. The brokerage**
- 5. Which action is considered a violation of license law in Tennessee?**
 - A. Accepting a referral fee**
 - B. Advertising without the brokerage name**
 - C. Holding an open house**
 - D. Using a personal business card**

- 6. In what way(s) do Tennessee consumers compensate brokers for their services?**
- A. Hourly rates and service fees**
 - B. As a flat fee, fee for service, and/or percentage of sale**
 - C. Commission only**
 - D. Retainer agreements**
- 7. The FHA loan program is primarily designed for borrowers who have:**
- A. A high credit score**
 - B. A minimal down payment and less-than-stellar credit**
 - C. Significant savings**
 - D. An extensive credit history**
- 8. What is the main purpose of a property disclosure form in Tennessee real estate transactions?**
- A. To increase the property value**
 - B. To inform buyers of potential issues with the property**
 - C. To provide tax information**
 - D. To ensure compliance with zoning laws**
- 9. If a buyer is purchasing a property for \$500,000 with a down payment of \$50,000, how much is the loan origination fee if the lender charges one-and-a-half points?**
- A. \$5,000**
 - B. \$7,500**
 - C. \$6,750**
 - D. \$9,000**
- 10. What is the minimum score required to pass the affiliate broker licensing exam in Tennessee?**
- A. 60%**
 - B. 70%**
 - C. 75%**
 - D. 80%**

Answers

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

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Explanations

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1. What responsibility does a retail property manager have?

- A. Setting loan terms
- B. Establishing leases as percentage leases**
- C. Managing residential properties only
- D. Negotiating purchase agreements

A retail property manager is primarily responsible for overseeing and managing retail properties, and one of the key aspects of this role is establishing leases as percentage leases. Percentage leases are common in retail settings, where the rent paid by the tenant is based on a percentage of their sales revenue, in addition to a base rent. This arrangement aligns the interests of both the landlord and the tenant, as it allows the landlord to benefit from the tenant's business success while providing the tenant with potentially lower fixed costs during slower sales periods. While the other options may involve various aspects of real estate management or investment, they do not accurately reflect the specific responsibilities of a retail property manager. Setting loan terms relates more to financial institutions or loan officers rather than property management. Managing residential properties is outside the scope of retail property management, and negotiating purchase agreements typically pertains to buying real estate rather than managing it. Therefore, establishing leases as percentage leases is indeed a significant responsibility of a retail property manager.

2. In Tennessee, how long must electronic real estate forms be kept with the broker?

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

In Tennessee, electronic real estate forms must be retained for a period of three years with the broker. This requirement ensures that all records related to real estate transactions are kept for a sufficient duration, allowing for compliance with state regulations and potential legal considerations. Retaining records for three years provides a window of time to address any disputes, verifications, or audits that may arise related to those transactions. It is crucial for realtors to adhere to these retention policies to maintain the integrity and legality of their business practices, as well as to provide transparency and accountability in their dealings.

- 3. What is true about a consumer who is working with a real estate licensee but hasn't signed an agency agreement?**
- A. The consumer must work exclusively with that licensee**
 - B. The consumer can only sign a dual agency agreement**
 - C. The consumer is free to sign an agreement or work with any other licensee**
 - D. The consumer loses the right to negotiate**

A consumer who is working with a real estate licensee but has not signed an agency agreement maintains their freedom to choose how they wish to proceed with their real estate needs. Without a signed agency agreement, the consumer is not bound to work exclusively with that particular licensee and can explore other options. This means they can choose to sign an agreement with another licensee or continue to seek representation elsewhere. In real estate, agency relationships are established through written agreements that specify the rights and responsibilities of both the licensee and the consumer. Until such an agreement is in place, the consumer has the liberty to explore various options, ensuring they have the flexibility to find the best representation for their needs.

- 4. If a buyer has not signed a representation agreement, who does the sales agent represent?**
- A. The buyer**
 - B. Both buyer and seller**
 - C. The seller**
 - D. The brokerage**

In real estate practices, if a buyer has not signed a representation agreement, the sales agent typically represents the seller's interests. This relationship occurs because the sales agent usually works under a listing agreement with the seller, which establishes the agent's duty to advocate for the seller's goals during negotiations and transactions. In these situations, the sales agent is bound by fiduciary responsibilities to the seller, which include loyalty, confidentiality, disclosure, and accounting. The absence of a signed representation agreement from the buyer indicates that they do not have an established attorney-client or agent-client relationship with the sales agent. Consequently, the sales agent's loyalties and legal obligations default to the seller. This is important for buyers to understand, as it emphasizes the necessity of securing their own representation early in the process to ensure their interests are properly advocated for in real estate transactions.

5. Which action is considered a violation of license law in Tennessee?

- A. Accepting a referral fee**
- B. Advertising without the brokerage name**
- C. Holding an open house**
- D. Using a personal business card**

Advertising without including the brokerage name is a violation of license law in Tennessee because it undermines the requirement for transparency and accountability in real estate transactions. In Tennessee, real estate professionals are required to clearly identify the brokerage under which they operate in all advertising materials. This regulation is in place to ensure that consumers can easily identify the company and its agents, fostering trust and maintaining the integrity of the real estate profession. Engaging in advertising activities without the brokerage name can lead to consumer confusion and may result in the misrepresentation of the agent's authority, thereby potentially harming the reputation of the brokerage itself. On the other hand, accepting a referral fee is permissible as long as it complies with the regulations set forth by the Tennessee Real Estate Commission. Holding an open house and using a personal business card are also accepted practices within the framework of the law, as long as they adhere to the guidelines of being clear about the agent's affiliation with the brokerage.

