



MAGNOLIA
SCHOOL OF REAL ESTATE

5 Practice Tests for the State Exam

Magnolia School of Real Estate State Exam Practice Test 1

1. Which of these statements concerning property management is incorrect?

- a. A property manager who is paid by commission or on a transactional basis must be licensed as an active real estate broker.
- b. Licensed sales associates cannot work independently as property managers.
- c. A broker's license is not required if the property manager is paid a salary.
- d. Property managers are compensated in a number of ways, including by salary or on a transactional basis. If a property manager is compensated by salary, he must hold an active broker's license.

2. Which Florida Statute would a newly licensed sales associate consult when needing information on the Commercial Real Estate Sales Commission Lien Act?

- a. Part III of Chapter 475
- b. Part II of Chapter 455
- c. Chapter 61J2
- d. Florida Statute 120

3. Which of the following is true concerning qualifications of applicants for real estate sales associates in Florida?

- a. Applicants must be 18 years old and a resident of the state of Florida.
- b. Applicants must be of good character and a citizen of the United States.
- c. Applicants need not be a resident of the state of Florida or a citizen of the United States but must be of good character and at least 21 years of age.
- d. Applicants need not be a citizen of the United States but must have a high school diploma or equivalent and have a social security number.

4. When a single agent represents both parties in a transaction

- a. he is a transaction broker.
- b. he is representing both parties in a fiduciary capacity.
- c. he is in violation of the law.
- d. he is representing the default position in Florida which is the transaction broker relationship.

5. Which of these statements concerning mutual recognition is true?

- a. The intent of mutual recognition agreements is to recognize the education and experience of individuals licensed in another state or nation when the other jurisdiction has education and experience requirements similar to Florida's requirements and apply exclusively to residents of the state of Florida.
- b. Mutual recognition and reciprocity are the same.
- c. The intent of mutual recognition agreements is to recognize that military personnel can obtain a Florida real estate license if they are licensed in another state and are moved here by the government.
- d. Mutual recognition agreements apply exclusively to nonresidents who are licensed in other jurisdictions.

6. A seller has decided to list his house with ABC Brokerage and has asked the sales associate to hold a lottery. Each person that wants to participate will purchase a ticket for \$1,000. At the end of the month, a ticket will be drawn, and that person will own the home. Which applies?

- a. This is legal but not recommended.
- b. This is a violation of license law.
- c. This is legal only under certain circumstances.
- d. This is legal because we live in a lien theory state.

7. Which of the following statements is true concerning registration with the Department of Business and Professional Regulations?

- a. Owner-employers are registered, while brokers are registered and licensed.
- b. Owner-employers and brokers are registered and licensed.
- c. Sales associates, broker associates, brokers, and owner-employers are all registered and licensed.
- d. Broker associates that wish to open and maintain an office must be licensed but only need to be registered after opening the office.

8. Sabrina and Logan have decided to form a partnership to buy and sell real estate for the partnership. They have decided to each invest 50% interest and split the profit 50/50. Which of the following statements is true regarding their arrangement?

- a. Both Sabrina and Logan must have an active broker's license.
- b. Either Sabrina or Logan must have an active broker's license.
- c. Neither Sabrina nor Logan are required to have an active broker's license providing neither partner receives more than 50% of the profit.
- d. Either Sabrina or Logan must have an active broker's license and the remaining individual must have a sales associate or broker associates license.

9. Broker Valerie owns and operates Moonlight Brokerage, a very successful brokerage in Port Charlotte, Florida. She is the only active broker in Moonlight Brokerage and is considering hiring a managing broker to help her with her growing customer database. She has also decided to open another brokerage office in the nearby town of Punta Gorda, Florida, named Sunshine Brokerage. Which applies?

- a. Valerie can accomplish owning two brokerages by requesting a group license.
- b. Valerie can own two brokerages by requesting a multiple license.
- c. Valerie will be in violation and could be punished by the Commission.
- d. Valerie is not allowed to own more than one brokerage.

10. Sales Associate Jimmy works for owner-employer Highland Homes and has been a top producer for several years. The owner of Highland Homes announced the grand opening of a new Highland Homes location, and has asked Jimmy to work in this location as well as the location he has been working in. Which is true concerning Jimmy's situation?

- a. Jimmy cannot work in more than one location because no sales associate can be registered in more than one place.
- b. Highland Homes can request a group license and then Jimmy could work at both locations.
- c. Jimmy can request a multiple license that would allow him to work at both locations.
- d. Jimmy can request a group license that would allow him to work at both locations.

11. Concerning real estate relationship disclosure forms, which is the only form that has to be signed or initialed?

- a. No brokerage relationship notice
- b. Consent to transition to transaction broker form
- c. Single agent disclosure form
- d. Transaction broker notice disclosure form

12. Which of the following statements is true concerning agency?

- a. If a broker was asked by an absentee owner to manage all of his properties, this would be an example of a special agency.
- b. If a broker was asked by a customer to list his house, this would be an example of a general agency.
- c. A sales associate has a general agency with his broker.
- d. If a principal asked a sales associate to put his house in the MLS, this would be an example of a general agency.

13. Buyer Bill has entered into a single agent relationship with Broker Sara. Sara has a property listed with seller Thomas, whom she also represents as a single agent. Sara believes the property she listed for seller Thomas would be perfect for buyer Bill. In what brokerage capacity can Sara work with the buyer and the seller?

- a. Both the seller and the buyer could transition to a transaction broker relationship and then Sara could show the property to Bill.
- b. Sara could be a single agent for the seller and a transaction broker for the buyer and then show the property to bill.
- c. Sara could be a single agent for the seller and the buyer.
- d. Sara could be a transaction broker for the seller and single agent for the buyer.

14. Chapter 475 of the Florida Statutes requires a disclosure for which of the following transactions?

- a. The sale of a 30-unit apartment building
- b. The sale of a 10-unit apartment building
- c. Residential lease agreement in a duplex
- d. The sale of a condominium unit

15. Which of the following actions would terminate a single agency relationship with the principal who hired a broker to list his house?

- a. If the seller did not accept the buyer's offer
- b. Death of a customer interested in the property
- c. Destruction of the listed property by a sinkhole
- d. Termination of employment by the sales associate who acquired the listing

16. Which of these definitions about is agency is incorrect?

- a. A single agent is a broker who represents, as a fiduciary, the buyer and the seller in the same transaction.
- b. A transaction broker is a broker who provides limited representation to a buyer, a seller, or both in the same transaction.
- c. A customer is a member of the public, either a buyer or seller who is not represented by a single agent.
- d. A principal is the party with whom a real estate broker has entered into a single agent relationship.

17. Which of the following statements is incorrect concerning brokerage offices?

- a. A temporary subdivision being sold by a broker is considered a branch office if the shelter is intended solely for the protection of customers and sales associates.
- b. A broker is not required to have a telephone, desk, or checking account.
- c. A broker is required to maintain books, and records for a period of five years.
- d. If a broker closes a branch office, the registration of the branch office cannot be transferred.

18. Which of these ads would qualify as a blind ad?

- a. 123 Main Street for sale. Call Broker Michael Patel at Sunstar Realty 555-5555.
- b. 123 Main Street for sale. Call Sales Associate Molly Jenkins at Sunstar Realty 555-5555.
- c. 123 Main Street for sale. Call sales associate Steve Till, the “best” in the business 555-5555.
- d. 123 Main Street for sale. Call me, Sales Associate David Short with Sundance Realty, I can sell your house at 555-5555.

19. Janice is a newly licensed sales associate and has decided to work for broker James at Star Realty. After Janice was employed with broker James for two weeks, she was concerned that James did not include her name on the sign at the front of the brokerage. She felt this was a reflection on her. What is true about Janice’s situation?

- a. The broker not including her name is a reflection of her performance and she should work harder.
- b. The broker only has to include her name if she has been with the company for more than one year.
- c. The broker has to include her name, but it must be beneath his, and clearly separated.
- d. The broker may include her name on the sign.

20. Broker Willie knows that 4520 Central Street in St. Petersburg was just rented to a customer of one of Willie's competing brokerages. Broker Willie decides that advertising the property for rent is a great way to get renters and potential buyers, so he places an ad listing the property for rent. Which applies?

- a. No violation occurred as long as Willie discloses the true status of the property when customers call.
- b. Willie is in violation and could be punished by FREC.
- c. Willie is in violation and could be punished by FREC and possibly be sentenced to prison by FREC.
- d. Although Willie placed a false advertisement, he is only in violation if he lies to prospective buyers.

21. Sales associate Toya is interested in selling her house. She knows that with her expertise in the real estate business, she can make a great profit. Which statement is true concerning Toya's situation?

- a. Because Toya has a license to sell real estate, she may sell her house for personal profit but must place the listing with a different brokerage firm than where she is currently employed.
- b. Toya can list her house with any brokerage firm she chooses but must disclose her status as a licensee to members of the public that are involved in the transaction, prior to entering into serious negotiations.
- c. Toya can only advertise her property for sale as a for sale by owner.
- d. Toya cannot advertise her property using MLS.

22. When an escrow deposit is placed with a title company or with an attorney, the following procedures must be followed:

- a. The purchase and sales contract must include the title company's name, (or attorney's name, if applicable) address, and telephone number. The broker must then, no later than 10 business days after the deposit, request written verification of funds. Then the broker must provide the seller's broker with a written copy of the verification within 10 business days.
- b. The purchase and sales contract must include the title company's name, (or attorney's name if applicable) and telephone number. The broker must then, no later than 10 business days after the deposit request written verification of funds. Then the broker must provide the seller's broker with a written copy of the verification within 10 business days.
- c. The procedures are always different and are not exact.
- d. The procedures are different depending on which title company was selected.

23. A contract has been signed by the buyer and the seller. One week before the contract was executed, the buyer defaults. The seller is confident he is entitled to the earnest money and contacts the broker. If the broker has doubt as to which party should receive the earnest money, what is his first course of action?

- a. Request an escrow disbursement order from FREC.
- b. Contact the involved parties and explain the procedures for handling escrow disputes.
- c. Contact FREC within 15 days.
- d. Establish one of four settlement procedures within 10 business days.

24. Using the example from the previous question, after the broker contacts FREC within 15 days, what is he required to do next?

- a. The broker is required to institute an authorized settlement procedure.
- b. The broker is required to institute an escrow disbursement order.
- c. The broker has met his requirement of contacting FREC, now he waits for a response.
- d. The broker is required to send the dispute to either mediation or arbitration and must wait for the final decision before disbursing funds.

25. Broker Paula listed a seller's property with an exclusive right to sale listing agreement. The contract stated a 6% commission was due to broker Paula which the seller agreed to. The property sold almost immediately. After the sale, the seller called Paula demanding the commission be dropped to 3% because she believed the broker did not earn a full 6% commission. Which applies?

- a. This is an escrow dispute and requires the broker to contact FREC within 15 days.
- b. The broker is required to request an escrow disbursement order from FREC within 30 days.
- c. This is a commission dispute and requires the broker to maintain the 3% in his escrow account and disburse the remaining amount. The broker would then take the seller to court.
- d. This is a commission dispute and requires the broker to maintain the 6% in his escrow account and disburse the remaining amount. The broker would then take the seller to court.

