

UOG Real Estate State Practice Exam (Sample)

Study Guide



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SAMPLE

Questions

- 1. What is the main purpose of a sales contract in real estate?**
 - A. To outline the terms and conditions of a property sale**
 - B. To verify the buyer's credit score**
 - C. To conduct a property appraisal**
 - D. To secure earnest money deposits**
- 2. What is the difference between a fixed-rate mortgage and an adjustable-rate mortgage?**
 - A. One is for commercial properties, the other for residential**
 - B. A fixed-rate mortgage has a constant interest rate**
 - C. Fixed-rate mortgages require larger down payments**
 - D. Adjustable-rate mortgages do not require credit checks**
- 3. How should a salesman's or associate broker's license be handled upon withdrawal from a practice?**
 - A. Discussed with clients**
 - B. Returned to a mentor**
 - C. Returned to the real estate commissioner**
 - D. Stored in a safe location**
- 4. What is the height restriction for A, R1, R2, C, M1, and M2 zones?**
 - A. 3 stories or 25 feet**
 - B. 3 stories or 30 feet**
 - C. 2 stories or 40 feet**
 - D. 4 stories or 35 feet**
- 5. How are the members of the Guam Land Use Commission appointed?**
 - A. By public vote**
 - B. By the Governor of Guam**
 - C. Through a state lottery**
 - D. By the Guam Legislature**

- 6. When do property taxes become delinquent in Guam?**
- A. March 15**
 - B. February 20**
 - C. January 31**
 - D. April 15**
- 7. What should a person with an inactive license do every 4 years?**
- A. Change their address**
 - B. File a complaint**
 - C. Make an application for renewal and pay the appropriate fee**
 - D. Complete additional education courses**
- 8. What does 'Conditional Use' refer to in zoning regulations?**
- A. A use that is automatically permitted**
 - B. A use that the GLUC may allow on a case-by-case basis**
 - C. A use that is typically prohibited**
 - D. A use that requires a public hearing before approval**
- 9. What is the purpose of a title search?**
- A. To appraise property value for sales**
 - B. To verify the legal ownership of a property**
 - C. To assess property taxes owed**
 - D. To inspect the physical condition of a property**
- 10. What type of listing agreement provides the most protection to the broker?**
- A. Exclusive right to sell**
 - B. Open listing**
 - C. Exclusive agency**
 - D. Net listing**

Answers

SAMPLE

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

SAMPLE

Explanations

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1. What is the main purpose of a sales contract in real estate?

A. To outline the terms and conditions of a property sale

B. To verify the buyer's credit score

C. To conduct a property appraisal

D. To secure earnest money deposits

The main purpose of a sales contract in real estate is to outline the terms and conditions of a property sale. This legally binding document serves as a detailed agreement between the buyer and seller, specifying crucial elements such as the purchase price, the property description, financing terms, contingencies, and the timeline for closing. By clearly delineating these details, the sales contract helps to ensure that both parties understand their rights and obligations regarding the transaction. While verifying a buyer's credit score, conducting a property appraisal, and securing earnest money deposits are important components of the buying and selling process, they are not the primary purpose of a sales contract. Rather, they are associated activities that might occur during the overall transaction but do not define the essence of the agreement between the involved parties. The sales contract fundamentally acts as the framework that binds the transaction and guides the transfer of property from one party to another.

2. What is the difference between a fixed-rate mortgage and an adjustable-rate mortgage?

A. One is for commercial properties, the other for residential

B. A fixed-rate mortgage has a constant interest rate

C. Fixed-rate mortgages require larger down payments

D. Adjustable-rate mortgages do not require credit checks

A fixed-rate mortgage is characterized by its constant interest rate throughout the life of the loan, providing the borrower with predictable monthly payments. This stability makes budgeting easier, as the payment amount does not fluctuate with market interest rates. In contrast, an adjustable-rate mortgage (ARM) typically starts with a lower interest rate for an initial period, after which the rate may change periodically based on market conditions. This can lead to varying monthly payments, which can increase or decrease over time depending on the performance of interest rate indexes. The choice indicating that one type is for commercial and the other for residential properties, while possible in specific cases, is not a defining characteristic that separates the two mortgage types. Additionally, the assertion that fixed-rate mortgages require larger down payments lacks a universal truth, as down payment requirements can vary based on loan type, lender standards, and borrower qualifications. Lastly, the idea that adjustable-rate mortgages do not require credit checks is inaccurate, as creditworthiness is typically evaluated for all types of mortgage applications.

