

# Washington State Real Estate Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of questions,**

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**SAMPLE**

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## **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.**

## **7. Use Other Tools**

**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!**

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## **Questions**

- 1. Which of the following is NOT a form of property ownership?**
  - A. Joint Tenancy**
  - B. Tenancy by the Entirety**
  - C. Tenancy in Common**
  - D. Trust Ownership**
- 2. What should an agent do if they suspect a property has environmental hazards?**
  - A. Recommend immediate sale**
  - B. Advise the client to obtain an environmental assessment**
  - C. Conduct the assessment personally**
  - D. Ignore the concerns**
- 3. What is the main goal of a real estate appraisal?**
  - A. To analyze local market trends**
  - B. To determine the value of a property**
  - C. To verify the legal ownership of a property**
  - D. To assess rental prices**
- 4. What is the maximum amount of unpaid earnest money that a broker can hold?**
  - A. \$500**
  - B. \$1,000**
  - C. There is no statutory maximum**
  - D. \$5,000**
- 5. What is an "option to purchase" contract?**
  - A. A contract that allows the seller to back out at any time**
  - B. A contract that gives the buyer the right to buy a property at a predetermined price within a set time frame**
  - C. A temporary leasing agreement**
  - D. A standard property rental contract**



- 6. Which of the following is required for adverse possession?**
- A. Hostile possession**
  - B. The interest rate is predetermined**
  - C. Written agreement**
  - D. Administered oath**
- 7. Can real estate brokers in Washington State hold multiple licenses simultaneously?**
- A. Yes, they can hold multiple licenses**
  - B. No, that is not allowed**
  - C. Only if licensed under different affiliations**
  - D. Only for specific property types**
- 8. Are real estate commissions in Washington State negotiable?**
- A. True**
  - B. False**
  - C. Only for commercial properties**
  - D. Only for residential properties**
- 9. What must a real estate licensee do in the case of a material fact disclosure?**
- A. Disclose all known material facts to all parties**
  - B. Only inform the buyer of material facts**
  - C. Conceal known issues to protect the seller**
  - D. Disclose material facts only if asked**
- 10. Is it true or false that Washington State requires real estate brokers to deposit earnest money funds in a trust account promptly?**
- A. True**
  - B. False**
  - C. Only for certain types of transactions**
  - D. Only if the seller requests it**

## **Answers**

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

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## **Explanations**

**1. Which of the following is NOT a form of property ownership?**

- A. Joint Tenancy**
- B. Tenancy by the Entirety**
- C. Tenancy in Common**
- D. Trust Ownership**

Trust ownership is indeed not classified as a form of property ownership like the other options listed. Joint tenancy, tenancy by the entirety, and tenancy in common represent distinct ways in which individuals can hold title to property, emphasizing the shared interest and rights of co-owners in a property. Joint tenancy involves equal ownership shares and includes the right of survivorship, meaning that if one owner passes away, their share automatically transfers to the surviving owner(s). Tenancy by the entirety is similar but is specifically reserved for married couples, also providing a right of survivorship. Tenancy in common defines a situation where two or more people hold separate interests in a property, which may be equal or unequal, and without survivorship rights. On the other hand, trust ownership represents a legal arrangement where property is held by one party for the benefit of another. In this case, the trust itself is not a form of ownership in the same way the previously mentioned forms are, as it involves a fiduciary relationship rather than direct ownership interests. Each co-owner in joint tenancy, tenancy in entirety, or tenancy in common has a defined stake in the property, distinguished by how that ownership is structured.

**2. What should an agent do if they suspect a property has environmental hazards?**

- A. Recommend immediate sale**
- B. Advise the client to obtain an environmental assessment**
- C. Conduct the assessment personally**
- D. Ignore the concerns**

When an agent suspects that a property may have environmental hazards, advising the client to obtain an environmental assessment is the most appropriate action. This step ensures that a thorough and professional evaluation of potential environmental risks is conducted, which can include checking for issues such as soil contamination, asbestos, lead paint, or other hazardous materials. By recommending a professional environmental assessment, the agent is acting in the best interest of the client, ensuring that they have all the necessary information to make informed decisions about the property. It also helps protect the agent legally by demonstrating that they encouraged appropriate due diligence regarding potential risks. Encouraging the client to seek professional assessment means that there will be a reliable and scientifically-based investigation, unlike attempting to conduct the assessment personally, which could result in misinformation or potential liability for the agent if they were to overlook significant hazards. Additionally, disregarding the concerns would be irresponsible, both ethically and legally, as it could expose both the agent and the client to risk if hazards later surface. Recommending an immediate sale may not be the best option without understanding the extent of the potential hazards, as selling without proper assessment could lead to significant issues for the client down the line.

