

Washington State Managing Broker Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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SAMPLE

Questions

- 1. How many square feet are in an acre?**
 - A. 10,890 square feet**
 - B. 20,000 square feet**
 - C. 43,560 square feet**
 - D. 60,000 square feet**
- 2. What does private mortgage insurance protect a lender against?**
 - A. Increased property taxes**
 - B. Borrower default**
 - C. Market fluctuations**
 - D. Changes in interest rates**
- 3. Which of the following is NOT a requirement of a valid deed?**
 - A. Adequate legal description**
 - B. Recording the deed with the county**
 - C. Words of conveyance**
 - D. Signature of grantor**
- 4. When does a listing agent earn a commission?**
 - A. When a buyer is pre-approved for a mortgage**
 - B. When a ready, willing, and able buyer is found**
 - C. When the property is under contract**
 - D. When the seller successfully lists the property**
- 5. What is the primary role of a Business Broker?**
 - A. To assess the financial health of a company**
 - B. To help arrange transactions between buyers and sellers of businesses**
 - C. To provide legal advice for business transactions**
 - D. To manage business operations for entrepreneurs**

- 6. Which of the following is an advantage of print advertising?**
- A. Can reach a global audience effectively**
 - B. Is often less expensive than digital marketing**
 - C. Offers permanence by being physically present**
 - D. Permits immediate feedback from customers**
- 7. REIT stands for:**
- A. Real Estate Investment Task**
 - B. Real Estate Investment Trust**
 - C. Real Estate Investment Trade**
 - D. Real Estate Income Trust**
- 8. Which types of courts have concurrent jurisdiction over misdemeanors in Washington State?**
- A. District and Supreme Courts**
 - B. Superior and Municipal Courts**
 - C. District and Superior Courts**
 - D. Court of Appeals and District Courts**
- 9. What is a key characteristic of a corporation owning property?**
- A. It can be in joint tenancy with right of survivorship**
 - B. It has limited liability in ownership**
 - C. It cannot take title in joint tenancy**
 - D. It must register the property under a personal name**
- 10. Which phrase is commonly used in the granting document of a Fee Simple Determinable estate?**
- A. Provided that**
 - B. On the condition that**
 - C. So long as**
 - D. Unless otherwise stated**

Answers

SAMPLE

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

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Explanations

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1. How many square feet are in an acre?

- A. 10,890 square feet
- B. 20,000 square feet
- C. 43,560 square feet**
- D. 60,000 square feet

An acre is a unit of land area that equals 43,560 square feet. This measurement is widely accepted and used in real estate, land planning, and agriculture, providing a clear and standardized way to quantify land size. Understanding this measurement is crucial for anyone working in real estate or land management, as it informs decisions regarding property purchases, sales, zoning, and land development. When working with property listings, knowing that an acre consists of 43,560 square feet allows brokers and buyers to accurately assess land and understand its value relative to other properties.

2. What does private mortgage insurance protect a lender against?

- A. Increased property taxes
- B. Borrower default**
- C. Market fluctuations
- D. Changes in interest rates

Private mortgage insurance (PMI) serves as a safeguard for lenders in the event that a borrower defaults on their loan. When a borrower puts down less than 20% of the home's purchase price, lenders often require PMI as a way to mitigate their financial risk. If the borrower fails to make their mortgage payments and the property is foreclosed, the PMI helps cover the lender's losses. This protection is particularly important for lenders, as it allows them to extend loans to borrowers with smaller down payments while still having a form of risk management in place. The intent of PMI is to encourage lending by offering security to lenders against potential financial losses from borrower defaults. Other options, such as increased property taxes or market fluctuations, do not directly relate to the specific risk that PMI addresses. Changes in interest rates also fall outside the scope of what PMI covers, as it is focused solely on the risk associated with the borrower's ability to repay the loan. Therefore, the rationale behind PMI is squarely about protecting lenders from the potential losses incurred due to borrower default.