26. In Panama City, Florida, there are several brokerage firms. The owners from the two largest brokerages have decided to meet and discuss rates. They decide that because they are permitted by law to charge whatever commission they want; they decide to agree on a set commission for the area. They decide to charge 6% each, and decide not to reduce this rate, thus making both brokerages more money. Which applies?

- a. This is a violation of the Sherman-Clayton Anti-Trust Laws and is an example of price fixing.
- b. No violation has occurred because each licensee determines his own commission rate.
- c. No violation has occurred because each licensee determines his own commission rate because of the Sherman-Clayton Anti-Trust Laws.
- d. This is a violation of Regulation Z.

27. Which statement is false concerning the payment of an unearned fee or kickback?

- a. Broker Smith can legally share a portion of his commission with the buyer or seller in the transaction.
- b. To be paid a fee for referring buyers to a mortgage lender, a real estate licensee must be licensed as a mortgage loan originator.
- c. A real estate licensee may be paid a fee for referring buyers to a title company, provided the buyer is aware of and agrees to the facts concerning the fee.
- d. The payment of a kickback cannot violate the Real Estate Settlement Procedures Act.

28. Which statement concerning partnerships is incorrect?

- a. A joint venture partnership cannot register to broker real estate and includes a predetermined amount of transactions.
- b. A limited partnership cannot register to broker real estate.
- c. A limited partnership must have at least one limited partner and one general partner.
- d. A sales associate cannot be a partner in a real estate brokerage partnership.

29. If an unlicensed individual has been found guilty of acting like a broker and collecting commissions, what penalty could be imposed upon him?

- a. First degree misdemeanor
- b. Second degree misdemeanor
- c. Third degree felony
- d. Second degree felony

30. When a claim against a licensee is made and money is paid out of the Real Estate Recovery Fund on the licensees' behalf, which applies?

- a. The licensee is given a suspension period not to exceed 10 years.
- b. The licensee is given a suspension period not to exceed 90 days.
- c. The licensee has their license revoked until they pay the money back including all interest.
- d. The licensee has their license automatically suspended until they pay the money back including all interest.

31. Stacie recently vacated the premises of the property she was renting. She called her landlord to ask about her security deposit and the landlord told Stacie she would receive her security deposit within 15 days. Which statement is true regarding Stacie's security deposit?

- a. The landlord has 15 days to notify Stacie of intentions to impose a claim on the deposit.
- b. The landlord has 15 days to return the security deposit to Stacie if the landlord does not intend to make a claim on the security deposit.
- c. The landlord must make his notification of intent to file a claim, in person, to Stacie.
- d. Stacie is not due a security deposit because she vacated the premises before she could make a claim.

32. The Federal Fair Housing Act also titled the Civil Rights Act of 1968 makes discrimination in the showing, negotiation, sale, rental, or financing of a dwelling prohibited when base on:

- a. religion, age, race, familial status, or handicap status.
- b. race, color, religion, sex, national origin, familial status, or handicap status.
- c. race, color, religion, sex, or national origin.
- d. religion, age, sex, color, national origin, familial status.

33. Sales associate Tally works at Madera Brokerage Firm and her broker has asked her to take all the Asian speaking prospects to a new subdivision called Orient on the Express. What is this an example of?

- a. blockbusting
- b. redlining
- c. steering
- d. this is a perfectly legal arrangement and no violation has occurred.

34. In 1988, congress amended the Fair Housing Act of 1968 to include two additional protected classes. Which two classes did it add?

- a. familial status and gender
- b. gender and age
- c. handicap and gender
- d. familial status and handicap

35. Which estate requires all four unities be present?

- a. tenancy at will
- b. tenancy in common
- c. joint tenancy
- d. tenancy by the entireties

36. What rights are associated with land that abuts an ocean?

- a. riparian rights
- b. alluvion rights
- c. subsurface rights
- d. littoral rights

37. The courts generally use four tests to determine if an item is a fixture or personal property. Which of the following is the correct legal tests used?

- a. Intent of the parties, relationship or agreement of the parties, size of the item, withdrawal of the item.
- b. Intent of the parties, redemption of the parties, size of the item, method or degree of attachment.
- c. adaptation of the item, intent of the parties, relationship or agreement of the parties, memorization of contract.
- d. Intent of the parties, relationship or agreement of the parties, method or degree of attachment, adaptation of the item.

38. Which of these statements is true regarding a freehold estate?

- a. A life estate is a type of freehold estate.
- b. A tenancy for years is a type of freehold estate.
- c. A freehold estate never comes with a deed.
- d. A free hold estate is similar to a tenancy at sufferance.

39. Chandler owns property and deeds it to Simone until her death. After Simone's death, Roberta is to receive title. With only this information, which statement is true?

- a. Simone has a remainder estate and Roberta has a life estate.
- b. Simone has a life estate and Roberta has a remainder estate.
- c. Chandler has a life estate and Simone has a remainder estate.
- d. This is an illegal transaction.

40. Which of these statements is incorrect concerning condominiums and cooperatives?

- a. The buyer of a condominium receives a deed to his unit.
- b. The buyer of a cooperative association receives a deed to his unit.
- c. The buyer of a condominium is not required to sign a proprietary lease.
- d. The buyer of a cooperative association is required to sign a proprietary lease.

41. If a property is homesteaded but only one spouse's name is on the deed, who is required to sign the deed in a sale?

- a. The spouse that is listed on the deed.
- b. Neither spouse because the deed is signed by the grantee.
- c. Both spouses.
- d. The spouse that is on the deed unless the sale involves a quit claim deed.

42. Which of these statements concerning a tenancy at will is correct?

- a. A tenancy at will is a free-hold estate that does not have to be in writing.
- b. A tenancy at will is a non-free hold estate that does have to be in writing.
- c. A tenancy at will is a free-hold estate where the tenant holds property in a fee simple estate.
- d. A tenancy at will is a non-free hold estate that must include set terms for legal notice of termination.

43. Title to real property can be acquired by any of the following, except:

- a. Public grant
- b. Descent and distribution
- c. Estoppel
- d. Habendum

44. What type of deed is used to convey property to a minor?

- a. Guardian's deed
- b. Committee's deed
- c. Any deed
- d. Partition's deed

45. Which of the following names the parties in the deed?

- a. Habendum clause
- b. Reddendum clause
- c. Premises clause
- d. Warrant of seisin

46. A pathway across private property to a beach or similar uninterrupted use for the statutory period of 20 years or more would create which type of easement?

- a. easement in gross
- b. easement by prescription
- c. a license
- d. easement by necessity

47. Which of these liens would take precedence?

- a. A mortgage lien filed on January 10 2017
- b. A mechanic's lien filed on December 12 2017, but materials were delivered on January 9 2017
- c. A Federal estate tax lien filed on August 11 2018
- d. A mortgage lien filed on January 9 2017

48. Title to real property passes to the grantee when the deed is delivered and

- a. recorded.
- b. acknowledged.
- c. accepted.
- d. constructed.

49. The type of deed in which the grantor does not warrant the title in any manner except against the grantor's acts or the acts of the grantor's representatives is called a

- a. general warranty deed.
- b. bargain and sale deed.
- c. special warranty deed.
- d. quitclaim deed.

50. What is the opposite of N 45° W?

- a. S 45° E
- b. N 45° E
- c. S 90° E
- d. W 45° S

51. Which of these statements is true concerning legal descriptions?

- a. Lot and block descriptions are used where townships are subdivided.
- b. A section is a square that is six miles on each side and contains 36 square miles.
- c. A township contains 36 square miles.
- d. A township contains 640 acres.

52. What is the purpose of a legal description?

- a. To describe real property
- b. To allow a surveyor to find property on a plat map
- c. To describe a parcel of land with sufficient detail that it will be accepted by a court of law
- d. To describe a parcel of land based on information collected on meets and bounds

53. Which of these is not one of the essential elements necessary to create a valid contract?

- a. Consideration
- b. Legality of object
- c. Written consent
- d. Mutual assent

54. Which of the following statements is not true concerning the statute of frauds?

- a. Purchase and sales contracts are covered under the statute of frauds.
- b. Deeds and mortgage instruments are covered under the statute of frauds.
- c. The statute of frauds requires contracts conveying an interest in real property and contracts that are not to be performed within one year of the date created to be in writing and signed to be enforceable.
- d. Option contracts are not covered under the statute of frauds.

55. Sales associate Sara listed Taylor's house for \$525,000. Buyer Rita submitted an offer with a \$1,000 earnest money deposit. A contract was written, signed, and communicated and the next day the house was swallowed by a large sinkhole and completely destroyed. Which applies?

- a. Buyer Rita gave insufficient consideration, so the contract is not valid.
- b. The destruction of the property terminates the contract.
- c. This is a fully performed contract.
- d. Because the contract was signed and communicated and one of the parties failed to perform, the contract is in breach.

56. Which of these statements is not true concerning a listing contract?

- a. A listing contract is an employment agreement between a property owner and a real estate broker authorizing the broker to find a buyer (or tenant) for a certain property.
- b. A listing contract may not have an automatic renewal provision.
- c. Written listing agreements for a term longer than one year must be in writing to be enforceable under the statutes of limitations.
- d. A written listing contract does not need to include the legal description of the property.

57. Which of these describes a net listing?

- a. This is the type of listing that gives the broker the greatest degree of protection.
- b. This is the type of listing where the seller reserves the right to sell the property without paying a commission, unless the buyer was introduced to the property by the broker or others acting under the broker.
- c. This is the type of listing where a seller agrees to sell a property for a stated acceptable minimum amount, called the seller's net.
- d. This is the type of listing that commission is based on a percentage of the seller's net, also called a net open listing.

58. A unilateral contract to keep open for a specified period time an offer to sell or lease real property where the property owner grants a prospective buyer the exclusive right to buy the property within a specified period for a specified price and terms is what?

- a. An exclusive right to sell listing
- b. An open listing
- c. An option contract
- d. Buyer brokerage agreement

59. Who is responsible for giving the buyer the Homeowners Association Disclosure, and what does the disclosure have on it?

- a. The seller provides the disclosure and it includes the existence of restrictive covenants, and assessments that the association imposes.
- b. The seller's agent provides the disclosure and it includes the existence of taxes.
- c. The buyer provides the disclosure and it includes the existence of restrictive taxes.
- d. The buyer provides the disclosure and it includes the existence of restrictive covenants, and special exceptions provided by the seller.

60. What is the purpose of the property tax disclosure?

- a. To inform both sellers and buyers of the new tax laws for each transaction.
- b. To caution prospective buyers that they cannot rely on the amount of the seller's property taxes as an indication of the taxes, purchasers will be required to pay.
- c. To make aware prospective buyers of the advantages of the Save our Homes Act which could reduce the amount of taxes due each year according to regulation Z.
- d. There is no such disclosure.

61. An adult contracting with a minor is an example of failure to meet which essential of a real estate contract?

- a. Legality of the object
- b. Competent parties
- c. Offer and acceptance
- d. Meeting of the minds

62. Which statement is false concerning counteroffers?

- a. The original offer is terminated by the counteroffer.
- b. The original offeree becomes the offeror.
- c. The parties to a counteroffer are the offeror and the offeree.
- d. The offeror and the offeree remain the same even though the terms are modified.