### 3. What is the main goal of a real estate appraisal?

- A. To analyze local market trends
- B. To determine the value of a property**
- C. To verify the legal ownership of a property
- D. To assess rental prices

The primary goal of a real estate appraisal is to determine the value of a property. This involves a detailed and systematic process where an appraiser evaluates various factors, such as the property's condition, location, comparable sales in the area, and current market trends. The resulting appraisal provides an estimate of the property's fair market value, which is essential for various transactions, including buying, selling, or refinancing. Although analyzing local market trends, verifying legal ownership, and assessing rental prices are all vital aspects of the real estate profession, they play supporting roles in the overall process of real estate transactions. Understanding property value is fundamental, as it informs decision-making for buyers, sellers, lenders, and investors, allowing them to make informed financial decisions based on the appraised value.

### 4. What is the maximum amount of unpaid earnest money that a broker can hold?

- A. \$500
- B. \$1,000
- C. There is no statutory maximum**
- D. \$5,000

The correct response is that there is no statutory maximum amount of unpaid earnest money that a broker can hold. This is significant in the context of real estate transactions, as earnest money serves as a good faith deposit from a buyer to demonstrate their seriousness in purchasing a property. While some real estate transactions may involve common practices around the amounts typically held as earnest money, these amounts can vary widely based on factors such as the price of the property, local customs, and the particular negotiations between the buyer and seller. It is not legislated by state law to limit the maximum amount a broker can hold, which allows flexibility for brokers and clients to negotiate terms that best suit their needs without statutory constraints. The other choices suggest fixed maximum limits, which do not reflect the true nature of how earnest money is handled in various transactions across Washington State. Typically, earnest money arrangements are based on mutual agreement between the parties involved.

## 5. What is an "option to purchase" contract?

- A. A contract that allows the seller to back out at any time
- B. A contract that gives the buyer the right to buy a property at a predetermined price within a set time frame**
- C. A temporary leasing agreement
- D. A standard property rental contract

An "option to purchase" contract is an agreement that provides the buyer with a specific right to buy a property at a predetermined price within a designated time frame. This type of contract is beneficial for buyers who may need time to secure financing, evaluate the property more thoroughly, or wait for market conditions to become more favorable before making a long-term commitment. The essential features of this contract are the right it grants to the buyer, as well as the specific price and time limitations set within the agreement. This arrangement often requires the buyer to pay an option fee, securing their right to purchase while the seller is obligated not to sell the property to anyone else during the option period. Understanding how option contracts work is crucial for both buyers and sellers. It provides the buyer with an avenue to enter the market without immediate pressure while giving the seller a level of assuredness that their property is being considered seriously. The other choices encompass concepts that do not align with the definition of an "option to purchase." These other agreements typically involve more straightforward transactions or arrangements that do not include the unique rights granted by an option contract. For instance, a leasing agreement or standard rental contracts do not provide options to purchase real estate but rather establish terms for temporary usage of the property without

## 6. Which of the following is required for adverse possession?

- A. Hostile possession**
- B. The interest rate is predetermined
- C. Written agreement
- D. Administered oath

Adverse possession is a legal term that refers to the process of obtaining ownership of another person's land through continuous and hostile possession for a certain period of time. Simply put, it means that someone who is not the legal owner of the property has been using it as their own for a long enough period of time to gain the right to claim ownership. Option B, the interest rate being predetermined, is not relevant to adverse possession and is incorrect. Option C, a written agreement, is also not a requirement for adverse possession. This is because the person claiming the property does not have permission or agreement from the legal owner, so a written agreement would not be possible. Option D, an administered oath, is not required for adverse possession and is incorrect. This term refers to a sworn statement made under oath, which is not necessary for adverse possession. Therefore, the only correct option for what is required for adverse possession is Option A, hostile possession. This means that the possession of the property must be without the permission of the legal owner and done with an intent to claim ownership. So, the person must act as if they are the true owner and not just a temporary user.

