



MAGNOLIA

SCHOOL OF REAL ESTATE

www.magnoliaschoolofrealestate.com

941.201.9762

The 50 Most Asked Questions on the State Exam

1. Which of the following describes leverage?

- a. Leverage is the same as cash flow.
- b. Leverage is the use of borrowed funds to purchase assets or to finance an investment.
- c. Leverage can only be positive.
- d. Leverage is when an investor uses his equity to finance an investment.

2. How is the binder deposit shown on the Closing Disclosure Form?

- a. Credit to the buyer, debit to the seller
- b. Credit to the seller
- c. Credit to the buyer
- d. Debit to the buyer, credit to the seller

3. What is the status of a sales associates' license if he/she does not complete the required post licensing education prior to his/her first renewal cycle?

- a. Involuntary inactive
- b. Inactive
- c. Suspended
- d. Void

4. How many sections are in a township?

- a. 640
- b. 36
- c. 43,560
- d. 30

5. Which mortgage clause allows the mortgagee the right to demand the outstanding loan balance plus accrued interest in the event that the borrower sells or transfers any interest in the property without the lenders prior written consent?

- a. Due-on-sale Clause
- b. Escape clause
- c. Acceleration clause
- d. Estoppel clause

6. What requirement does not apply regarding dwellings built prior to 1978?

- a. Sellers and lessors must disclose the presence of known lead-based paint in residential dwellings.
- b. Sale contracts and leases must include specific lead-based paint warning and disclosure language.
- c. Buyers and tenants must acknowledge that they have received the warning and disclosure.
- d. Buyers must have the property inspected for lead-based paint.

7. Two close friends own a daycare center as joint tenants with right of survivorship. One owner died unexpectedly. Who owns the daycare center?

- a. The owner of the daycare center will be decided by the court.
- b. The surviving owner will have to wait until the deceased owner's estate is probated before taking sole ownership of the property.
- c. If the deceased owner has minor children, the children will receive a remainder estate for the deceased owner's interest in the daycare center, and the surviving owner will take a life estate.
- d. The surviving owner becomes sole owner of the daycare center by operation of law.

8. The subject property is a three-bedroom, two-bath home. A comparable property is a three-bedroom, two and one-half-bath home. An appraiser has determined that the extra half bath is worth about \$2,200. What adjustment should the appraiser make?

- a. Subtract \$2,200 from the estimated value of the subject property.
- b. Subtract \$2,200 from the comparable's transaction price.
- c. Add \$2,200 to the comparable's transaction price.
- d. Add \$2,200 to the estimated value of the subject property.

9. Which of the following is incorrect concerning FHA and VA mortgages?

- a. FHA and VA mortgages are government insured and guaranteed loans and therefore assumable.
- b. FHA is a government-insured loan.
- c. VA is a government guaranteed loan and could be accompanied by a funding fee.
- d. VA is a government insured loan and could be accompanied by an origination fee.

10. Which of the following liens would take priority?

- a. A vendor's lien filed on December 12th 2017
- b. A mechanic's lien filed on January 1st 2018
- c. Property tax lien filed on January 14th 2018
- d. A special assessment tax filed on January 13th 2018

11. How is the intangible tax typically noted on the Closing Disclosure Statement?

- a. Debit to the seller, credit to the buyer
- b. Seller debit only
- c. Buyer debit only
- d. Credit to the seller, debit to the buyer

12. Which of the following is an example of a blind ad?

- a. Call Suzanna Smith, best sales associate in town 941.201.2434 (cell).
- b. Call Bob Blythe, Excel Realty 941.201.2434 (cell)
- c. Call Cindy Simon, Sunstate Brokerage 941.201.2434 (cell).
- d. Best sales associate in town, call Bob Barker, Townsgate Realty 941.201.2434 (cell).

