

Texas Real Estate Brokerage Sales Apprentice Education (SAE) Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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SAMPLE

Questions

- 1. What does the Secure and Fair Enforcement Act stand for?**
 - A. SAFE Act**
 - B. Securities Act of Fair Employment**
 - C. Safety And Financial Education Act**
 - D. State Act For Employment**
- 2. Which of the following best describes "prospecting" in real estate today?**
 - A. Following up with old leads**
 - B. Using only face-to-face interactions to generate leads**
 - C. Harnessing digital tools for lead generation**
 - D. Relying solely on referrals from past clients**
- 3. What does the Fair Housing Act prohibit?**
 - A. Discrimination in the sale and rental of dwellings**
 - B. Discrimination against landlords**
 - C. Discrimination only in advertisements**
 - D. Discrimination solely based on race**
- 4. What should investors not prioritize at the expense of income and equity gains?**
 - A. Vacancy rates**
 - B. Operating costs**
 - C. Property aesthetics**
 - D. Poor location**
- 5. What does the Sunset Act require in Texas regarding state agencies?**
 - A. Evaluation for financial efficiency**
 - B. Assessment of their efficiency and need for service**
 - C. Annual performance reviews**
 - D. Public opinion surveys**

- 6. Which of the following is NOT considered an economic characteristic of land?**
- A. Economic scarcity**
 - B. Fixity**
 - C. Durability**
 - D. Situs**
- 7. Which of the following is one of the protected classes in the Fair Housing Act?**
- A. Single**
 - B. Married**
 - C. Disability**
 - D. Homeowner**
- 8. What clarification did the U.S. Court of Appeals for the 5th Circuit make regarding landlords renting to undocumented immigrants?**
- A. They are harboring the immigrants.**
 - B. They are breaking federal law.**
 - C. They are not violating Texas law.**
 - D. They must report undocumented immigrants.**
- 9. How many articles are included in the Code of Ethics?**
- A. 15**
 - B. 17**
 - C. 20**
 - D. 25**
- 10. A strong business plan must show the potential for what?**
- A. Employee productivity**
 - B. Market saturation**
 - C. Profit generation**
 - D. Customer loyalty**

Answers

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

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Explanations

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1. What does the Secure and Fair Enforcement Act stand for?

- A. SAFE Act**
- B. Securities Act of Fair Employment**
- C. Safety And Financial Education Act**
- D. State Act For Employment**

The Secure and Fair Enforcement Act, commonly referred to as the SAFE Act, is a piece of legislation aimed primarily at enhancing consumer protection and reducing mortgage fraud. This act established a framework for the regulation of mortgage loan originators, requiring them to be licensed and registered with a nationwide registry. The SAFE Act mandates that these loan originators undergo background checks, and that they obtain proper training to ensure they understand the laws and regulations that govern mortgage practices. The act ensures that individuals involved in residential mortgage lending meet certain standards of professionalism and competency. This helps build trust in the financial system and enhances the safety of financial transactions involving home loans. Overall, the SAFE Act contributes to a more transparent and accountable lending environment, which benefits both consumers and lenders. The other options do not accurately reflect the intent or focus of the SAFE Act. The Securities Act of Fair Employment and the State Act For Employment do not have any relevance in the context of mortgage lending or originator regulation, while the Safety And Financial Education Act does not relate specifically to the standards for mortgage loan originators.

2. Which of the following best describes "prospecting" in real estate today?

- A. Following up with old leads**
- B. Using only face-to-face interactions to generate leads**
- C. Harnessing digital tools for lead generation**
- D. Relying solely on referrals from past clients**

Prospecting in real estate today primarily involves harnessing digital tools for lead generation. This approach reflects the modern landscape of real estate, where technology plays a pivotal role in connecting agents with potential clients. Digital tools like social media, email marketing, and various online platforms allow real estate professionals to reach a wider audience, gather data, and engage with prospects in a more efficient manner than traditional methods. Utilizing these digital tools not only enhances the ability to attract leads but also helps in tracking interactions and analyzing market trends, which can inform strategies for connecting with potential buyers and sellers. This method is more aligned with contemporary buyer behavior, as many people begin their real estate searches online. The other approaches, such as following up with old leads or relying solely on referrals, while useful, do not fully capture the comprehensive strategy needed in today's competitive market. Similarly, using only face-to-face interactions is increasingly limited in effectiveness because it doesn't leverage the broader reach that digital marketing offers. Thus, choice C clearly encapsulates the evolving nature of prospecting in the real estate industry today.

