

# Tennessee Realtor State 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. What type of mortgage market does the Federal Housing Administration primarily operate in?**
  - A. The primary market.**
  - B. The secondary market.**
  - C. The federal market.**
  - D. The community market.**
- 2. What is the primary purpose of conducting a sales comparison approach in real estate?**
  - A. To determine tax implications**
  - B. To estimate the value of a property based on similar sales**
  - C. To calculate mortgage payments**
  - D. To analyze rental income**
- 3. What is another term for a facilitator in real estate transactions?**
  - A. Listing agent**
  - B. Transactional representative**
  - C. Transaction broker**
  - D. Negotiation specialist**
- 4. What act did Jerrold commit when he exaggerated the size of the house in his advertising?**
  - A. Negligent misrepresentation**
  - B. Intentional misrepresentation**
  - C. False advertising**
  - D. Consumer deception**
- 5. What is the required number of hours of approved real estate courses before taking the affiliate broker exam in Tennessee?**
  - A. 60 hours**
  - B. 90 hours**
  - C. 120 hours**
  - D. 150 hours**

**6. 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

**7. Raymond wants to comply with Tennessee law, so he always retains records related to a transaction for at least \_\_\_\_.**

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

**8. Which statement is true about the professional relationship between an affiliate broker and their principal broker?**

- A. The affiliate broker is responsible for their own actions.
- B. The principal broker is responsible for the affiliate broker's actions.
- C. The affiliate broker can act independently without supervision.
- D. The principal broker can terminate the affiliate broker at any time without cause.

**9. Who can receive reimbursement from the Real Estate Education and Recovery Account?**

- A. A licensee who loses their license
- B. A public member with a judgment against a licensee
- C. A real estate firm filed against a licensee
- D. A member of the commission

**10. Who is responsible for holding escrow or trust money in Tennessee?**

- A. Real estate agents**
- B. Mortgage lenders**
- C. Principal brokers**
- D. Real estate companies**

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## **Answers**

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

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## **Explanations**

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**1. What type of mortgage market does the Federal Housing Administration primarily operate in?**

- A. The primary market.**
- B. The secondary market.**
- C. The federal market.**
- D. The community market.**

The Federal Housing Administration (FHA) primarily operates in the primary mortgage market, which involves the direct origination of loans between lenders and borrowers. In this context, the FHA provides insurance on loans made by approved lenders to borrowers, particularly first-time homebuyers or those with lower credit scores. This insurance protects lenders against potential defaults, which encourages them to offer loans with more favorable terms, such as lower down payments and interest rates. The primary market is where borrowers obtain mortgage loans directly from lenders. The funds in this market are used for the purchase of homes, making it crucial for both buyers looking to acquire property and sellers wanting to close transactions. While the FHA does not perform lending itself, it plays a critical role in supporting lenders who are active in the primary market by mitigating risk through its insurance programs. This ensures broader access to home financing for a wider range of consumers. Other types of markets mentioned do not accurately capture the FHA's operational focus. The secondary market involves the buying and selling of existing mortgages, which is distinct from the FHA's role in facilitating new loans. Neither the federal market nor the community market are recognized classifications in the realm of mortgage financing, making them less relevant to the question posed.

**2. What is the primary purpose of conducting a sales comparison approach in real estate?**

- A. To determine tax implications**
- B. To estimate the value of a property based on similar sales**
- C. To calculate mortgage payments**
- D. To analyze rental income**

The primary purpose of conducting a sales comparison approach in real estate is to estimate the value of a property based on similar sales. This method involves analyzing comparable properties that have recently sold in the same geographical area and that have similar characteristics to the property being evaluated. By comparing these properties, a real estate professional can determine a fair market value for the subject property. This approach is widely used because it reflects current market conditions and buyer preferences, effectively capturing the price trends of similar properties. It provides an objective basis for pricing, which is crucial in both buying and selling situations. This is particularly important for owners, agents, and appraisers as it aids in making informed decisions regarding property pricing. The other options focus on different aspects of real estate transactions. While they are relevant in their contexts, none serve the specific purpose of estimating property value based on recent comparable sales like the sales comparison approach does.

**3. What is another term for a facilitator in real estate transactions?**

- A. Listing agent**
- B. Transactional representative**
- C. Transaction broker**
- D. Negotiation specialist**

A facilitator in real estate transactions is often referred to as a transaction broker. This term represents a professional who helps facilitate a real estate transaction between the buyer and the seller without representing either party in a fiduciary capacity. The transaction broker's role is to assist both parties by providing necessary documentation and information, negotiating terms, and ensuring that all legal requirements are met while maintaining a neutral position. In contrast, a listing agent represents the seller, and their fiduciary duty is solely to that party, which is distinct from the neutral role of a transaction broker. A transactional representative might imply an individual working within a broader context, but is not specifically recognized in the same way as a transaction broker in this context. The term negotiation specialist suggests an expertise in negotiation but does not specify a role within real estate transactions akin to that of a facilitator. Thus, the correct term that aligns with the role of a facilitator is indeed the transaction broker.