3. Which of the following is NOT a requirement of a valid deed?

- A. Adequate legal description**
- B. Recording the deed with the county**
- C. Words of conveyance**
- D. Signature of grantor**

A valid deed must meet certain essential requirements to be legally recognized. Among these requirements are an adequate legal description, words of conveyance, and the signature of the grantor. An adequate legal description refers to the need for the property to be clearly and precisely identified, so it can be uniquely distinguished from all other properties. This clarity is critical for enforcing property rights and ensuring the property can be located easily. Words of conveyance signify the intent of the grantor to transfer property ownership to the grantee. These words express the nature of the transfer and are an essential element of a deed, indicating that the grantor is relinquishing their rights to the property. The signature of the grantor is also crucial. It serves as evidence that the grantor willingly participates in the transfer of the property. Without this signature, there would be no affirmation of the transaction from the grantor, which is key for validity. On the other hand, while recording the deed with the county is a recommended step that protects the grantee's rights and provides public notice, it is not a requirement for the deed to be considered valid. A deed can be valid without being recorded; failing to record a deed affects the priority of claims rather than the validity of the deed.

4. When does a listing agent earn a commission?

- A. When a buyer is pre-approved for a mortgage**
- B. When a ready, willing, and able buyer is found**
- C. When the property is under contract**
- D. When the seller successfully lists the property**

A listing agent earns a commission when a ready, willing, and able buyer is found because this indicates that the agent has successfully performed the essential task of bringing a buyer who is prepared to purchase the property under the terms set forth. The term "ready, willing, and able" encompasses the buyer's financial capability to buy, as well as their serious intent to do so. In practice, the commission is typically earned based on the initial agreement between the listing agent and the seller at the time the listing is executed. Even if the property is under contract or the seller lists the property, the commission is contingent upon the completion of the sale and the fulfillment of the listing agreement, which primarily requires a buyer who expresses genuine interest and readiness to purchase.

5. What is the primary role of a Business Broker?

- A. To assess the financial health of a company**
- B. To help arrange transactions between buyers and sellers of businesses**
- C. To provide legal advice for business transactions**
- D. To manage business operations for entrepreneurs**

The primary role of a Business Broker is to help arrange transactions between buyers and sellers of businesses. This involves facilitating the sale process, which includes valuing the business, marketing it to potential buyers, negotiating offers, and assisting with the transition of ownership. Business brokers act as intermediaries, leveraging their expertise and network to enhance the likelihood of a successful transaction for both parties. In this context, while assessing the financial health of a company is indeed an important aspect that may inform the sales process, it is not the primary objective of a business broker. This role focuses more on connecting buyers and sellers rather than conducting detailed financial assessments. Similarly, providing legal advice is outside the typical scope of a business broker's responsibilities, as they are not legal professionals and buyers and sellers are often encouraged to seek legal counsel independently. Managing business operations for entrepreneurs also falls outside the purview of a business broker, as their function is more transactional rather than operational.

6. Which of the following is an advantage of print advertising?

- A. Can reach a global audience effectively**
- B. Is often less expensive than digital marketing**
- C. Offers permanence by being physically present**
- D. Permits immediate feedback from customers**

Print advertising offers a unique advantage by providing permanence, as it results in a physical product that remains tangible. Unlike digital ads, which can quickly disappear or become overlooked in a busy online environment, printed materials such as brochures, flyers, or newspapers can be held, reviewed, and retained by the reader. This physical presence allows for prolonged exposure, as individuals can revisit these ads at their own convenience. Additionally, print ads can be displayed in physical locations, creating opportunities for repeated visibility over time. The aspect of permanence can enhance brand recall and ensure that the message reaches the audience multiple times. This characteristic can be especially beneficial in markets where consumers may appreciate having a physical reminder of the service or product being advertised, making it a strategic choice in many marketing contexts.

