

Virginia State Real Estate Salesperson Practice Exam (Sample)

Study Guide



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Questions

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- 1. Which information does Linda NOT need to include on her business cards?**
 - A. Her name and contact information**
 - B. The name of her brokerage**
 - C. The name and number of her sponsoring broker**
 - D. Her real estate license number**
- 2. What must Cornelia disclose to potential buyers about her house located in a military accident potential zone?**
 - A. Nothing, it is not relevant**
 - B. Only if they ask about it**
 - C. Only if there is active military activity nearby**
 - D. Yes, she needs to disclose this fact**
- 3. If a charge of discrimination is issued against a real estate licensee in Virginia, what should they expect next?**
 - A. Immediate suspension of their license**
 - B. Referral to the Attorney General's office**
 - C. A hearing before the Real Estate Board**
 - D. Investigation by a third-party mediator**
- 4. What is the first step Ted must take to convert his apartment complex building into a timeshare?**
 - A. Notify his tenants**
 - B. Prepare and file a timeshare instrument with the Common Interest Community Board**
 - C. Get permission from the city council**
 - D. Hire a real estate attorney**
- 5. What is the maximum award amount from the Real Estate Transaction Recovery Fund for judgments against a licensee?**
 - A. \$50,000**
 - B. \$75,000**
 - C. \$100,000**
 - D. \$150,000**

- 6. What is the "law of agency"?**
- A. A statute governing property taxes**
 - B. The legal concept governing agent-client relationships**
 - C. A regulation on dual agency practices**
 - D. A guideline for property management**
- 7. If a property is affected by the Chesapeake Bay Preservation Act, what should buyers primarily focus on?**
- A. The potential for environmental damage**
 - B. The market value of the property**
 - C. Restrictions affecting the property**
 - D. The aesthetics of the neighborhood**
- 8. Which of the following defines "earnest money"?**
- A. A fee to the title company**
 - B. A deposit made to demonstrate serious intent to purchase**
 - C. A commission for real estate agents**
 - D. A payment towards closing costs**
- 9. Which of the following is NOT a function of the Virginia Real Estate Board?**
- A. Overseeing real estate license applications**
 - B. Regulating property management practices**
 - C. Enforcing zoning laws**
 - D. Addressing complaints against real estate professionals**
- 10. Which phrase most accurately describes the role of escrow accounts in real estate?**
- A. Account for office expenses**
 - B. Hold client funds until a specified condition is met**
 - C. Manage brokerage growth**
 - D. Control the closing process**

Answers

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

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Explanations

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1. Which information does Linda NOT need to include on her business cards?

- A. Her name and contact information**
- B. The name of her brokerage**
- C. The name and number of her sponsoring broker**
- D. Her real estate license number**

For a real estate professional like Linda, it's essential to present accurate and compliant information on her business cards in accordance with state regulations and industry standards. One critical component of her business card would be her name and contact information, as this allows potential clients to reach her easily. Including the name of her brokerage is also necessary, as it identifies her affiliation and provides credibility. While having her real estate license number can sometimes be beneficial—especially for transparency and professionalism—it's not required to be displayed on business cards in all cases. However, including the name and number of her sponsoring broker is typically not mandatory unless state regulations specifically dictate it. By omitting the sponsoring broker's details, Linda maintains a cleaner, more streamlined presentation while still complying with the essential disclosure requirements of her real estate practice. This allows her to focus on her personal branding while still honoring the guidelines set by the real estate governing body.

2. What must Cornelia disclose to potential buyers about her house located in a military accident potential zone?

- A. Nothing, it is not relevant**
- B. Only if they ask about it**
- C. Only if there is active military activity nearby**
- D. Yes, she needs to disclose this fact**

In real estate transactions, particularly in Virginia, sellers have a legal obligation to disclose certain conditions or facts that may affect the value or desirability of a property. A military accident potential zone is a designated area where accidents related to military activities could happen, which can significantly affect safety, property value, and buyer perception. When a property is located within such a zone, it indicates a potential risk to the buyers. This disclosure is essential for helping buyers make informed decisions regarding their purchase. The requirement for transparency applies regardless of whether the buyer specifically inquires about the zone. Failing to disclose this significant fact could lead to potential legal repercussions for the seller, including claims of misrepresentation or concealment of material facts. Being responsible for providing vital information like this helps to ensure an ethical and fair process in real estate transactions, protecting both buyers and sellers.

3. If a charge of discrimination is issued against a real estate licensee in Virginia, what should they expect next?

- A. Immediate suspension of their license**
- B. Referral to the Attorney General's office**
- C. A hearing before the Real Estate Board**
- D. Investigation by a third-party mediator**

4. What is the first step Ted must take to convert his apartment complex building into a timeshare?
- A. Notify his tenants
 - B. Prepare and file a timeshare instrument with the Common Interest Community Board**
 - C. Get permission from the city council
 - D. Hire a real estate attorney
5. What is the maximum award amount from the Real Estate Transaction Recovery Fund for judgments against a licensee?
- A. \$50,000
 - B. \$75,000
 - C. \$100,000**
 - D. \$150,000

The maximum award amount from the Real Estate Transaction Recovery Fund for judgments against a licensee is indeed \$100,000. This fund is established to protect consumers from financial losses that result from wrongful acts committed by real estate licensees in Virginia. If a claimant obtains a judgment against a licensed real estate professional and can demonstrate that they have been financially harmed due to the licensee's misconduct, they can apply for compensation from this fund. The amount of \$100,000 reflects the financial limits placed on the fund's payouts for individual claimants, thereby underscoring the protection consumers have when engaging in real estate transactions. This limit serves both to ensure that those wronged by licensees have recourse and to maintain the fund's viability to assist multiple claimants over time. Other amounts listed in the choices do not align with the regulations established for the Recovery Fund and therefore do not represent the maximum awards available to consumers under Virginia law.