**4. What act did Jerrold commit when he exaggerated the size of the house in his advertising?**

- A. Negligent misrepresentation**
- B. Intentional misrepresentation**
- C. False advertising**
- D. Consumer deception**

Jerrold committed intentional misrepresentation when he exaggerated the size of the house in his advertising. Intentional misrepresentation occurs when a person knowingly provides false information with the intent to deceive another party. In this case, by deliberately inflating the size of the house, Jerrold intended for potential buyers to be misled into believing they were getting something more substantial than what exists. This act can lead to legal consequences as it undermines the trust essential in real estate transactions and can affect a buyer's decision-making process. The other options describe scenarios that can involve misleading statements but do not capture the intent behind Jerrold's actions. Negligent misrepresentation refers to situations where a person fails to take reasonable care in providing information, but it lacks the conscious intent to deceive that is present in this situation. False advertising generally pertains to misleading or false claims made in promotional materials, but the specific context of a misrepresentation that involves knowledge of falsehood points more directly to intentional misrepresentation. Consumer deception is a broader term that encompasses various forms of misleading consumers without focusing on the intent behind specific claims.

**5. What is the required number of hours of approved real estate courses before taking the affiliate broker exam in Tennessee?**

- A. 60 hours**
- B. 90 hours**
- C. 120 hours**
- D. 150 hours**

In Tennessee, the required number of hours of approved real estate courses before taking the affiliate broker exam is indeed 90 hours. This requirement is designed to ensure that aspiring real estate professionals receive a thorough and adequate education in various aspects of real estate practices, including principles, laws, and ethical standards. Completing these 90 hours provides the foundational knowledge necessary to understand the complexities of the real estate market, helping individuals to succeed in their careers and protect the interests of their clients. This emphasis on education is a critical step in maintaining a competent and professional real estate industry in the state.

**6. 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.

7. Raymond wants to comply with Tennessee law, so he always retains records related to a transaction for at least \_\_\_\_.

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

In Tennessee, real estate licensees are legally required to maintain transaction records for a minimum of three years from the date of the transaction. This period is established to ensure that there is adequate documentation available should any disputes arise or if there are inquiries from regulatory authorities. Retaining records for this length of time allows for thorough oversight of business activities and serves to protect both the agents and their clients. It safeguards against potential liability and helps uphold the integrity of real estate transactions within the state. The other potential options for record retention do not align with Tennessee's regulatory requirements, making three years the correct and compliant choice for Raymond to follow.

8. Which statement is true about the professional relationship between an affiliate broker and their principal broker?

- A. The affiliate broker is responsible for their own actions.
- B. The principal broker is responsible for the affiliate broker's actions.**
- C. The affiliate broker can act independently without supervision.
- D. The principal broker can terminate the affiliate broker at any time without cause.

The correct answer highlights the important aspect of accountability in the real estate profession, particularly in the context of the relationship between an affiliate broker and their principal broker. In Tennessee and many other jurisdictions, the principal broker holds a significant responsibility for the actions of their affiliated brokers. This means that if an affiliate broker engages in actions that are unethical or violate real estate laws, the principal broker can be held liable, adding an extra layer of responsibility to their role. This relationship is meant to ensure oversight and support, as the principal broker typically provides guidance, training, and supervision to help affiliate brokers navigate the complexities of real estate transactions. It reinforces the idea that the principal broker is not just a figurehead but actively involved in maintaining the standards and practices of their brokerage. Understanding this relationship is crucial for everyone working in the field, as it fosters a culture of accountability and professionalism within the industry.

## 9. Who can receive reimbursement from the Real Estate Education and Recovery Account?

- A. A licensee who loses their license**
- B. A public member with a judgment against a licensee**
- C. A real estate firm filed against a licensee**
- D. A member of the commission**

The Real Estate Education and Recovery Account is designed to provide financial protection to individuals who suffer damages due to the actions of a licensed real estate agent or broker. Specifically, this account can reimburse the public, including any individual who holds a judgment against a licensee for fraud, misrepresentation, or certain other actions that lead to financial harm. In this context, a public member with a judgment against a licensee is eligible for reimbursement because they have been wronged by the actions of a licensee, and state regulations allow them to seek compensation from this fund. This mechanism ensures that the public is protected from unethical practices in the real estate profession. The other options, while they might involve different parties related to real estate transactions, do not fit the criteria established for reimbursement from the Real Estate Education and Recovery Account. Thus, they are not eligible to receive funds from this specific account.

## 10. Who is responsible for holding escrow or trust money in Tennessee?

- A. Real estate agents**
- B. Mortgage lenders**
- C. Principal brokers**
- D. Real estate companies**

In Tennessee, the responsibility for holding escrow or trust money is designated to principal brokers. This means that when transactions take place involving earnest money or trust funds, it is the principal broker's duty to oversee and manage these funds. This responsibility ensures that funds are handled properly and in compliance with state regulations, safeguarding the interests of all parties involved in a real estate transaction. Principal brokers are licensed individuals who operate and manage real estate firms. They must follow strict guidelines to ensure the proper handling of escrow accounts, including keeping accurate records and ensuring that the funds are only disbursed in accordance with the terms of the contract. While real estate agents, mortgage lenders, and real estate companies play important roles in the buying and selling process, they do not have the authority to hold escrow or trust money in Tennessee. Instead, their functions may involve facilitating transactions, advising clients, or providing financing, but the legal obligation to manage trust funds lies specifically with the principal broker.

# 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](mailto: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!**

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