63. Logan recently moved from a state that practices lien theory of mortgage and moved to a state that practices title theory of mortgage. With only this information, which of the following statements is true?

- a. If Logan purchases a home in a title theory state and borrows money from the bank to purchase a house, he will get his deed on the day of closing.
- b. If Logan purchases a home in a title theory state and borrows money from the bank to purchase a house, he will be called a mortgagee.
- c. If Logan moves back to the state that practices lien theory of mortgage and borrows money from the bank to purchase a house, he will be called a mortgagor.
- d. In a title theory state, the mortgagor has title to real property for the loan period.

64. What is the legal document that represents the lien on the real estate that secures the debt?

- a. Promissory note
- b. Mortgage
- c. Contract
- d. Sales and purchase contract

65. Homeowner Sam lost his job and defaulted on his loan. Which clause authorizes the bank to call the entire amount due if Sam does not remedy the default?

- a. Alienation clause
- b. Due on sale clause
- c. Acceleration clause
- d. Prepayment penalty clause

66. Buyer Charlie placed an offer on Seller Tina's house. Tina informed Charlie that she has an FHA loan that is assumable. If Charlie decides to assume Tina's loan, which statement would apply?

- a. If the bank removed Charlie's name from the promissory note, and replaced his name with Tina's name, this is called novation.
- b. This is called subject to the mortgage.
- c. If the bank removed Tina's name from the promissory note, and replaced her name with Charlie's, this is called novation.
- d. This is called an assumption of the mortgage by default.

67. Which of the following is most like an insurance company?

- a. Department of Veteran Affairs (VA)
- b. The Federal Housing Administration (FHA)
- c. Federal Reserve System
- d. Housing and Urban Development (HUD)

68. With regard to an FHA mortgage, which statement is correct?

- a. The insurance fee is paid up front and monthly and is based on the sales price of the property.
- b. The insurance fee is paid up front only and is based on the loan amount.
- c. The insurance fee is paid monthly only and is based on the sales price of the property.
- d. The insurance fee is paid up front and monthly and is based on the loan amount.

69. Which of the following is enforcement of a mortgage lien?

- a. Default
- b. Foreclosure
- c. Defeasance clause
- d. Estoppel

70. Jill stopped making payments on her note and her loan went into default. The bank contacted Jill and explained the foreclosure was to take place in 10 days. If Jill decides to pay the entire balance due and prevent the foreclosure, what right is she exercising?

- a. Equity of redemption
- b. Statutory right of redemption
- c. Mortgage theory
- d. Short sale

71. Which of these loans requires a funding fee?

- a. FHA insured loan
- b. VA guaranteed loan
- c. Conventional loan
- d. USDA loan

72. Which of these describes the secondary mortgage market?

- a. A market that consist of lenders that originate new mortgage loans for borrowers.
- b. A market where second mortgages are sold.
- c. A market where second mortgages are originated.
- d. An investor market that buys and sells existing mortgages.

73. Which characteristic applies to both FHA and VA mortgage loans?

- a. Mortgage insurance is required
- b. No established loan limits
- c. Assumable
- d. No down payment required

74. How is the buyer's binder deposit entered on the closing disclosure?

- a. Debit to buyer
- b. Credit to buyer
- c. Debit to seller
- d. Credit to seller

75. How are unpaid property taxes entered on the closing disclosure?

- a. Debit to the buyer only
- b. Credit to the seller only
- c. Credit to the seller and debit to the buyer
- d. Credit to the buyer and debit to the seller

76. Which of these statements is true concerning the real estate market?

- a. The real estate market is not a service industry.
- b. The real estate market is not local in nature.
- c. The real estate market is local in nature.
- d. Situs means financing.

77. Seller Bill has approached sales associate Rebecca and asked her to perform an appraisal on his house. Which statement is false?

- a. If Rebecca told Bill she was more comfortable performing a Comparative Market Analysis, she would not be allowed to refer to the CMA as an appraisal.
- b. If Rebecca learned the appraisal was for a cash sale, she could then legally prepare the appraisal as long as she developed and reported it following USPAP guidelines and she could charge a fee for this service.
- c. Sales associates are not allowed to perform appraisals. Rebecca would need to tell Bill she could legally prepare a Comparative Market Analysis.
- d. Sales associates are not allowed to perform appraisals for a commission.

78. Which of the following statements concerning market value is true?

- a. Market value is the most probable price a property should bring in a competitive and open market under all conditions, requisite to a fair sale under certain guidelines published by Fannie Mae and Freddie Mac.
- b. Market value is the same as price.
- c. Market value is the value an investor would pay, given the investor's own financing requirements.
- d. Market value is the same as cost.

79. Which of these is describing the principle of substitution?

- a. The principle of substitution states that the relationship between the cost of an improvement and the value it adds to the improvement are not always the same amount.
- b. The principle of substitution states that the future value of a property is considered its highest and best use.
- c. The principle of substitution states that the maximum value of a property tends to be set by the cost of acquiring an equally desirable substitute property through purchase or construction.
- d. The principle of substitution states that the value of an inferior property is enhanced by its association with superior properties of the same type.

80. Finish this sentence. The sales comparison approach to value

- a. is based on the income a property is producing.
- b. is based on the amount of money it will cost to reproduce a property.
- c. is based on the theory that a knowledgeable purchaser will pay no more for a property than the cost of acquiring an equally acceptable substitute property.
- d. is based on the theory that a knowledgeable purchaser will pay no more for a property than the cost of acquiring two separate properties.

81. What is subtracted from potential gross income to arrive at effective gross income in the income capitalization approach?

- a. Operating expenses
- b. Vacancy and collection losses
- c. Fixed expenses
- d. Annual debt service

82. If an appraiser was appraising a two-bedroom home and the comparable had three bedrooms, what would be the appropriate adjustment if a bedroom was worth \$10,000?

- a. Subtract \$10,000 from the subject
- b. Subtract \$10,000 from the comparable
- c. Add \$10,000 to the subject
- d. Add \$10,000 to the comparable

83. The sales comparison approach to value is a direct application of which principle of value?

- a. Highest and best use
- b. Principle of increasing and decreasing returns
- c. Principle of regression
- d. Principle of substitution

84. Which of the following approaches to value would most likely be used in the appraisal of a single-family residence?

- a. The cost approach
- b. The income capitalization approach
- c. The sales comparison approach
- d. All three approaches would be used

85. Which of these types of risk can be offset with insurance?

- a. Static risk
- b. General risk
- c. Dynamic risk
- d. Operational risk

86. A case in which the interest paid for borrowed funds is less than the overall rate of return to an investor is an example of

- a. yield.
- b. loan risk.
- c. positive leverage.
- d. negative leverage.

87. If a married couple who files jointly realizes a profit from the sale of their home that exceeds \$500,000, what is the result?

- a. The homeowners will not pay capital gains tax if at least one of them is older than 55.
- b. Up to \$125,000 of the excess profit will be taxed as capital gain.
- c. The excess gain will be taxed at the current applicable capital gains rate.
- d. The excess gain will be taxed at the home-owner's income tax rate.

88. The zoning board of adjustment would be authorized to issue a special exception for which of the following situations?

- a. A homeowner wants to increase the size of his porch, but local zoning laws will not allow it.
- b. A homeowner wants to increase the size of his yard, but local zoning laws will not allow it.
- c. A daycare center owner wants to increase the size of the daycare, but zoning laws will not allow it.
- d. A daycare center owner wants to add a new location to a piece of property that is zoned residential, but the zoning laws will not allow it.

89. What are the transfer taxes on a property that sold for \$435,000 and had a new mortgage of \$180,000?

- a. \$5,058
- b. \$8,565
- c. \$4,035
- d. \$3,450

90. A man can borrow \$78,000 to purchase a house, and this is 2.5 times his salary. What is his annual salary?

- a. \$61,000
- b. \$31,200
- c. \$40,250
- d. \$25,500

91. What is the gross rent multiplier of a property that rents for \$5,000 a month and has a sales price of \$600,000?

- a. 120
- b. 220
- c. 5
- d. 125

92. What is the net operating income of a property that has a value of \$495,000, operating expenses of \$25,000, and a capitalization rate of 10%?

- a. \$65,000
- b. \$59,500
- c. \$49,500
- d. \$58,200

93. A buyer has applied for a loan. The purchase price of the property is \$460,000. If the borrower has \$100,000 for a down payment, what will the loan to value ratio be?

- a. 75%
- b. 78%
- c. 80%
- d. 70%

94. A parcel of land sold for \$50,000 based on a rate of \$2.50 per square feet. How many square feet did it contain?

- a. 20,000
- b. 40,000
- c. 10,000
- d. 25,000

95. A couple bought a house for \$604,110. They assumed a loan for \$45,000. What are the documentary stamp taxes on the deed?

- a. \$4,568.50
- b. \$5,589.95
- c. \$4,990.50
- d. \$4,229.40

96. If a sales associate lists a house for 7% commission and she is entitled to keep 70% of all commissions she earns, and she makes \$34,055 on the sale. What was the sales price of the house?

- a. \$485,000
- b. \$695,000
- c. \$629,000
- d. \$545,500

97. A property has annual taxes of \$450.00. The date of closing is October 12 and is charged to the seller. Using the 365-day proration method, what is the amount of the tax proration and how should it be entered on the closing statement?

- a. \$351.37 credit buyer, debit seller
- b. \$351.37 debit buyer, credit seller
- c. \$598.00 debit buyer, credit seller
- d. \$598.00 credit buyer, debit seller

98. How many acres are in the NW $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 10?

- a. 100
- b. 50
- c. 80
- d. 60

99. What is the tax levy for a house that was assessed at \$545,000 with a millage rate of 2.10?

- a. \$1,144.50
- b. \$5,565.56
- c. \$1,565.50
- d. \$1,897.50

100. A developer has 10 acres of land and he wants to create 20 lots that are the same size. He is going to use 15% of the land for common areas and another 300 feet by 500 feet for streets. How big will each lot be?