3. What does the Fair Housing Act prohibit?

A. Discrimination in the sale and rental of dwellings

B. Discrimination against landlords

C. Discrimination only in advertisements

D. Discrimination solely based on race

The Fair Housing Act is a landmark piece of legislation that aims to eliminate discrimination in housing-related activities. It specifically prohibits discrimination in the sale and rental of dwellings on the grounds of race, color, religion, sex, national origin, familial status, and disability. This comprehensive approach ensures that individuals have the right to buy or rent a home without facing unequal treatment based on these protected classes. It's important to recognize that the act covers a wide variety of discrimination practices, not merely limited to the sale and rental process but also encompassing lending, insurance, and advertising related to housing. Therefore, stating that it prohibits discrimination in the sale and rental of dwellings encompasses the essential purpose of the Fair Housing Act effectively. In contrast, focusing solely on discrimination against landlords, advertisements, or race would not capture the full scope and intent of the law, as it includes multiple protected classes and applies to various aspects of the housing market.

4. What should investors not prioritize at the expense of income and equity gains?

A. Vacancy rates

B. Operating costs

C. Property aesthetics

D. Poor location

Investors should be cautious about prioritizing operating costs at the expense of income and equity gains because the main goal of investing in real estate is to generate a positive return on investment. While controlling operating costs is important for maintaining profitability, excessively focusing on reducing these costs can lead to cuts in essential services or maintenance that could ultimately harm the property's appeal, tenant satisfaction, and retention rates. A well-maintained property typically attracts and retains tenants longer, leading to more stable income streams. On the other hand, aspects such as vacancy rates, property aesthetics, and location are critical factors that directly influence income generation and long-term equity growth. A property in a poor location may struggle with high vacancy rates, and unappealing aesthetics can deter potential tenants, impacting income. Therefore, while managing operating costs is necessary, it should not come at the cost of ensuring the property remains competitive in the market, which ultimately affects income and equity gains.

5. What does the Sunset Act require in Texas regarding state agencies?

- A. Evaluation for financial efficiency**
- B. Assessment of their efficiency and need for service**
- C. Annual performance reviews**
- D. Public opinion surveys**

The Sunset Act in Texas mandates a systematic evaluation of state agencies to determine their efficiency and the necessity of their services. This assessment includes analyzing the agency's performance, the relevance of its functions in the current governmental context, and whether it serves the public effectively. This process is designed to ensure that state agencies operate efficiently, are responsive to the needs of the citizens, and justify their existence. The Texas Sunset Advisory Commission regularly reviews these agencies and makes recommendations based on their findings. This approach emphasizes accountability in public service and aims to eliminate unnecessary government expenditures by evaluating whether each agency continues to serve a useful purpose. The other options do not fully capture the comprehensive nature of the Sunset Act's requirements. For instance, while financial efficiency may be a component of the assessment, it is not the only focus. Additionally, annual performance reviews, though valuable, do not encompass the broader requirement for a thorough evaluation of the agency's ongoing need. Public opinion surveys are not mandated by the Sunset Act, although they may be used as a tool in some evaluations.

6. Which of the following is NOT considered an economic characteristic of land?

- A. Economic scarcity**
- B. Fixity**
- C. Durability**
- D. Situs**

In the context of real estate, economic characteristics of land refer to attributes that influence its value in the marketplace. These characteristics include factors that affect the supply and demand dynamics of land, such as its uniqueness, location, and the ways in which it can be utilized. Durability refers to the physical nature of land and its inherent ability to last over time without significant deterioration. While durability is an important aspect when considering the physical characteristics of land, it does not relate to the economic factors that can impact its value. Economic scarcity, fixity, and situs, on the other hand, have direct implications on how land is perceived and valued economically. Economic scarcity refers to the limited availability of land in certain areas, affecting supply. Fixity describes the idea that land is immovable, which has implications for investment decisions. Situs pertains to the location of the property, which impacts desirability and value. Each of these factors plays a role in determining the market value of land based on economic considerations. Thus, durability, while significant, does not align with this economic framework.