3. How should a salesman's or associate broker's license be handled upon withdrawal from a practice?

- A. Discussed with clients**
- B. Returned to a mentor**
- C. Returned to the real estate commissioner**
- D. Stored in a safe location**

When a salesman's or associate broker's license is withdrawn from practice, it is essential that the license is returned to the real estate commissioner. This requirement is in place to ensure that the license is officially revoked from use and that the regulatory body maintains accurate records about who is currently authorized to engage in real estate activities. Returning the license is a formal step that protects consumers, the integrity of the real estate profession, and ensures compliance with state regulations. Handling the license in any other way, such as discussing it with clients, returning it to a mentor, or storing it in a safe location, would not fulfill the legal obligations associated with withdrawal from practice. These actions do not provide the necessary notification to the licensing authority and could lead to confusion or possible legal issues regarding the individual's licensure status. Thus, the proper procedure is to return the license to the real estate commissioner.

4. What is the height restriction for A, R1, R2, C, M1, and M2 zones?

- A. 3 stories or 25 feet**
- B. 3 stories or 30 feet**
- C. 2 stories or 40 feet**
- D. 4 stories or 35 feet**

The correct answer reflects the typical zoning regulations that might apply to A (Agricultural), R1 and R2 (Residential), C (Commercial), and M1 and M2 (Manufacturing) zones. In many jurisdictions, a height restriction of 3 stories or 30 feet is common for these types of zones, primarily to maintain the character of the area, ensure safety, and minimize the impact of taller structures on surrounding properties. Height limitations are established to control building dimensions in relation to land use, which helps in preserving sight lines, sunlight, and the overall aesthetic. For residential and commercial zones, 30 feet tends to strike a balance between allowing enough height for functional buildings while still keeping the scale appropriate for the surrounding environment. This becomes particularly relevant in mixed-use areas, ensuring that development aligns with the goals of community planning. While the other choices may suggest different height limits, they either exceed the standard height restrictions typically enforced in these zones or do not align with the general practices seen across many municipalities. Thus, a height restriction of 3 stories or 30 feet appropriately represents a balance between various zoning needs and community standards.

5. How are the members of the Guam Land Use Commission appointed?

- A. By public vote**
- B. By the Governor of Guam**
- C. Through a state lottery**
- D. By the Guam Legislature**

The members of the Guam Land Use Commission are appointed by the Governor of Guam. This means that the appointment process involves the executive branch of the government, reflecting the Governor's authority to influence land use policy in Guam. The appointment by the Governor ensures that the commission is composed of individuals who align with the administration's vision and priorities regarding land development, zoning, and usage regulations on the island. Public vote, state lottery, and legislative appointment processes do not apply here, as the governance structure on Guam designates the Governor with the responsibility for these crucial appointments. This system allows for a more streamlined and coordinated approach to land use planning and regulation, which is vital for managing the territory's resources and development effectively.

6. When do property taxes become delinquent in Guam?

- A. March 15**
- B. February 20**
- C. January 31**
- D. April 15**

Property taxes in Guam become delinquent on February 20. This date is significant as it reflects the deadline for property owners to pay their taxes without incurring penalties or interest. If the taxes remain unpaid after this date, they enter into delinquency status, which means that the property owner may face additional fees or legal actions to recover the owed amount. Understanding the timeline for property taxes is crucial for real estate professionals, as it affects not only the financial responsibilities of property owners but also can influence property transactions. Since timely payment can prevent complications like liens on properties, awareness of the delinquency date is essential. The other dates do not align with the established regulations for property tax delinquency in Guam. For instance, dates preceding February 20 do not accurately represent the delinquency timeline. Furthermore, the answer choices that extend beyond February, such as April 15, do not apply since they fall outside the statutory deadline for payment, and thus do not accurately reflect the policies governing property tax collection in Guam.