**7. Can real estate brokers in Washington State hold multiple licenses simultaneously?**

- A. Yes, they can hold multiple licenses**
- B. No, that is not allowed**
- C. Only if licensed under different affiliations**
- D. Only for specific property types**

Real estate brokers in Washington State are indeed allowed to hold multiple licenses simultaneously, which means that the assertion in the answer provided is incorrect. The correct response highlights that brokers can obtain multiple licenses in order to be affiliated with different brokerages at the same time. This is especially useful in a broad market where a broker may wish to leverage different specializations or market segments by working under various firms. Holding multiple licenses allows real estate professionals the flexibility to expand their business opportunities and serve a diverse range of clients. Additionally, it fosters professional growth and the ability to network within various areas of the real estate industry. Several factors could lead to some confusion regarding this aspect, such as misunderstandings about the rules that govern licensing or the restrictions on certain types of licenses. Consequently, knowing the accurate licensing regulations is essential for anyone involved in real estate practice in Washington State.

**8. Are real estate commissions in Washington State negotiable?**

- A. True**
- B. False**
- C. Only for commercial properties**
- D. Only for residential properties**

In Washington State, real estate commissions are indeed negotiable. This means that the amount a real estate agent or broker charges for their services is not fixed and can vary based on the agreement between the agent and the client. This flexibility allows both parties to discuss and agree on a commission rate that reflects the level of service, the complexity of the transaction, or any specific circumstances surrounding the deal. Negotiability of commissions is a standard practice throughout the real estate industry, as it empowers clients to seek terms that suit their budget and the nature of the property being bought or sold. Furthermore, it encourages competition among agents and brokers, motivating them to offer better services or lower rates to attract clients. The other options suggest limitations to this negotiability, but the fact is that all real estate commissions, whether for residential or commercial properties, can be negotiated freely. Therefore, the assertion that commissions are negotiable is accurate and reflects the broader principles of agency and contract law in real estate transactions.



**9. What must a real estate licensee do in the case of a material fact disclosure?**

- A. Disclose all known material facts to all parties**
- B. Only inform the buyer of material facts**
- C. Conceal known issues to protect the seller**
- D. Disclose material facts only if asked**

A real estate licensee is required to disclose all known material facts to all parties involved in a transaction. This obligation is rooted in the principle of honesty and transparency, which serves to protect buyers, sellers, and the overall integrity of the real estate market. Material facts are any information that could influence the decision of a party regarding a transaction, such as issues with the property, neighborhood conditions, or legal encumbrances. By disclosing all known material facts, the licensee ensures that all parties can make informed decisions based on a complete understanding of the property and its circumstances. This approach helps to establish trust and minimizes the risk of legal disputes resulting from undisclosed issues later on. The other options suggest limited disclosure or actions contrary to the ethical responsibilities of a licensee. For instance, disclosing only to the buyer or withholding information altogether does not align with the duty to facilitate fair and honest dealings in real estate transactions. Concealing known issues would violate legal and ethical standards in the industry, while disclosing material facts only if asked indicates a reactive rather than proactive approach, which goes against the obligation to fully inform all parties involved.

**10. Is it true or false that Washington State requires real estate brokers to deposit earnest money funds in a trust account promptly?**

- A. True**
- B. False**
- C. Only for certain types of transactions**
- D. Only if the seller requests it**

In Washington State, real estate brokers are indeed required to deposit earnest money funds in a trust account promptly. This is a fundamental component of real estate practice that ensures the security and proper handling of clients' funds. The law mandates that any earnest money received from a buyer must be deposited into a trust account as soon as possible, typically within a few business days. This requirement protects both buyers and sellers by ensuring that earnest money is not misappropriated and is handled ethically and transparently. The swift deposit of earnest money into a trust account provides a safeguard for the transaction, offering reassurance to all parties involved that the funds are secure and will be managed in accordance with state regulations. This practice is crucial for maintaining trust in the real estate transaction process. While other options may suggest varying conditions under which earnest money should be handled, these do not align with the statutory requirements established in Washington State. Therefore, prompt deposit into a trust account reflects the overarching legal obligation brokers have to their clients.

## 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://washingtonstaterealestate.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**