- a. 10,450 square feet
- b. 56,225 square feet
- c. 11,013 square feet
- d. 12,268 square feet

Test 1 Answer Key

1 d	26 a	51 c	76 c
2 a	27 c	52 c	77 c
3 d	28 b	53 c	78 a
4 c	29 c	54 d	79 c
5 d	30 d	55 b	80 c
6 b	31 b	56 d	81 b
7 a	32 c	57 c	82 b
8 c	33 c	58 c	83 d
9 b	34 d	59 a	84 c
10 d	35 c	60 b	85 a
11 b	36 d	61 b	86 c
12 c	37 d	62 d	87 c
13 a	38 a	63 c	88 d
14 d	39 b	64 b	89 c
15 c	40 b	65 c	90 b
16 a	41 c	66 c	91 a
17 a	42 d	67 b	92 c
18 c	43 d	68 d	93 b
19 d	44 c	69 b	94 a
20 b	45 c	70 a	95 d
21 b	46 b	71 b	96 b
22 a	47 c	72 d	97 a
23 c	48 c	73 c	98 c
24 a	49 c	74 b	99 a
25 d	50 a	75 d	100 c

Test 1 Math Answer Key

89. C

$$43,500/100=4,350 \times .70 = \mathbf{3,045}$$

$$180,000/100=1,800 \times .35 = \mathbf{630}$$

$$180,000 \times .002 = \mathbf{360}$$

$$\mathbf{3,045 + 630 + 360 = 4,035}$$

90. B

$$78,000/2.5 = \mathbf{31,200}$$

91. A

$$600,000/5,000 = \mathbf{120}$$

92. C

$$495,000 \times .10 = \mathbf{49,500}$$

93. B

$$360,000/460,000 = \mathbf{78\%}$$

94. A

$$50,000/2.50 = \mathbf{20,000}$$

95. D

$$604,110/100 = 6,041.1 \text{ Round this to } 6,042 \times .70 = \mathbf{4,229.40}$$

96. B

For this one you can substitute the answers in and just work it the regular way you do a commission question. You can do this one many different ways. You can take each answer and do the normal formula. So, say I started with A and did not get the right answer. Then I use B:

$$\text{Sales price of } 695,000 \times .07 = 48,650$$

$$48,650 \times .70 = 34,055 \text{ and this matches.}$$

97. A

Seller pays how many days they owned the house. They owned the house 285 days.

$450/365$ whatever this is...keep it in your calculator and multiply it by 285. Seller debit, Buyer credit.

98. C

$$640/2/4 = \mathbf{80}$$

99. A

$$545,000 \times .00210 = \mathbf{1,144.50}$$

100. C

$$10 \times 43,560 = 435,600$$

$$435,600 \times .85 = 370,260 \text{ (can use so far)}$$

$$300 \times 500 = 150,000 \text{ (he cannot use)}$$

$$370,260 - 150,000 = 220,260 \text{ (he can use this)}$$

$$220,260/20 = \mathbf{11,013}$$

Magnolia School of Real Estate State Exam Practice Test 2

1. Trina has applied to take a state exam for her sales associate's license and her application was denied by The Department of Business and Professional Regulation. What is true about Trina's situation?

- a. She must be notified in writing and allowed 21 days to file for a formal hearing before an administrative law judge, in accordance with Chapter 120, the Administrative Procedures Act.
- b. She can apply again in 30 days, but only after filing a petition for review with the administrative law judge, in accordance with Chapter 475.
- c. If an application was denied by The Department of Business and Professional Regulation, it may be resubmitted following the procedures set forth in The Florida Statute 355.
- d. Once an application to take a state exam has been denied by The Department of Business and Professional Regulation, no further action can be taken by the applicant.

2. Rolando is a military veteran applying for a VA mortgage loan. Which of the following is not true concerning a VA mortgage loan?

- a. VA mortgage loans are guaranteed by the government.
- b. VA mortgage loans do not require the veteran to have a service-related disability.
- c. VA mortgage loans require a down payment.
- d. Discount points are optional on a VA mortgage loan.

3. What is the final payment called if a mortgage loan payment consists of interest only?

- a. Negative amortization
- b. Graduated amortization
- c. Interest only payment
- d. Balloon payment

4. A newly licensed sales associate is learning about the Closing Disclosure Form. Which of the following is true about the form?

- a. Sales associates are required to complete the Closing Disclosure Form.
- b. Brokers are required to complete the Closing Disclosure Form.
- c. A local lender may complete the Closing Disclosure Form.
- d. Page three on the Closing Disclosure Form contains expenses to a third party.

5. An appraiser has been asked to appraise a local business because the owner is thinking of selling his business and retiring. The business is in the middle of town and extremely profitable. Which is true about the appraisal?

- a. The sales comparison approach is the most likely approach to be used by the appraiser.
- b. The value of the business is a composite of tangible and intangible assets including, among others, real estate, licenses, and goodwill.
- c. Because it is a profitable business the income capitalization approach would not be used.
- d. When the value of the business is combined with its income potential it is called favorable capitalization.

6. A sales associate performed an appraisal and charged a \$500 fee. The appraisal was not federally related. If the FREC found the licensee to be in violation of the Uniform Standards of Professional Practice, which of the following statements is true?

- a. Real estate licensees are not required to abide by the USPAP.
- b. The licensee is subject to FREC discipline.
- c. Appraisers are only obligated to abide by the USPAP.
- d. Real estate agents can only perform appraisals for a commission.

7. What is the difference between a property manager and a rental agent?

- a. There is not a difference.
- b. A property manager simply finds a tenant, but a rental agent continues to manage the property on an on-going basis.
- c. A property manager must have a real estate license, but a rental agent is not required to have a real estate license.
- d. A rental agent simply finds potential tenants, but a property manager continues to manage the property on an on-going basis.

8. Two licensees were discussing the possibility of creating a real estate brokerage limited partnership. Which of the following is true about real estate brokerage limited partnerships?

- a. Sales associates cannot be limited partners.
- b. Brokers cannot be limited partners.
- c. A limited partner is permitted to conduct real estate transactions, only if he or she is an actively licensed broker.
- d. A real estate brokerage limited partnership must contain at least one general partner and one limited partner.

9. The owner of a local ice cream shop is earning more money each month than the rate he pays for borrowed funds. This is an example of

- a. negative amortization.
- b. equity.
- c. negative leverage.
- d. positive leverage.

10. The risk associated with losses from events such as storms, theft, and fire is called

- a. static risk.
- b. dynamic risk.
- c. stationary risk.
- d. leverage risk.

11. A buyer and a seller entered into a real estate contract and they later learn that the broker neglected to include a closing date on the contract. Which of the following statements is correct?

- a. This is a valid and enforceable contract.
- b. This contract will be considered void.
- c. This is an unenforceable contract.
- d. This is an implied contract.

12. Inducing an owner to list or sell on the basis that the neighborhood is deteriorating due to an influx of a protected class into the neighborhood is called

- a. redlining.
- b. steering.
- c. blockbusting.
- d. channeling.

13. Which of the following is not an approved depository for earnest money?

- a. A bank in Florida
- b. A title company
- c. A savings and loan association
- d. A stock or bond institution

14. A lender charged 6% interest and the borrower bought 4 points on a conventional loan. What is the approximate effective yield to the lender?

- a. 6 1/2%
- b. 6%
- c. 5 1/2%
- d. 6 3/4%

15. How long can a license stay in involuntary inactive status?

- a. Six months
- b. Two years
- c. One year
- d. Indefinitely

16. What would be charged for the intangible tax on a new mortgage loan for \$600,000?

- a. \$1,400
- b. \$1,200
- c. \$0
- d. \$12,000

17. Which of the following statements is incorrect concerning payment of commission?

- a. A broker cannot compensate an unlicensed person unaffiliated with the transaction for a service of real estate.
- b. A sales associate can only be paid commission by his or her employer.
- c. A broker can give an unlicensed individual a referral fee providing it does not exceed \$50.
- d. An owner-employer can choose to pay a licensed sales associate a salary or a commission.

18. How many days does a licensee have to notify the DBPR if they change their residency?

- a. 10
- b. 15
- c. 60
- d. 90

19. Broker Elizabeth sold a property that was listed with her sales associate Tim. At the closing, broker Elizabeth received a check for the entire commission, a portion of which belonged to Tim. If broker Elizabeth does not pay sales associate Tim his share of the commission, she could be charged with

- a. failure to account.
- b. conversion.
- c. concealment.
- d. culpable negligence.

20. There is only one activity classified as a first-degree misdemeanor for violation of Chapter 475. Which of the following describes that activity?

- a. False or misleading advertising
- b. Violating the requirements concerning rental list, information, and contracts
- c. Concealing the true value of a property from the homeowner
- d. Commingling earnest money

21. Which clause in a deed specifies the legal rights being conveyed?

- a. Reddendum clause
- b. Premises clause
- c. Habendum clause
- d. General warranty clause

22. Which of the following statements concerning legal descriptions is incorrect?

- a. The distance between meridians is six miles.
- b. The area between meridians is called a tier.
- c. A property described by lot and block number is part of a recorded plat.
- d. A township contains 36 sections.

23. Broker Jimmy listed a property with an exclusive right of sale listing for \$485,000. The homeowner's sold the house to their son for \$450,000 and did not tell broker Jimmy until the contract was signed. Which applies in this situation?

- a. Broker Jimmy is not entitled to a commission.
- b. Broker Jimmy is entitled to a commission based on the sale price of \$450,000.
- c. Broker Jimmy is entitled to expenses.
- d. Broker Jimmy is entitled to a commission based on the list price of \$485,000.

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

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

25. How is one mill expressed as a decimal?

- a. .01
- b. .001
- c. .1
- d. .0001

26. How are members of the Florida Real Estate Commission chosen?

- a. The members are chosen by the National Board of Real Estate Agents.
- b. The members are elected by the Governor, subject to confirmation by the Senate.
- c. The members are chosen from a team of professionals that work in real estate.
- d. The members are appointed by the Governor, subject to confirmation by the Senate.

27. When the city or the county government must collect delinquent taxes on a property, they will issue what?

- a. A Homestead Law Certificate
- b. A Property Tax Certificate
- c. Jail time
- d. Tax incentives

28. Newly licensed sales associate Kela has started training with her broker and learning the real estate business. Kela has training this week scheduled with her broker to learn about contracts. Which of the following contracts can Kela not write?

- a. A mortgage
- b. An option contract
- c. A purchase and sales contract
- d. Listing agreements

29. After an appraiser makes all necessary adjustments to the comparables in his appraisal, what is the mathematical process in which he or she arrives at the final value?

- a. Averaging
- b. Equaling
- c. Reconciliation
- d. Assemblage

30. Assemblage is the process of joining parcels of land to make a profit. What is the added value called?

- a. Zoning
- b. Valuation
- c. Dedication
- d. Plottage

31. Seller Sandra was told there was a cloud on her title, and it was explained to her that she had an encumbrance in the form of an encroachment. Which of the following would be an example of an encroachment?

- a. A Fence
- b. A mortgage
- c. An easement
- d. A lien

32. Sales associate Tabby has been driving her customer William around town all week showing him houses. William found a house he liked and asked Tabby to put in an offer for \$512,000. Tabby wrote the offer and submitted it on Friday. On Saturday morning William changed his mind and called Tabby to ask her to terminate the offer. Which statement applies in this situation?

- a. William cannot terminate his offer.
- b. Tabby cannot terminate the offer because it is Saturday and not a business day.
- c. William can terminate his offer but only after the seller accepts or rejects the offer.
- d. William can terminate his offer by withdrawing the offer.

33. Which type of mortgage lending theory does Florida practice?

- a. Lien theory
- b. Title theory
- c. Trust theory
- d. Mortgage theory

34. If a buyer had a promissory note for \$368,000, and wanted a loan discount of six points, what would be the amount the buyer would need to pay for this discount?

- a. \$22,080
- b. \$26,450
- c. \$21,698
- d. \$36,000

35. 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. Subtract \$2,200 to the estimated value of the subject property.

36. If the assessed value of an individual's homesteaded property is \$24,000, and the city and county mills total 6, what amount does the homeowner pay in property taxes?