13. Which of the following is a penalty for a first-time minor violation that is not accompanied by a fine?

- a. A citation
- b. A first-degree misdemeanor
- c. A notice of non-compliance
- d. A formal violation

14. An unlicensed personal assistant may perform which activity?

- a. Conduct listing presentations
- b. Show a listed home to a buyer
- c. Hand out objective, written information on a rental property
- d. Present an offer to the seller

15. Two brothers have decided to purchase investment property and not sure how they want to take title. The brother's wives have looked into the options and have decided that in the event that one of the brothers dies, his wife would like to receive title. With this information, how should the brothers take title?

- a. Tenancy in common
- b. Joint tenancy
- c. Estate for years
- d. Estate by the entirety

16. A father intended to leave his house to his son and executed a general warranty deed to the property and gave it to his son. Shortly after, the father died, before the deed could be recorded. Which applies?

- a. The son does not have legal title to the house because the deed was never recorded.
- b. The son has legal title to the house, but only after providing constructive notice, (recording the deed).
- c. The son has title to the property because title to the property was conveyed when the father delivered the deed to his son and his son voluntarily accepted it.
- d. Title to real property is conveyed after the deed is recorded and accepted. In this situation, the property will have to go through probate.

17. Which of the following clauses or covenants in a deed states that the grantor owns the property and has the right to convey it?

- a. Covenant of seisin
- b. Covenant against encumbrances
- c. Habendum clause
- d. Covenant of further assurances

18. Which expenses associated with a principal residence are deductible for income tax purposes?

- a. Depreciation and points
- b. Operating expenses and maintenance costs
- c. Property taxes, mortgage interest, points, and mortgage loan origination fees
- d. Mortgage payments, property taxes, and mortgage loan origination fees, and points

19. Amy, Todd, Frank, and Francine all co-own a beach house on St. Petersburg beach. Frank died, and his co-ownership of the property passed, according to his will, to his son. How do these parties own the property?

- a. Joint tenancy with right of survivorship
- b. Tenants by the entirety
- c. Tenants in common
- d. Estate for years

20. Which statement is true about the monthly payments on a 30-year, fully amortized loan?

- a. Principal increases at fixed intervals.
- b. Initially, interest is the smallest portion of the payment.
- c. Initially, interest is the larger portion of the payment.
- d. Because it is amortized, a balloon payment is due at the end of the 30-year term.

21. What are the rights flowing through your property called?

- a. Littoral rights
- b. Riparian rights
- c. Timber rights
- d. Subsurface rights

22. If a sales associate picks up an escrow check on Tuesday, when does the broker have to deposit it into the escrow account?

- a. Immediately, as defined, by Wednesday.
- b. Immediately, as defined, by Friday.
- c. Immediately, as defined, by Thursday.
- d. Immediately, as defined, by Monday of the following week.

23. If the title company is holding the escrow check, what must be on the purchase and sales contract regarding the title company?

- a. The name of the title company.
- b. The name and address of the title company.
- c. The name, address, phone number and email of the title company.
- d. The name, address, and phone number of the title company.

24. A broker sold an up to date and accurate rental list to a customer on June 10th for \$475.00. On June 14th the customer decided not to obtain a rental and then orally demanded, and should receive, how much of a refund?

- a. Nothing because the demand was made orally not in writing.
- b. Nothing because the list was completely up to date.
- c. \$475.00
- d. \$356.25

25. Which statement is false concerning the primary mortgage market and the secondary mortgage market?

- a. The existence of a secondary mortgage market allows lenders to have stable cash flow so that they can originate more new loans.
- b. Fannie Mae is the largest participant in the secondary mortgage market.
- c. The primary mortgage market consists of lenders that originate new mortgage loans for borrowers.
- d. The primary objective of the secondary mortgage market is to create new loans for borrowers to increase the money supply for lenders.

26. When a broker's license is suspended or revoked, which does not apply?

- a. The sales associates registered under that disciplined broker cannot continue working under the penalized broker. The DBPR places the licenses of any sales associates and brokers associates registered under the penalized broker on inactive status.
- b. The sales associates are free to seek another employer.
- c. The sales associates registered under the disciplined broker will automatically have their license status changed to null and void.
- d. The sales associates registered under the disciplined broker will automatically have their license status changed to involuntary inactive.