7. Which of the following is one of the protected classes in the Fair Housing Act?

- A. Single**
- B. Married**
- C. Disability**
- D. Homeowner**

The Fair Housing Act is a comprehensive piece of legislation that aims to prevent discrimination in housing and ensure equal opportunity for all individuals. One of the key aspects of this act is its protection of certain classes of people from discrimination in selling, renting, financing, or advertising dwellings. Disability is one of the protected classes identified in the Fair Housing Act. This protection covers individuals with physical or mental disabilities, including those who may need accommodations or modifications to live in a dwelling. The law prohibits both overt discrimination against individuals with disabilities and also requires that reasonable accommodations be made to allow these individuals the same opportunity to enjoy housing and related services as others. In contrast, marital status (such as being single or married) and being a homeowner are not considered protected classes under the Fair Housing Act. The focus of the act is on specific characteristics that have historically been associated with discrimination, including race, color, national origin, religion, sex, familial status, and disability. Recognizing these protected classes is crucial for ensuring that all individuals have fair access to housing opportunities, free from discrimination.

8. What clarification did the U.S. Court of Appeals for the 5th Circuit make regarding landlords renting to undocumented immigrants?

- A. They are harboring the immigrants.**
- B. They are breaking federal law.**
- C. They are not violating Texas law.**
- D. They must report undocumented immigrants.**

The U.S. Court of Appeals for the 5th Circuit clarified that landlords renting to undocumented immigrants are not violating Texas law. This understanding is crucial in the context of state and federal regulations. It establishes a legal framework that allows landlords to engage with tenants irrespective of their immigration status without fear of legal repercussions under Texas law. This ruling reinforces the idea that state-level legislation does not impose penalties or restrictions on landlords for renting to individuals based on their immigration status. Such clarifications are significant as they help to protect landlords from potential discrimination claims or liability issues that may arise from the perception that they should not rent to undocumented immigrants. Understanding this aspect of the law is vital for both landlords and tenants, ensuring that rental agreements remain valid and enforceable regardless of the tenant's immigration status. Thus, the 5th Circuit's clarification not only guides landlords in their renting practices but also upholds the principles of non-discrimination in housing.

9. How many articles are included in the Code of Ethics?

- A. 15
- B. 17**
- C. 20
- D. 25

The correct answer is that the Code of Ethics includes 17 articles. The National Association of Realtors (NAR) established this Code to promote ethical practices and ensure that all members conduct their business with integrity and professionalism. Each of the 17 articles addresses specific situations and behaviors expected of real estate professionals, covering areas such as duties to clients, the public, and other real estate professionals. Understanding the number of articles is crucial because they serve as the foundation for ethical conduct in the industry. Familiarity with these articles is essential for realtors to uphold their responsibilities and to ensure compliance with the standards set forth by the NAR. This knowledge also aids in fostering trust and credibility in real estate transactions, helping both practitioners and their clients to navigate challenges in a professional manner.

10. A strong business plan must show the potential for what?

- A. Employee productivity
- B. Market saturation
- C. Profit generation**
- D. Customer loyalty

A strong business plan must demonstrate the potential for profit generation because profit is the fundamental driving force behind any successful business. Without the prospect of earning profits, a business cannot sustain itself in the long term, provide returns for investors, or reinvest in its growth and development. Profit generation indicates that the business can cover its costs, meet its financial obligations, and create value for its stakeholders. A well-structured business plan includes detailed forecasts and analyses that illustrate how the business intends to achieve profitability, often through strategies like identifying target markets, understanding pricing models, and outlining revenue streams. This focus on profit generation reassures investors and stakeholders that the business has viable pathways to success and a sustainable model for operating in its market.