- a. \$1,400
- b. \$144
- c. \$0
- d. \$400

37. What type of risk is caused by changes in general business or market conditions?

- a. Leverage
- b. Static
- c. Goodwill
- d. Dynamic

38. How many days do you have to notify FREC in the event of an escrow dispute?

- a. 15 business days
- b. 10 business days
- c. 15 calendar days
- d. 10 calendar days

39. The mandatory distance between lot lines and building improvements is known as

- a. Meeting of the minds
- b. Zoning variables
- c. Setbacks
- d. A legal subject

40. Which is the presumed relationship in Florida?

- a. Transaction broker
- b. Single agent
- c. No brokerage relationship
- d. Non-representation

41. Which of these is made up?

- a. FS 475
- b. FS 455
- c. FS 355
- d. FS 120

42. If a property is assessed at \$100,000 what is the homestead tax exemption?

- a. \$50,000 for city and county and \$25,000 for school board
- b. \$50,000 for all taxing districts; city, county and school board
- c. \$25,000 for all taxing districts; city, county and school board
- d. \$25,000 for city and county and \$50,000 for school board

43. Considering the effect of the loan discount, the rule of thumb is that for each point charged by the lender, the rate of interest increases approximately

- a. 1/6
- b. 2/4
- c. 1/10
- d. 1/8

44. The secondary mortgage market is

- a. the market where second mortgages are sold.
- b. where loans originated in the primary market are sold.
- c. where loans made only by private parties are sold.
- d. the market where second mortgages are originated.

45. Open market operations are considered to be the _____ effective tool the Federal Reserve has for controlling the money supply. Changing the discount rate is considered to be the _____ effective tool the Federal Reserve has.

- a. Most/Least
- b. Least/Most
- c. First/Last
- d. Income/Last

46. In the absence of any agreement between the parties, the state documentary stamp tax on the deed is paid by the

- a. buyer.
- b. broker.
- c. seller.
- d. state.

47. The purpose of the closing statement is to

- a. summarize the financial aspects of a real estate transaction.
- b. determine the purchase price of the property.
- c. determine which party pays the brokerage commission.
- d. report income to the Internal Revenue Service.

48. Which statement about the Closing Disclosure form is true?

- a. All double entry items appear on page 3
- b. The amount due to the seller must equal the amount due from the buyer
- c. Information important to the seller appears on page 1
- d. The form must be completed by the lender and provided to the closing agent

49. If a landlord requires a security deposit, the landlord must

- a. deposit the funds in compliance with Chapter 475, Florida Statutes.
- b. notify the tenant of the location of the funds within 20 days of receiving the funds.
- c. pay interest at the rate of 5% per year, with disbursements at least once each year.
- d. return the funds within 15 days after the tenant vacates the premise if there is no intention to impose a claim against the deposit.

50. The comparable sales approach, often just called the sales approach is a direct application of the

- a. Principle of change
- b. Principle of substitution
- c. Principle of competition
- d. Principle of conformity

51. Concerning market value, which answer is incorrect?

- a. Market value is the price that should be paid
- b. Market value is the most common type of value estimated by appraisers
- c. Market value can be higher or lower than cost or price
- d. Market value is the same as price

52. What is the definition of leverage?

- a. Leverage is the use of borrowed funds to purchase assets.
- b. Leverage is the effect of the economy on the investment.
- c. Leverage is the weight reducing operations on the market.
- d. Leverage is the risk associated with dynamic risk.

53. A tract of land measures 600 feet along the highway and contains 10 acres. How deep is the tract?

- a. 746 feet
- b. 660 feet
- c. 726 feet
- d. 875 feet

54. Which is true concerning acknowledgement and seal?

- a. Acknowledgement and seal are the same.
- b. A contract must have a seal to be valid.
- c. A contract must have an acknowledgement to be valid.
- d. Acknowledgement is necessary if a document is to be recorded in the public records.

55. Which is true about an executed contract?

- a. A contract is considered to be executed if any term or condition remains to be performed.
- b. A contract is considered to be executed when all parties have fully performed.
- c. A contract is considered to be executed when only one party expressly agrees to perform an act.
- d. A contract is considered to be executed when an offer is terminated or withdrawn.

56. What is the capitalization rate of a property that has a value of \$350,000 and net income of \$110,000?

- a. 10%
- b. 31%
- c. 68%
- d. 3.18%

57. A township contains how many sections?

- a. 24
- b. 640
- c. 140
- d. 36

58. A property description which reads in part...."run N 85° E at a distance of 100.5° S" is being described using which method?

- a. Government survey
- b. Plat
- c. Surveyor's
- d. Monuments

59. The four tests used by courts to determine which items were to be included in the sale are

- a. intent of the parties, relationship of the parties, method of annexation, and adaptation of the article
- b. intent of the parties, redemption of the parties, method of annexation, and adaptation of the article
- c. Intent of the parties, size of the article, method of annexation, and adaptation of the article
- d. intent of the parties, method of annexation, size of the article, and relationship of the parties

60. Which estate does not include legal title to real property?

- a. Estate for years
- b. Fee simple
- c. Life estate
- d. Estate by the entirety

61. A prospective tenant was previously evicted for failure to pay rent. The prospective tenant has inspected another rental property and wishes to enter into a lease agreement with the landlord. May the landlord refuse to rent to this tenant?

- a. No, this would be a violation of the Fair Housing Act.
- b. Yes, provided the tenant is not disabled.
- c. Yes, based on the tenant's poor credit history.
- d. No, this would be a violation of the Fair Credit Act.

62. Timothy has just been deeded property until he dies. What kind of estate does Timothy have?

- a. fee simple estate
- b. life estate
- c. remainder estate
- d. estate for years

63. What rights does a property owner have to the use of water flowing over or through his or her land?

- a. riparian
- b. littoral
- c. flowage
- d. aquifer

64. With respect to an option contract which of these is incorrect?

- a. To acquire the right to buy a property during a specified period of time, at a specified price, you must pay a definite valuable consideration
- b. Options must be in writing
- c. An option not based on definite valuable consideration will be considered void
- d. An option accompanied by a token consideration will be considered valuable consideration

65. Which of these is not a legal remedy for breach of contract

- a. Suit for cancellation
- b. Suit for specific performance
- c. Suit for assignment
- d. Suit for damages

66. Which is the only disclosure form that must be signed or initialed?

- a. Single agent notice
- b. Transaction broker notice
- c. Consent to transition to transaction broker
- d. No brokerage relationship notice

67. A building is 4 stories high and each floor is 100x100. 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 this building?

- a. 1280
- b. 1182
- c. 1320
- d. 1400

68. Which statement is false regarding the differences between a Department of Veterans Affairs (VA) loan and a Federal Fair Housing Administration (FHA) loan?

- a. Both loans are assumable.
- b. FHA is a government agency that does not make loans. FHA insures loans. The VA is a government agency that has the power to guarantee loans and make direct loans to veterans.
- c. Interest rates are negotiable on both loans.
- d. The veteran would not be charged a funding fee.

69. Which of the following is false concerning the primary and secondary mortgage markets?

- a. The primary mortgage market is where securities or goods are created.
- b. The primary mortgage market consists of lenders that originate new mortgage loans for borrowers.
- c. The secondary mortgage market is an investor market that buys and sells existing mortgages.
- d. The secondary mortgage market does not provide liquidity to the primary mortgage market.

70. How are unpaid property taxes noted on the closing disclosure form?

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

71. Which of the following would be a debit to the buyer?

- a. Assumed mortgage
- b. Intangible taxes
- c. Purchase money mortgage
- d. Binder deposit

72. Which of the following is a non-freehold estate?

- a. Fee simple
- b. Life estate
- c. Tenancy at will
- d. Estate by the entirety

73. Which of the following is false concerning price, cost and value?

- a. Cost is the amount it cost to bring a new improvement into existence.
- b. Market value is the amount that should be paid.
- c. Price is the amount it cost to bring a new improvement into existence.
- d. Price is the amount that was actually paid.

74. In the income capitalization approach, how does an appraiser arrive at the effective gross income?

- a. Potential gross income minus the operating expenses.
- b. Potential gross income minus vacancy and collection losses.
- c. Effective gross income divided by net income.
- d. Rate times value.

75. Which of the following is not an example of functional obsolescence?

- a. The poor design of the building is making the electric bill high.
- b. The highway traffic is so loud that the homeowner cannot open the windows.
- c. You must walk through the bedroom to get to the bathroom.
- d. There are four bedrooms and one bathroom.

76. Which of the following is not an example of external obsolescence?

- a. The concrete slab leaks when it rains.
- b. The dust from the road keeps the owner from opening the windows.
- c. Highway noise
- d. The airport next door creates loud noises.

77. How many square feet are in the NW1/2 of the SE1/2 of the N1/4 of section 8?

- a. 1,742,400
- b. 1,658,874
- c. 1,584,500
- d. 1,894,500

78. What is the gross rent multiplier for property that has an annual rent of \$144,000 and a sales price of \$500,000

- a. 41.6
- b. 52.8
- c. 55.7
- d. 40.5

79. Which of the following properties is considered commercial real estate per F.S. 475?

- a. 8-acre farm
- b. 4-unit family dwelling
- c. 50-unit apartment complex
- d. 6 acres of vacant land zoned for a single-family home

80. What is the tax levy for city and county taxes of a property assessed at \$400,000 if the combined tax rate is 22.6 mills?

- a. \$8,875
- b. \$9,050
- c. \$9,040
- d. \$7,650

81. A developer bought 30 acres of land. He intends to create a 30-lot subdivision. He intends to use 10% of the land for common areas and the roads require another 10 feet by 3,000 feet. If the lots are all equal size, how big will each lot be?

- a. 30,800 square feet
- b. 85,000 square feet
- c. 38,204 square feet
- d. 39,582 square feet

82. Which document stipulates which party pays which expense?

- a. The deed
- b. The mortgage note
- c. The purchase and sales contract
- d. The title

83. How would the amount of a new mortgage that the buyer secures, be entered on the Closing Disclosure Form?

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

84. How was title taken if a seller remained solely liable for the balance of a note after the transfer of ownership?

- a. Cash sell
- b. Assumption of the mortgage
- c. Assumption with novation
- d. Subject to the mortgage

85. If a lender foreclosed on a borrower because the borrower defaulted on the loan, and the lender immediately declared the unpaid balance due and payable, which right is the lender exercising?

- a. Due-one-sale clause
- b. Release clause
- c. Acceleration clause
- d. Alienation clause

86. Which of the following describes a seller transferring ownership of real property by using a will?

- a. Testate insolvent
- b. Acceleration
- c. Abstract of title
- d. Voluntary alienation

87. Judy sold her mortgaged property to her neighbor without her lender's permission. When the bank contacts Judy and informs her the entire balance on her note is due, what clause is the bank exercising?

- a. Release clause
- b. Acceleration clause
- c. Due-on-Sale clause also called the Alienation clause
- d. Escape clause

88. Five people are forming a partnership called Sunstate Brokerage in Tampa Florida. All members will be partners. All five have decided to perform the services of real estate. Which statement is correct?