7. What should a person with an inactive license do every 4 years?

A. Change their address

B. File a complaint

C. Make an application for renewal and pay the appropriate fee

D. Complete additional education courses

To maintain an inactive real estate license, it is essential for the license holder to submit an application for renewal and pay the appropriate fee every four years. This process ensures that the license is kept current, even if the individual is not actively practicing in the field. The requirement to renew, even for an inactive status, serves to keep the licensing body informed and ensures compliance with state regulations. Renewal typically includes a review process where the licensing agency checks for any changes in the licensee's eligibility. Failing to renew can lead to the automatic expiration of the license, which means the individual would need to take additional steps to reinstate it if they decide to return to active status later. Thus, the act of submitting a renewal application and paying the fee is a critical responsibility for anyone holding an inactive license in the real estate sector.

8. What does 'Conditional Use' refer to in zoning regulations?

A. A use that is automatically permitted

B. A use that the GLUC may allow on a case-by-case basis

C. A use that is typically prohibited

D. A use that requires a public hearing before approval

'Conditional Use' in zoning regulations refers to a specific type of land use that is not automatically permitted, but may be allowed under certain conditions by the governing land use authority, such as the GLUC (Guam Land Use Commission). This approach ensures that the proposed use can be assessed on a case-by-case basis, taking into consideration its potential impact on the surrounding area, compatibility with existing land uses, and adherence to applicable regulations or conditions. The process typically involves a review of the proposal, where considerations are made regarding any special requirements or conditions that could mitigate any negative effects on the community or environment. This allows for flexibility in land use while still maintaining oversight and control to ensure that the use serves the broader interests of the community. Other concepts in zoning, such as uses that are automatically permitted or typically prohibited, do not apply in this context as they do not involve the conditional review process. Similarly, while a public hearing may be required for certain conditional uses, it is not universally applicable to all conditional use permits. Instead, the key aspect of conditional use is its discretionary nature, allowing for a tailored review process based on specific circumstances.

9. What is the purpose of a title search?

- A. To appraise property value for sales
- B. To verify the legal ownership of a property**
- C. To assess property taxes owed
- D. To inspect the physical condition of a property

The purpose of a title search primarily revolves around verifying the legal ownership of a property. It involves examining public records to establish who has rights to the property and to identify any liens, encumbrances, or disputes regarding ownership. This process is crucial before the transfer of property ownership to ensure the seller has the right to sell the property and that the buyer will obtain clear title. By confirming the legal ownership, parties involved in a real estate transaction can proceed with peace of mind, knowing that the title is free from issues that could arise later. Options that focus on appraising property value, assessing property taxes, or inspecting physical conditions concern different aspects of real estate but do not align with the primary goal of a title search. Property appraisals are focused on determining market value, property taxes deal with government assessments for taxation, and inspections evaluate physical conditions. Each of these plays an important role in the overall real estate process but does not pertain to title verification.

10. What type of listing agreement provides the most protection to the broker?

- A. Exclusive right to sell**
- B. Open listing
- C. Exclusive agency
- D. Net listing

The exclusive right to sell listing agreement offers the most protection to the broker because it guarantees the broker a commission regardless of who ultimately sells the property. Under this type of agreement, even if the property owner finds a buyer without the broker's assistance, the broker is still entitled to their commission. This arrangement incentivizes the broker to invest time and resources in marketing the property, as their efforts are protected, ensuring they will be compensated for their work. In contrast, an open listing allows multiple brokers to compete for the commission, and the seller retains the right to sell the property independently without owing any commission if they do so. Exclusive agency agreements also provide some level of protection but not to the same degree as exclusive right to sell, since the seller can still sell the property and avoid paying the broker's commission. A net listing can be complex and potentially problematic, as it focuses on the amount the seller wants to receive rather than a standard commission rate, leading to less clarity and security in compensation terms for the broker. Therefore, the exclusive right to sell is the most protective arrangement for the broker.