7. REIT stands for:

- A. Real Estate Investment Task**
- B. Real Estate Investment Trust**
- C. Real Estate Investment Trade**
- D. Real Estate Income Trust**

Real Estate Investment Trust is the correct term for REIT. This term refers to a company that owns, operates, or finances income-producing real estate in a range of property sectors. REITs provide a way for individual investors to earn a share of the income produced through commercial real estate ownership without actually having to buy, manage, or finance any properties directly. By pooling the capital of many investors, REITs allow individuals to invest in large-scale, income-producing real estate projects, making them an accessible avenue for real estate investment. In contrast, the other options do not reflect the established definition or function of a REIT. The term "Real Estate Investment Task" and "Real Estate Investment Trade" do not exist in the industry and would misrepresent the nature and purpose of these investment vehicles. "Real Estate Income Trust" is somewhat close but not the standardized term used in the field, which is specifically "Real Estate Investment Trust." Understanding the correct terminology is essential for engaging with real estate investment and finance effectively.

8. Which types of courts have concurrent jurisdiction over misdemeanors in Washington State?

- A. District and Supreme Courts**
- B. Superior and Municipal Courts**
- C. District and Superior Courts**
- D. Court of Appeals and District Courts**

In Washington State, concurrent jurisdiction over misdemeanors exists primarily between District and Superior Courts. This means that both types of courts have the authority to hear cases involving misdemeanor offenses. District Courts typically handle lower-level offenses such as misdemeanors, as well as civil cases involving amounts not exceeding a certain limit. They are created specifically to manage these types of cases, making them a fundamental part of the state's judicial system. Superior Courts have broader jurisdiction and can hear felony cases, civil cases of significant value, and family law cases, but they also possess the capacity to handle misdemeanors when necessary. This concurrency allows for a more flexible approach to the handling of misdemeanor cases, enabling courts to share the caseload and provide access to justice within the community. Understanding the jurisdiction of these courts is essential for those participating in the Washington legal system, especially in real estate, where managing broker responsibilities may occasionally intersect with legal issues involving misdemeanors such as housing code violations or other local ordinances.

9. What is a key characteristic of a corporation owning property?

- A. It can be in joint tenancy with right of survivorship**
- B. It has limited liability in ownership**
- C. It cannot take title in joint tenancy**
- D. It must register the property under a personal name**

A corporation is a distinct legal entity that can own property in its own name, separate from its shareholders. One key characteristic of a corporation is limited liability, which protects the personal assets of its shareholders from being used to satisfy corporate debts or liabilities. This means that shareholders are only at risk of losing their investment in the corporation, rather than their personal assets. Regarding the ownership structure, a corporation cannot take title in joint tenancy because joint tenancy is a form of ownership designed for individuals, typically involving two or more persons. Joint tenancy includes the right of survivorship, where the interest of a deceased owner automatically passes to the surviving owners. Since a corporation is a separate legal entity and does not function as an individual, it cannot engage in joint tenancy. Instead, it holds property in a manner most conducive to its status as a corporation, such as outright ownership or tenancy in common with other entities or individuals. In summary, a corporation's ability to own property is characterized by its limited liability, and it cannot hold title through joint tenancy, making it distinct from individual property ownership arrangements.

10. Which phrase is commonly used in the granting document of a Fee Simple Determinable estate?

- A. Provided that**
- B. On the condition that**
- C. So long as**
- D. Unless otherwise stated**

The phrase "So long as" is commonly used in the granting document of a Fee Simple Determinable estate because it clearly establishes a condition that, as long as it is met, the property remains in the ownership of the grantee. This type of estate automatically terminates when a specified condition occurs, reverting the title back to the grantor. The wording "So long as" effectively communicates the intended duration of the estate's validity, tied directly to the fulfillment of that condition. In contrast, while "Provided that" and "On the condition that" can also establish certain conditions, they are generally more associated with different types of qualifying estates or conditions but aren't as standard for Fee Simple Determinable as "So long as." "Unless otherwise stated" is too vague and does not directly imply the continuous nature of the condition tied to a Fee Simple Determinable estate. The clarity and direct nature of "So long as" make it the most appropriate choice for this specific estate type.