- a. At least one partner must be an actively licensed broker, the other four can be inactively licensed brokers or inactively licensed sales associates.
- b. All five must be actively licensed brokers.
- c. At least one partner must be an actively licensed broker, and all other partners must be actively licensed sales associates.
- d. At least one partner must be an actively licensed broker, and all other can be inactive or actively licensed sales associates or brokers.

89. How are the rates for transfer taxes determined?

- a. Negotiation
- b. State law
- c. Mortgage bankers
- d. Title company policy

90. Which clause is found in a blanket mortgage?

- a. Acceleration clause
- b. Alienation clause
- c. Blanket clause
- d. Release clause

91. Which of these describes a tenancy at will?

- a. A written lease that can be terminated by either party
- b. Any tenancy created by an oral or written lease for a specific time period
- c. A lease that can be terminated by the landlord or tenant by giving legal notice
- d. An oral lease that specifies a time limit

92. Which survey term is associated with a metes-and-bounds description?

- a. Point of beginning
- b. Plat
- c. Township
- d. Meridian

93. Which estate includes the right of survivorship?

- a. Tenancy at will
- b. Tenancy at sufferance
- c. Joint tenancy
- d. Tenancy in common

94. How much personal money may a broker place in a property management escrow account?

- a. \$5,000
- b. \$1,000
- c. \$2,500
- d. None

95. Which of these statements is true regarding constructive notice?

- a. Constructive notice of ownership is provided by physical possession.
- b. Constructive notice of ownership is also called legal notice and is achieved by recording documents in the public records.
- c. Constructive notice of ownership is also called actual notice and is achieved by recording documents in the public records.
- d. Constructive notice is the same as actual notice.

96. A broker who changes his or her business address must notify the Florida Real Estate Commission of the address change within how many days?

- a. 15
- b. 5
- c. 30
- d. 10

97. Ben decided to build a new porch on his property. He believes it will add value to his home. Before beginning construction, Ben's contractor tells him that the porch is going to be too close to his property line because of county laws. What must Ben request to be able to build his porch?

- a. A variance
- b. A special exception
- c. Nothing. Ben is out of luck.
- d. A zoning reclassification.

98. An appraiser has been asked to estimate the value of a single-family home. Which of these statements is correct?

- a. The appraiser is most likely going to estimate the sales price.
- b. The appraiser is most likely going to estimate the market value.
- c. The appraiser is most likely going to use the income-producing approach.
- d. The appraiser will most likely not use the sales comparison approach.

99. An appraiser is appraising a three-bedroom home with three bathrooms. One of the comparables in the appraisal is a three-bedroom home with two bathrooms. A bathroom is worth \$5,000. The comparable sold for \$215,000. Which statement is correct?

- a. The adjusted price of this comparable should be \$210,000.
- b. The adjusted price of this comparable should be \$215,000.
- c. Appraisers only adjust the subject value, not the comparable value.
- d. The adjusted price of this comparable should be \$220,000.

100. Which of the following describes assumption with novation?

- a. The original borrower remains liable for the balance of the promissory note.
- b. The original borrower does not remain liable for the balance of the promissory note.
- c. The original borrower is solely liable for the balance of the promissory note.
- d. The new borrower is not liable for the balance of the promissory note.

Test 2 Answer Key

1 a	26 d	51 d	76 a
2 c	27 b	52 a	77 a
3 d	28 a	53 c	78 a
4 c	29 c	54 d	79 c
5 b	30 d	55 b	80 c
6 b	31 a	56 b	81 c
7 d	32 d	57 d	82 c
8 d	33 a	58 c	83 a
9 d	34 a	59 a	84 d
10 a	35 b	60 a	85 c
11 a	36 c	61 c	86 d
12 c	37 d	62 b	87 c
13 d	38 a	63 a	88 b
14 a	39 c	64 d	89 b
15 b	40 a	65 c	90 d
16 b	41 c	66 c	91 c
17 c	42 a	67 a	92 a
18 c	43 d	68 d	93 c
19 a	44 b	69 d	94 a
20 b	45 a	70 a	95 b
21 c	46 c	71 b	96 d
22 b	47 a	72 c	97 a
23 b	48 a	73 c	98 b
24 b	49 d	74 b	99 d
25 b	50 b	75 b	100 b

Test 2 Math Answer Key

14 A

$4/8 = 1/2$ and then add this to the 6% for a total of $6 \frac{1}{2}\%$

16 b

$$\$600,000 \times .002 = \$1,200$$

34 a

$$\$368,000 \times .06 = \$22,080$$

53 c

$$10 \times 43,560 = 435,600$$

$$435,600 / 600 = 726$$

56 b

$$\$110,000 / \$350,000 = 31\%$$

77 a

$$640 / 2 / 2 / 4 = 40 \quad 40 \times 43,560 = 1,742,400$$

78 a

$$\$144,000 / 12 = \$12,000$$

$$\$500,000 / \$12,000 = 41.6$$

80 c

$$\$400,000 \times .0226 = \$9,040$$

81 c

$$30 \times 43,560 = 1,306,800 \quad 1,306,800 \times .90 = 1,176,120$$

$$1,176,120 - 30,000 = 1,146,120 / 30 = 38,204$$

Magnolia School of Real Estate State Exam Practice Test 3

1. Melissa is a newly licensed sales associate and she has joined The National Association of Realtors® in Punta Gorda, Florida. Which statement is true about Melissa?

- a. Because Melissa is a member of NAR, she can open and maintain an office independently of her broker.
- b. Melissa can sell real estate in other cities besides Punta Gorda.
- c. Melissa cannot call herself a REALTOR®.
- d. Because Melissa is a member of NAR, she is entitled to get her broker's license after 12 months of membership.

2. Which of the following statements is false regarding general licensing provisions?

- a. A broker associate is an individual who holds a broker's license but chooses to register and work in real estate under the direction of a broker.
- b. Sales associates and broker associates are employed by and work under the direction and control of a broker or an owner-developer.
- c. An owner-developer is a licensed entity that sells, exchanges, or leases its own property.
- d. An owner-developer's sales staff must hold active real estate licenses in order to be paid commission or other compensation based on actual sales, (that is, on a transactional basis).

3. Which statement is false regarding military personnel and their spouses?

- a. Military personnel and their spouses automatically qualify for mutual recognition under the Government Education Act.
- b. The Occupational Opportunity Act provides reciprocity to active duty and former active members of the U.S. armed forces and their spouses who hold a valid real estate license issued in another state.
- c. The DBPR is required by law to waive the initial licensing fee for a member of the U.S. armed services that has served on active duty.
- d. Military personnel, veterans, and spouses must still submit fingerprints to receive a license.

4. What is the status of a sales associates' license if he/she does not complete the continuing education and it is not his/her first renewal and how long can it stay that way?

- a. void/1 year
- b. inactive/4 years
- c. involuntary inactive/2 years
- d. involuntary inactive/1 year

5. Which Florida Statute pertains to the Administrative Procedures Act?

- a. F.S. 120
- b. F.S. 455
- c. F.S. 355
- d. F.S. 475

6. Which of the following individuals is exempt from licensure?

- a. An investor that locates and sells property for a commission.
- b. Salaried managers of a condominium or cooperative apartment complex who rent individual units for periods of longer than one year and receive commission.
- c. Partners in a real estate partnership that are selling property owned by the partnership, provided the partners receives a share of the profits in proportion to their interest in the partnership.
- d. A real estate broker that opened an office and is selling real estate for commission.

7. Which of the following is not on a sales associates' license?

- a. The signature of the Governor
- b. The name of the secretary of the DBPR
- c. The license number
- d. The Florida Governor's name

8. Which of the following is true about the chief administrator of the DBPR?

- a. The chief administrator of the DBPR is the secretary of the DBPR, and is appointed by the governor, subject to confirmation by the state senate.
- b. The chief administrator of the DBPR is the secretary of the DBPR, and is elected by the FREC, subject to confirmation by the state senate.
- c. The chief administrator of the DBPR is the DRE director and is appointed by FREC.
- d. The chief administrator of the DBPR is under the DRE and Florida Timeshares Department.

9. Sales associate Trevor works for Lenar Homes, an owner-developer in St. Petersburg, Florida. What would Trevor need to do if he wanted to work at Lenar's Tampa location?

- a. Trevor would request a multiple license.
- b. Trevor would request a group license.
- c. Trevor would need to have Lenar Homes request a multiple license.
- d. Trevor would need to have Lenar Homes request a group license.

10. Concerning the brokerage relationship options in Florida, which of the following statements is false?

- a. There are three brokerage relationship options: The transaction broker, the single agency, and the no brokerage relationship.
- b. The appropriate type of brokerage relationship is determined by the sales associate.
- c. In a transaction broker relationship, there is no disclosure form to present to the customer.
- d. The disclosures that must be presented to customers and principals only applies to residential sales.

11. Which of the following duties is not one of the transaction broker duties?

- a. Exercise limited confidentiality
- b. Deal honestly and fairly
- c. Loyalty
- d. Account for all funds

12. Sales associate Melinda is a single agent. Melinda listed her neighbor, John's, house on an exclusive listing with right to sale. A week after listing it, Melinda's friend came to visit her and fell in love with the neighborhood and asked to see John's house. Which of the following applies to this situation?

- a. Because Melinda is the sales associate that listed the house, she can show it.
- b. Melinda is a single agent, and able to show John's house to any potential buyer.
- c. Melinda is a single agent so she would need to first have John sign a consent to transition to transaction broker disclosure form before she could show the house to her friend.
- d. Because Melinda is a single agent, she is required to have John sign a single agent disclosure form.

13. Which of the following is an example of a general agency?

- a. A broker listed a seller's home on an exclusive listing with right to sale.
- b. A sales associate was asked by a seller to list his house in the MLS for a fee.
- c. A sales associate is working with a qualified buyer.
- d. A sales associate is working for an owner-developer.

14. Which is the only form that must be signed or initialed and by whom?

- a. Consent to transition to transaction broker disclosure form/principal
- b. Consent to transition to transaction broker disclosure/broker
- c. Transaction broker disclosure form/principal
- d. Single agent disclosure form/broker

15. A real estate sales associate must disclose which of the following to a prospective buyer?

- a. A former occupant of the home passed away in the kitchen.
- b. The sales associate knows that the living room floods when it rains.
- c. The sales associate does not know that the roof leaks when it rains.
- d. The seller was diagnosed with HIV.

16. When must the no brokerage relationship notice form be presented?

- a. Before showing a property to a prospective buyer.
- b. At all open houses.
- c. Before entering into a listing agreement.
- d. Before entering into serious negotiations.

17. Two brokers meet and decide to split the small town they live in down the center and one broker is going to list on the north side of town, while the other broker is going to list on the south side of town. Each broker has agreed to stay on their side of the imaginary line. Which applies?

- a. No violation has occurred.
- b. No violation has occurred provided that the brokers honor this agreement.
- c. This is an example of a violation of the Sherman-Clayton Anti-trust laws.
- d. This is a violation of the Real Estate Settlement Procedures Act.