27. Which of the following is the economic indicator that adjusts in an adjustable-rate mortgage?

- a. The spread
- b. The margin
- c. The index
- d. The value table

28. Which of the following methods of surveying property is used in a subdivision where plat maps have been recorded?

- a. Lot and block also called the plat method
- b. Surveyors method
- c. Government survey method
- d. Meridians method

29. Which of the following types of notice is also called legal notice and is achieved by recording documents in the public records?

- a. Constructive notice
- b. Actual notice
- c. Real notice
- d. Pending notice

30. In which of the following mortgage lending theories does the borrower not retain title during the loan period?

- a. Lien theory
- b. Title theory
- c. Bank theory
- d. Loan theory

31. If you are at the POB, (point of beginning) and you are headed N90°E, what direction are you headed?

- a. North
- b. East
- c. South
- d. Northeast

32. What is not true of an abstract of title?

- a. An abstract of title is a complete search of the recorded documents concerning a parcel of real property.
- b. An abstract of title is a complete successive record of a property's ownership.
- c. An opinion of title is executed by an attorney who has studied the abstract of title.
- d. After studying the abstract of title, an attorney can give an opinion of whether the seller has a marketable title also called a merchantable title.

33. Concerning the Statute of Frauds, which does not apply?

- a. Deeds, mortgages, promissory notes, purchase and sales contracts, option contracts, lease agreements for longer than one year, listing agreements for longer than one year, and buyer representation agreements for a term longer than one year must be in writing per the Statute of Frauds.
- b. The Statute of Frauds states that all contracts must be in writing to be enforceable.
- c. The Statute of Frauds does not apply to a three-month listing agreement.
- d. The Statue of Frauds does apply to an option contract.

34. Which of these describes of a non-freehold estate that includes a definite specified amount of time?

- a. Tenancy at will
- b. Estate by the entireties
- c. Life estate
- d. Estate for years

35. Which of the following statements is true concerning continuing education?

- a. If a licensee does not complete the required post licensing education before the expiration of his initial license, the status of the license will be involuntary inactive.
- b. Only actively licensed sales associates are required to complete the 14 hours of continuing education.
- c. Actively licensed and inactively licensed sales associates must complete the 14 hours of continuing education.
- d. A licensee can stay in involuntary inactive status for 3 years.

36. A broker has listed a seller's property. The seller has disclosed to the broker that the roof leaks. The broker has satisfied his legal obligation if he tells the buyer

- a. that the roofs leaks.
- b. that the buyer should order an inspection because it just makes good sense.
- c. nothing, provided the broker has a transaction broker relationship with the seller.
- c. nothing, provided the contract was "as is".

37. Two brokers meet and decide to set commission rates on all sales for one year. Which applies?

- a. This is a RESPA violation.
- b. This is a great idea to make more money.
- c. This is a violation of Antitrust laws.
- d. This is a violation of TILA.

38. A broker sold three houses in Florida to a customer that now lives in Chicago. This same customer uncovered an opportunity with someone who might want to buy property from the Florida broker. The customer asked the broker if he would reimburse her for the expenses incurred in convincing the person to buy property from the Florida broker. Which applies?

- a. The broker can reimburse the customer for the expenses provided it is for a referral.
- b. The broker can reimburse the customer for the expenses, but the total of the reimbursement cannot exceed \$50.00.
- c. The broker cannot reimburse the customer because the customer does not have an active real estate license.
- d. The broker can reimburse the customer because this is out of state.

39. Which of the following is true concerning taking listing contracts when a licensee leaves a brokerage?

- a. If a sales associate takes original listing contracts, he could be charged with breach of trust. If a sales associate takes copies of listing contracts, he could be charged with larceny.
- b. If a sales associate takes originals or copies, he could be charged with a first-degree misdemeanor.
- c. If a sales associate takes original listing contracts, he could be charged with a third-degree felony.
- d. If a sales associate takes original listing contracts, he could be charged with larceny. If a sales associate takes copies of listing contracts, he could be charged with breach of trust.