6. In what way(s) do Tennessee consumers compensate brokers for their services?

- A. Hourly rates and service fees**
- B. As a flat fee, fee for service, and/or percentage of sale**
- C. Commission only**
- D. Retainer agreements**

Tennessee consumers compensate brokers for their services in various ways, reflecting the diverse preferences and needs of clients in the real estate market. The correct answer highlights that compensation can be structured as a flat fee, a fee for service, or a percentage of the sale. A flat fee arrangement allows consumers to pay a predetermined amount for specific services, which can provide clarity and predictability in the cost of real estate transactions. Alternatively, a fee-for-service structure enables clients to pay for only the services they require, offering flexibility and customization in the service provided by the broker. A percentage of the sale compensates the broker based on the final sale price of the property, aligning the broker's earnings with the success of the transaction, which can incentivize the broker to achieve the best possible sale price. This multifaceted approach to compensation acknowledges the variety of needs among consumers and fosters an environment where brokers can tailor their services to meet these needs effectively. In contrast, the other options either limit the understanding of compensation or fail to encompass the full range of acceptable arrangements in Tennessee real estate practices.

7. The FHA loan program is primarily designed for borrowers who have:

- A. A high credit score**
- B. A minimal down payment and less-than-stellar credit**
- C. Significant savings**
- D. An extensive credit history**

The FHA loan program is specifically designed to assist borrowers who may not have a strong financial background, which includes those with less-than-stellar credit and a minimal down payment. This program aims to make homeownership more accessible to a wider range of individuals, particularly first-time homebuyers or those with limited resources. One of the key features of FHA loans is that they allow lower credit scores compared to conventional loans, making it easier for individuals who may struggle with creditworthiness to qualify for financing. Additionally, the program permits a down payment as low as 3.5% of the purchase price, which significantly reduces the initial financial barrier to buying a home. These attributes of the FHA loan program cater specifically to borrowers who may face challenges in gathering substantial savings or achieving high credit scores, thus promoting inclusivity in the housing market.

8. What is the main purpose of a property disclosure form in Tennessee real estate transactions?

- A. To increase the property value**
- B. To inform buyers of potential issues with the property**
- C. To provide tax information**
- D. To ensure compliance with zoning laws**

The main purpose of a property disclosure form in Tennessee real estate transactions is to inform buyers of potential issues with the property. This form is a crucial tool in enhancing transparency between sellers and buyers. It requires sellers to disclose any known defects or problems that may affect the property's condition and value, such as structural issues, water damage, environmental concerns, and other significant factors. By providing this detailed information, the disclosure form helps buyers make informed decisions about their purchase. It aims to prevent future disputes or litigation concerning undisclosed defects after the transaction is complete. Buyers can assess the risks associated with the property, allowing them to negotiate price adjustments or decide whether to proceed with the purchase based on the property's condition. This practice not only protects the interests of the buyers but also promotes fairness and honesty in real estate transactions. Other choices do not capture the primary intent of the property disclosure form. For instance, while increasing property value may be a side effect of a well-informed buyer or seller, it is not the form's primary role. Similarly, providing tax information or ensuring compliance with zoning laws addresses separate aspects of real estate but does not pertain to the intent of the disclosure form itself. Thus, the focus on informing buyers of potential property issues stands out as the correct

9. If a buyer is purchasing a property for \$500,000 with a down payment of \$50,000, how much is the loan origination fee if the lender charges one-and-a-half points?

A. \$5,000

B. \$7,500

C. \$6,750

D. \$9,000

To determine the loan origination fee when the lender charges one-and-a-half points, it is essential to first understand that a "point" is equal to 1% of the loan amount. In this scenario, the property's purchase price is \$500,000, and the buyer is putting down a down payment of \$50,000. To calculate the loan amount, subtract the down payment from the purchase price: $\text{Loan Amount} = \text{Purchase Price} - \text{Down Payment}$ $\text{Loan Amount} = \$500,000 - \$50,000$ $\text{Loan Amount} = \$450,000$ Next, we calculate the loan origination fee. Since the lender charges one-and-a-half points, we can determine that the fee is calculated as follows: $\text{Loan Origination Fee} = \text{Loan Amount} \times \text{Points}$ $\text{Loan Origination Fee} = \$450,000 \times 1.5\%$ $\text{Loan Origination Fee} = \$450,000 \times 0.015$ $\text{Loan Origination Fee} = \$6,750$ Thus, the correct answer is \$6,750, which reflects the total amount that the buyer will need to pay for the loan origination fee based on the terms given by the lender.

10. What is the minimum score required to pass the affiliate broker licensing exam in Tennessee?

A. 60%

B. 70%

C. 75%

D. 80%

To pass the affiliate broker licensing exam in Tennessee, a candidate must achieve a minimum score of 70%. This benchmark is established to ensure that individuals who wish to enter the real estate profession possess a sufficient understanding of the laws, practices, and regulations that govern real estate transactions in the state. A 70% passing mark indicates a solid grasp of the material, promoting competency among those entering the field, which in turn helps maintain professionalism and protect consumer interests in real estate dealings. It's important for aspiring real estate professionals to be aware of this requirement and aim to meet or exceed this score in their studies and exam preparation.

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://tennessee-realtor.examzify.com>

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