18. Which of these is not one of the four authorized settlement procedures available to a broker in an escrow dispute?

- a. Escrow Disbursement Order
- b. Administrative Disbursement Order
- c. Litigation
- d. Mediation/Arbitration

19. Sales associate Sabrina was discussing partnership opportunities with an investor and a broker. The broker asked Sabrina if she wanted to form a limited partnership with him. Which of the following statements is true about this situation?

- a. Sabrina cannot be a limited partner in a limited partnership.
- b. Sabrina can be a limited partner in the limited partnership, but she cannot provide services of management.
- c. If the broker is the general partner in the limited partnership, he does not have to be licensed to broker real estate.
- d. Limited partnerships cannot register to broker real estate.

20. When advertising on an internet site, the name of the brokerage firm must appear where?

- a. The name of the brokerage firm must be adjacent to or immediately above or below the point of contact information of the brokerage firm or the licensee.
- b. It can appear anywhere in the advertising, provided it is clear which brokerage firm is being advertised.
- c. The name of the brokerage firm does not need to be included in internet advertising.
- d. Each individual brokerage firm has the choice where to include the brokerage name in internet advertising.

21. A sales associate employs an unlicensed personal assistant to help her with her business. The unlicensed assistant may not

- a. type the contract forms.
- b. gather information for an appraisal.
- c. receive, record, and deposit earnest money.
- d. negotiate the terms of a contract with a seller.

22. Which of the following is an example of a legal and valid office sign?

- a. Moonlight Brokerage
Thomas Moore, LLC
Real Estate Broker
- b. Moonlight Brokerage
Thomas Moore
Licensed Real Estate Broker
- c. Thomas Moore
Lic Broker
- d. Thomas Moore
Licensed Real Estate Office

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

- a. 1200 Sunset Place for sale
Call Maria Thompson at 555-2020 (cell)
Sunstar Realty
- b. 1200 Sunset Place for sale
Sunstar Realty
Maria "Mary" Thompson 555-2020 (cell)
- c. 1200 Sunset Place for sale
Call Maria Thompson 555-2020 (cell)
Post office box 201 North Port
- d. 1200 Sunset Place for sale
Sunstar Realty Maria Thompson
555-2020 (cell)

24. Which of the following is false about telephone solicitation?

- a. telephone solicitation is defined as the initiation of a telephone call for the purpose of encouraging the purchase of, or investment in, property, goods, or services.
- b. Consumers are able to join the National Do Not Call Registry for no fee.
- c. Telemarketers must first search the national registry before making telemarketing calls. Calls are restricted to the hours between 9:00 am and 8:00 pm.
- d. FCC rules ban text messages sent to mobile phones even if the consumer has not placed the mobile phone number on the National Do-Not-Call List.

25. Trevor purchased a rental list from sales associate Cassandra on February 21st and a month later he moved into one of the apartments indicated on the list. A few days later, Trevor was getting comfortable in his new apartment, and while out walking his dog, one of the tenants informed Trevor that dogs were not permitted in the apartment complex. Trevor specifically chose the apartment complex he did because the rental list noted that pets were allowed. Trevor immediately requested a refund of the entire amount paid for the list. How much money is Cassandra required by law to give Trevor?

- a. 100% of the amount he paid for the list
- b. 75% of the amount he paid for the list
- c. 0
- d. 100% of the amount moving will cost him

26. How many days does a broker have to institute one of the four authorized settlement procedures available to him in an escrow dispute?

- a. 15 days after the last demand of funds
- b. 30 days after the last demand of funds
- c. 10 days after the last demand of funds
- d. 7 days after the last demand of funds

27. Sales associate Patricia wants to go into business with sales associate Brenna and they decide to start a business trust. Which of the following is correct about this situation?

- a. The business trust must register with the DBPR.
- b. Patricia and Brenna would need to be brokers to start a business trust.
- c. The business trust is not required to register with the DBPR.
- d. The business trust would need to file paperwork with the Secretary of the State.

28. Sales associate Linda has been working for her broker for 26 months. She has been thinking about her future and has decided to discuss her options with her broker. Which of the following is incorrect about Linda's options?

- a. Linda could take the broker's course and pass a state exam and become a broker associate. Then if she decided to, she could open an office and become a broker.
- b. Linda could become a partner in her current brokerage firm, allowing her more opportunities for advancement.
- c. Linda could quit her brokerage without giving the broker notice.
- d. Linda could buy stock in the current brokerage firm she works for.

29. Which of the following is incorrect concerning types of administrative penalties?

- a. A notice of noncompliance is a warning for a minor violation for an initial offense only, that allows the licensee 30 days to correct the minor infraction.
- b. A citation comes with a fine that currently ranges from \$100-\$500.
- c. Suspension of a license can be for up to 10 years.
- d. Revocation of a license is permanent.

30. Which of the following is incorrect about the Real Estate Recovery Fund?

- a. Payment from the fund may not exceed \$50,000 for a claim resulting from a real estate transaction, or the unsatisfied portion of the judgment claim, whichever is less, regardless of the number of claimants.
- b. The fund is maintained by fees and fines to licensees.
- c. The recovery fund will only reimburse a claimant for compensatory damages.
- d. Automatic revocation of the license of the licensee is mandatory until all damages are repaid including interest.

31. Two landlords were discussing The Florida Residential Landlord and Tenant Act and they discovered one of the landlords was not in compliance. Which of the following is an example of a landlord not being in compliance with The Florida Residential Landlord and Tenant Act?

- a. Landlord A posted a platation bond with the clerk of the circuit court and then was able to commingle the money in his accounts.
- b. Landlord B has 6 units and he gives his tenants written notice of the advance rents and security deposits within 30 days after receipt.
- c. Landlord A holds the money in a separate non-interest-bearing Florida bank.
- d. Landlord B holds the money in a separate interest-bearing Florida account and pays the tenant 75% of the annualized average interest rate.

32. F.S. 475 had four parts. Which part pertains to appraisers?

- a. Part 1
- b. Part 2
- c. Part 3
- d. Part 4

33. A sales associate is sitting behind the desk when a prospective buyer enters the brokerage firm. The prospective buyer tells the sales associate that she would like to live in a neighborhood with lots of kids and near her church. Which of the following applies?

- a. The sales associate can take her to a neighborhood and discuss the kids in the neighborhood, but the sales associate cannot discuss the church because religion is a protected class. The sales associate should ask the prospective buyer what cross street is near the church.
- b. The sales associate cannot discuss the kids or the church and should ask for a cross street.
- c. The sales associate should decline to discuss the church and the kids, and she should withdraw from the conversation and refer the customer to another brokerage.
- d. The sales associate can take her to a neighborhood and discuss the kids and the church.

34. Which of the following is a list of the protected classes under the Fair Housing Act as amended?

- a. Race, color, religion, sex, national origin, familial status, handicap status
- b. Race, color, creed, religion, sex, national origin, familial status, handicap status
- c. Race, color, religion, sex, national origin
- d. Race

35. What is it called when an owner has the rights to the underground minerals, petroleum, natural gas, and so forth on his property?

- a. Air rights
- b. Subsurface rights
- c. Surface rights
- d. Alluvion rights

36. Which of the following business entities cannot register to broker real estate?

- a. Joint venture
- b. Limited partnership
- c. Real estate brokerage corporation
- d. Sole Proprietorship

37. Which of the following statements is true?

- a. A tenancy at will must be in writing.
- b. An estate for years is for a definite time period.
- c. A tenancy at will is a free hold estate.
- d. An estate in severalty is a non-free hold estate.

38. Timothy and Sandy are friends that purchased a hunting cabin together and they took title by joint tenancy. Sandy sold her interest to Rebecca and Rebecca recently passed away. Timothy has decided that he does not want to share ownership with Rebecca's husband. What applies?

- a. Timothy will not share ownership with Rebecca's husband because of the right of survivorship. Timothy will own the hunting cabin estate in severalty.
- b. Timothy must share interest with Rebecca's husband unless Timothy sells his share of the estate.
- c. Timothy can petition the court to enforce the right of survivorship.
- d. Timothy must share interest with Rebecca's husband unless they can prove right of survivorship was implied.

39. What is concurrent ownership and what are three examples of concurrent ownership?

- a. Ownership of property by two or more people at the same time is concurrent ownership. Three examples include: tenancy in common, joint tenancy, and tenancy by the entireties.
- b. Leasing of property by two or more people at the same time is concurrent ownership. Three examples include: tenancy at will, estate for years, tenancy at sufferance.
- c. Ownership of property by two or more people that is created by a will. Three examples include: a deed, a mortgage, a purchase and sales contract.
- d. Concurrent ownership is specifically about the length of the ownership period. Three examples include: tenancy at will, estate for years, tenancy at sufferance.

40. A man owns a 360-acre farm in Marion County, Florida. The estate is for an indefinite period of time. Which of the following is not one of the estates the man has?

- a. Leasehold estate
- b. Freehold estate
- c. Estate in severalty
- d. Fee simple estate

41. Which of the following is incorrect concerning continuing education for a sales associate?

- a. A licensee may substitute attendance at one legal agenda session of the FREC for three classroom hours of specialty continuing education credit.
- b. After completing the post-licensing education requirement during the initial license period, active and inactive licensees must complete at least 14 hours of continuing education during every two-year license period after that.
- c. After completing the post-licensing education requirement, licensees have a break of four years before they must complete any continuing education.
- d. Continuing education is for active and inactive licensees.

42. Which of the following includes the right of survivorship?

- a. Estate for years, estate by the entirety
- b. Estate by entirety, joint tenancy
- c. Estate in severalty, joint tenancy
- d. Estate for years, joint tenancy

43. When the government takes property of an owner who has died intestate and without heirs it is called what?

- a. Condemnation
- b. Patent deed
- c. Escheat
- d. Adverse possession

44. Which of the following is a physical intrusion?

- a. An encroachment
- b. A lien
- c. An easement by prescription
- d. An easement in gross

45. Which covenant is a promise that the grantor owns the property and has the right to convey title to the property?

- a. Covenant against encumbrances
- b. Covenant of further assurance
- c. Covenant of warranty forever
- d. Covenant of seisin

46. Which statement is true about quitclaim deeds?

- a. A quitclaim deed is used for clearing existing or potential clouds on the title.
- b. A quitclaim deed contains the covenant or warrant of seisin.
- c. A quitclaim deed provides the grantee with the most protection of the statutory deeds.
- d. A quitclaim deed is the same as the bargain and sale deed.

47. Tara did not pay her note and the bank foreclosed her property. She was left with a small amount of money and when she contacted the bank to ask where her money went from the sale of the house, the bank informed her that there was hardly any money left after the liens were paid. What was the first lien that was paid on behalf of Tara?

- a. The mechanics lien dated January 1st.
- b. The construction lien, (she never paid the pool company) dated January 10th.
- c. The real estate tax lien dated January 10th.
- d. The vendor's lien dated January 9th.

48. Jackson was so excited to move into his new home that he left the closing table and drove straight to it. When he walked through the door, what kind of notice was he providing?

- a. Constructive notice
- b. Physical notice
- c. Actual notice
- d. Conveyance notice

49. Which of the following statements is true about a deed?

- a. A deed must be acknowledged and accepted.
- b. A deed must be under seal and signed.
- c. A deed must be signed and under seal but not acknowledged.
- d. A deed must be delivered and accepted in order to transfer ownership.