40. When office space rentals are plentiful, what type of market are we in?

- a. A buyer's market
- b. A seller's market
- c. A balanced market
- d. An even market

41. What are the set of guidelines called that must be followed by appraisers?

- a. USPAP (Uniform Standards of Private Appraisal Practice)
- b. USPAP (Uniform Standards of Professional Appraisal Practice)
- c. USPAB (Uniform Standards of Professional Appraisal Basics)
- d. USPAC (Uniform Standards of Professional Appraisal Contracts)

42. A real estate brokerage company has entered into a single agent buyer broker relationship with the buyer. In order to show this buyer property that is listed with the same brokerage company for which it is a single agent, in what brokerage capacity may the company work with this buyer and seller?

- a. Single agent for the seller and transaction broker for the buyer
- b. Single agent for the seller and single agent for the buyer
- c. Any relationship that is agreed to by both the buyer and seller
- d. Both the seller and the buyer must transition to a transaction broker relationship before the buyer can be shown the seller's property

43. Which of the following statements concerning violations of The Fair Housing Act is incorrect?

- a. Steering is when a licensee channels homeseekers to or away from a particular neighborhood because they are a member of a protected class.
- b. Blockbusting is when licensee's use the entry or rumor of the entry, of a protected class into a neighborhood to persuade homeowners to sell their property.
- c. Redlining is when lenders or insurance companies deny loans or insurance coverage based on discriminatory practices.
- d. Steering is when sellers are encouraged to list their property based on discriminatory practices.

44. A residential zone requires at least 7,500 square feet per lot. The developer is reserving 25 percent of the land for streets, sidewalks, and a community center. The tract of land for the development consists of 175 acres. How many residential lots are available for development?

- a. 254
- b. 762
- c. 813
- d. 1,106

45. What is the effective yield to the lender if the borrower has 5% interest on a loan and purchases 4 points?

- a. 5%
- b. 6%
- c. 5.5%
- d. 5.25%

46. A building is 4 stories high and each floor is 100x50. I want to put bins in all the space I can. I can't use 20% of each floor. The bins are 5x5. How many bins can I put in the building?

- a. 320
- b. 610
- c. 640
- d. 590

47. A property sold for \$450,000. The sales associate that listed the house is entitled to 70% of all commissions earned. If the sales associate's check was \$22,050, what was the property listed at?

- a. 6%
- b. 7%
- c. 8%
- d. 7.5%

48. What are the documentary stamp taxes on the deed on a property that sold for \$468,310 and has an assumed mortgage of \$125,000 and a new mortgage of \$205,000 with a list price of \$500,000?

- a. \$3,278.80
- b. \$3,278.17
- c. \$2,450.00
- d. \$3,194.10

49. How many acres and square feet are there in the legal description N1/2 of the SE1/4 of the NW1/4 and the N1/2 of the S1/2 of the SE1/4 of the N1/4 of section 11?

- a. 20 acres and 3,450,000 square feet
- b. 30 acres and 1,306,800 square feet
- c. 30 acres and 2,613,600 square feet
- d. 80 acres and 3,484,800 square feet

50. If a lot is 250' x 300', street paving costs are \$20.00 per running foot, and the city will pay 40% of the paving costs, what will be the assessment to the property owner?

- a. \$1,500
- b. \$1,200
- c. \$1,110
- d. \$2,540

Answer Key

- | | |
|------|------|
| 1 b | 26 c |
| 2 c | 27 c |
| 3 d | 28 a |
| 4 b | 29 a |
| 5 a | 30 b |
| 6 d | 31 b |
| 7 d | 32 b |
| 8 b | 33 b |
| 9 d | 34 d |
| 10 c | 35 c |
| 11 c | 36 a |
| 12 a | 37 c |
| 13 c | 38 c |
| 14 c | 39 d |
| 15 a | 40 a |
| 16 c | 41 b |
| 17 a | 42 d |
| 18 c | 43 d |
| 19 c | 44 b |
| 20 c | 45 c |
| 21 b | 46 c |
| 22 b | 47 b |
| 23 d | 48 a |
| 24 d | 49 b |
| 25 d | 50 a |