6. What is the "law of agency"?
- A. A statute governing property taxes
 - B. The legal concept governing agent-client relationships**
 - C. A regulation on dual agency practices
 - D. A guideline for property management

The law of agency refers to the legal concept governing the relationship between agents and their clients. In real estate, this relationship is crucial as it dictates the duties and responsibilities that agents owe to their clients. An agent acts on behalf of the client, facilitating transactions and representing their interests in dealings with third parties. This law ensures that the agent must act in the best interest of the client, maintain confidentiality, and provide full disclosure regarding any material facts that affect the client's position. Understanding the law of agency is fundamental for real estate professionals to navigate the complexities of transactions ethically and legally. It establishes the framework for trust and transparency in the agent-client interaction, ensuring that both parties have clear expectations. This concept is vital for maintaining professional accountability and protecting clients' rights in real estate dealings.

7. If a property is affected by the Chesapeake Bay Preservation Act, what should buyers primarily focus on?
- A. The potential for environmental damage
 - B. The market value of the property
 - C. Restrictions affecting the property**
 - D. The aesthetics of the neighborhood

When a property is influenced by the Chesapeake Bay Preservation Act, buyers should primarily focus on the restrictions affecting the property. This Act is designed to protect water quality in the Chesapeake Bay and its tributaries, and it imposes specific regulations regarding land use, development, and property improvements. Understanding these restrictions is crucial for potential buyers because they can significantly impact what the property can be used for, how it can be developed, or what modifications can be made. These limitations might include setbacks from water bodies, requirements for preserving natural vegetation, or restrictions on impervious surfaces. Not being aware of these restrictions could lead to future complications, including inability to carry out desired improvements or legal challenges. Although considerations such as environmental damage, market value, and aesthetics are relevant in the overall assessment of a property, the primary focus in the context of the Chesapeake Bay Preservation Act should be on the specific regulations and restrictions imposed, as they directly affect the use and enjoyment of the property.

8. Which of the following defines "earnest money"?
- A. A fee to the title company
 - B. A deposit made to demonstrate serious intent to purchase**
 - C. A commission for real estate agents
 - D. A payment towards closing costs

Earnest money is a deposit made by a buyer to demonstrate their serious intent to purchase a property. This initial deposit is often held in escrow and serves as a good faith gesture to reassure the seller that the buyer is committed to following through with the transaction. The amount can vary, but it typically shows the seller that the buyer is serious about their offer, which can be particularly important in competitive real estate markets. If the transaction goes successfully through to closing, the earnest money is usually applied to the purchase price or closing costs. This concept is crucial in real estate transactions as it establishes trust between the buyer and the seller, indicating that the buyer is financially capable and ready to proceed with the purchase.

9. Which of the following is NOT a function of the Virginia Real Estate Board?

- A. Overseeing real estate license applications**
- B. Regulating property management practices**
- C. Enforcing zoning laws**
- D. Addressing complaints against real estate professionals**

The Virginia Real Estate Board has several key responsibilities, but enforcing zoning laws is not one of them. The primary functions of the Board include overseeing the licensing process for real estate agents, regulating property management practices, and addressing any complaints that arise against real estate professionals to ensure compliance with the state's laws and standards. Zoning laws, on the other hand, are typically enforced by local municipal authorities and planning commissions. These local entities determine how property in a municipality can be used, which includes regulations about land use, density, and building regulations. The responsibilities of the Virginia Real Estate Board do not extend to the enforcement of these local zoning ordinances, making this choice the correct answer to the question regarding which function is not within the Board's purview.

10. Which phrase most accurately describes the role of escrow accounts in real estate?

- A. Account for office expenses**
- B. Hold client funds until a specified condition is met**
- C. Manage brokerage growth**
- D. Control the closing process**

The phrase that most accurately describes the role of escrow accounts in real estate is that they "hold client funds until a specified condition is met." Escrow accounts are established to ensure that funds related to the transaction, such as earnest money deposits or funds needed at closing, are securely held by a neutral third party. This arrangement protects both parties involved in the transaction, as the funds will only be released once all conditions of the purchase agreement have been fulfilled, such as the completion of inspections or the successful closing of the sale. In this way, escrow accounts facilitate trust between the buyer and the seller, ensuring that the funds are not misappropriated and are used only for their intended purpose. This adds an important layer of security in real estate transactions that helps to prevent disputes over funds and ensures compliance with the terms of the agreement. The other options focus on aspects not specifically related to the role of an escrow account in a real estate transaction. Office expenses and brokerage growth are more related to operational and financial management of a real estate business, while controlling the closing process is about managing the closing details, not the function of holding funds.