50. Which of the following statements about legal descriptions is correct?

- a. A metes-and-bounds description begins at an exact reference point, called a point of beginning.
- b. The metes-and-bounds method is also called the government survey method.
- c. The metes-and-bounds method is most commonly used in subdivisions.
- d. The metes-and-bounds method includes ranges and tiers.

51. Which survey would be the most applicable for a piece of property located in Whispering Woods subdivision that is irregularly shaped?

- a. Plat method
- b. Survey method
- c. Government survey method
- d. Metes and bounds method

52. Which of the following is not an essential element of a valid contract?

- a. Contractual capacity of the parties
- b. Mutual agreement of the parties
- c. Written consent of the parties
- d. Consideration, either valuable or good

53. Which of the following is correct regarding contracts?

- a. A voidable contract is a contract, but because of the manner or method in which it was brought about, one of the parties is permitted to avoid any contractual duties.
- b. An unenforceable contract can be enforced in court.
- c. A void contract lacks one or more of the required elements of a valid contract but is still enforceable.
- d. All contracts must be in writing to be valid.

54. Betty was ready to sell her property and she listed it with her sales associate friend Janelle, which included a 6% commission. Janelle had Betty sign an exclusive listing with right of sale. After Janelle listed the property, Betty's daughter came for a visit and Betty sold the house to her. Which applies?

- a. Janelle is entitled to the full commission.
- b. Janelle is not entitled to a commission.
- c. Janelle is entitled to expenses.
- d. Janelle is entitled to what she spent on advertising.

55. If an owner had title to real property and gave another party the right to buy his property for a fixed price during a specified time period, what type of agreement has been created?

- a. Seller financing
- b. Exclusive listing with right to sell
- c. Option contract
- d. Contract for deed

56. A broker listed a property and has decided to sell raffle tickets for a chance to win the house. He is selling tickets for \$2,000 each. Which statement applies?

- a. This is a type of lottery and is a violation.
- b. No violation occurred.
- c. It is only a violation if the broker does not follow through with all the rules set in place.
- d. This is a Sherman-Clayton anti-trust law violation.

57. A broker lists an owner's property for three months on an exclusive listing agreement for \$625,000 for a six percent commission. The next month the owner sells the property to his sister for \$600,000. Which statement is correct?

- a. The owner owes the broker commission on \$600,000.
- b. The owner does not owe the broker commission but does owe him expenses.
- c. The owner does not owe the broker a commission.
- d. The owner owes the broker a commission on \$625,000.

58. Which of the following is illegal for a licensee to prepare?

- a. Purchase and sales contract
- b. Option contract
- c. Opinion of title
- d. Exclusive listing agreement

59. Which of these statements is true regarding constructive notice?

- a. Constructive notice of ownership is provided by physical possession.
- b. Constructive notice of ownership is also called legal notice and is achieved by recording documents in the public records.
- c. Constructive notice of ownership is also called actual notice and is achieved by recording documents in the public records.
- d. Constructive notice is the same as actual notice.

60. An offer is not terminated by

- a. a counteroffer.
- b. the death of the offeror.
- c. a failure to obtain a binder deposit.
- d. acceptance.

61. Which of the following statements is not true concerning a written listing contract?

- a. Written listing contracts must have a termination date.
- b. Written listing contracts must contain the legal description of the property.
- c. Written listing contracts must have the signature of the property owner.
- d. Written listing contracts may have an automatic renewal provision.

62. Which one of these statements is true concerning the acceleration clause?

- a. The acceleration clause is also called the due-on-sale clause.
- b. The acceleration clause allows the lender to declare the entire outstanding balance immediately due and payable whenever default occurs.
- c. The acceleration clause prevents the borrower from transferring any interest in the mortgage property without the permission of the lender.
- d. The acceleration clause is the same as the alienation clause.

63. Which of the following statements is true concerning a mortgage lien?

- a. A mortgage lien is the same as a mechanics lien.
- b. Foreclosure is enforcement of a mortgage lien.
- c. Default occurs when a mortgage lien is satisfied.
- d. In the event of a default, a mortgage lien is paid before real estate taxes.

64. Which statement below is describing lien theory?

- a. The mortgage theory that does not allow the borrower to retain ownership of the property during the loan period.
- b. The mortgage theory not used in most states.
- c. The mortgage theory used by lenders that allows the borrower to retain ownership of the property during the loan period.
- d. The mortgage theory that includes a trustor, trustee, and a beneficiary.

65. A lender charged 5% interest and the buyer bought four discount points on a conventional loan. What was the approximate yield on the loan?

- a. 5 ½%
- b. 5 ¼%
- c. 5%
- d. 5 ¾%

66. Larry is buying a home and the home has an existing mortgage lien attached to the property. In which situation is Larry the only party responsible for the debt?

- a. Assumption of an existing mortgage
- b. Assumption with novation
- c. Estoppel
- d. Subject to the mortgage

67. Laura recently bought a strip mall and has been turning a handsome profit. Unfortunately, the economy has shifted, and Laura lost some of the tenants. When Laura's mortgage lien is enforced and the strip mall enters into foreclosure, what clause in the mortgage will the lender probably exercise?

- a. Acceleration clause
- b. Alienation clause
- c. Receivership clause
- d. Defeasance clause

68. Robert is in default on his mortgage and he wants to prevent the lender from foreclosing on the property, so he decides to pay the mortgagee the delinquent principal and interest, plus any expenses the mortgage has incurred in attempting to collect the payments. What is this right called?

- a. The equity of redemption
- b. The statutory right of redemption
- c. Acceleration clause
- d. Due on sale clause

69. Shannon has decided to get a loan to purchase a piece of property. With just this information, which applies?

- a. If Shannon was in the armed forces, she could secure a VA loan with a minimal down payment.
- b. If Shannon has 2.5% down payment, she can secure an FHA loan.
- c. If Shannon secures a VA loan it is likely that she would pay a funding fee.
- d. If Shannon secures a VA loan, there is a maximum amount she can borrow.

70. Which statement is true regarding the differences between a Department of Veterans Affairs (VA) loan and a Federal Fair Housing Administration (FHA) loan?

- a. Both loans are assumable.
- b. FHA is a government agency that does not make loans. FHA guarantees loans. The VA is a government agency that has the power to guarantee loans and make direct loans to veterans.
- c. Interest rates are negotiable only on a VA loan.
- d. An origination fee is never charged.

71. Which of the following is false concerning the primary and secondary mortgage markets?

- a. The primary mortgage market is where securities or goods are created.
- b. The primary mortgage market consists of lenders that originate new mortgage loans for borrowers.
- c. The secondary mortgage market is an investor market that buys and sells existing mortgages.
- d. The secondary mortgage market does not provide liquidity to the primary mortgage market.

72. How is the binder deposit noted on the closing disclosure form?

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

73. How are unpaid property taxes noted on the closing disclosure form?

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

74. Who is not able to write a closing disclosure form?

- a. Broker/sales associate
- b. Attorney
- c. Title company employee
- d. Lender

75. Which of the following would be a debit to the buyer?

- a. Assumed mortgage
- b. Intangible taxes
- c. Purchase money mortgage
- d. Binder deposit

76. Practicing real estate without a license is a

- a. third degree felony.
- b. second degree felony.
- c. first degree misdemeanor.
- d. second degree misdemeanor.

77. Which of the following is false concerning price, cost and value?

- a. Cost is the amount it cost to bring a new improvement into existence.
- b. Market value is the amount that should be paid.
- c. Price is the amount it cost to bring a new improvement into existence.
- d. Price is the amount that was actually paid.

78. A broker received an offer to purchase a listed property along with an earnest money deposit. The broker deposited the earnest money in the escrow account according to the law. If the seller accepts the offer, who does the broker represent as an escrow agent?

- a. The buyer and seller
- b. The buyer
- c. The seller
- d. Himself

79. Two brokers share common office space but do not indicate their separate status with individual signs at the entrance. What kind of partnership is this?

- a. Limited partnership
- b. Ostensible partnership
- c. Business trust
- d. General partnership

80. Which of the following does not need to be included on a real estate brokerage office sign?

- a. The name of the broker
- b. The trade name if one is used
- c. The words Licensed Real Estate Broker
- d. The names of all the sales associates

81. Ownership in fee simple of a single unit where you share common elements is

- a. a deed.
- b. a proprietary lease.
- c. a condominium.
- d. a time-share.

82. An option contract not based upon a definite valuable consideration is

- a. void.
- b. enforceable.
- c. voidable.
- d. valid.

83. Which closing expense is not usually the seller's responsibility?

- a. Documentary stamp taxes on the deed
- b. Title insurance
- c. Brokerage fees
- d. Intangible taxes on a new mortgage

84. Which of the following is exempt from taxes?

- a. The courthouse
- b. The Airforce base
- c. The church
- d. Municipal airports

85. Planning commissions

- a. have the authority to decide on special exceptions.
- b. are usually elected officials.
- c. are most effective when composed of members who represent all walks of life.
- d. are the final authority in matters related to planning.

86. The cost approach is a method of appraising real property based on the principle of

- a. conformity.
- b. substitution.
- c. cash flow.
- d. increasing and decreasing returns.

87. Who holds title in a corporation sole?

- a. The pastor
- b. The sole proprietor
- c. The sole titleholder
- d. The clergy

88. When a borrower makes the final payment on their note/mortgage, they should receive a

- a. satisfaction of mortgage.
- b. release clause.
- c. blanket mortgage.
- d. subordination agreement.

89. Failure to record a deed may result in losing title to real property by

- a. change.
- b. chance.
- c. escheat.
- d. estoppel.

90. What are all applicable transfer taxes and intangible taxes on this transaction?

Purchase price	\$450,000
Assumed mortgage	\$200,000
New mortgage	\$125,310
Cash at closing	\$50,000
Binder deposit	\$25,000

- a. \$4,500.52
- b. \$5,963.25
- c. \$4,539.52
- d. \$5,589.35

91. A buyer purchased a home for \$200,000 and arranged for a loan of 75% of the purchase price. He then purchased 6 discount points. How much does this buyer need to bring to closing?

- a. \$50,000
- b. \$67,000
- c. \$59,000
- d. \$48,000

92. A commercial property sold for \$550,000 and has a net operating income of \$89,500 per year. The annual debt service is \$45,250. What is the capitalization rate?

- a. 15.5%
- b. 18.3%
- c. 14.1%
- d. 16.2%

93. If a parcel of land sold for \$28,000 based on a price of \$5.00 per square foot, how many square feet did it contain?

- a. \$6,000
- b. \$5,600
- c. \$4,000
- d. \$5,200

94. A sales associate sold a property for \$650,000 at a commission rate of 6 percent. If the sales associate is entitled to keep 70% of his earnings, what was his share?

- a. \$21,500
- b. \$27,300
- c. \$25,000
- d. \$28,200

95. If a sales associate is entitled to keep 60% of his earnings, he sold a property for \$500,000, and he earned \$18,000, what was the commission rate?

- a. 7%
- b. 6%
- c. 4%
- d. 8%

96. What is the loan to value ratio for a property that sold for \$450,000 and the borrower was able to put \$100,000 down on the note/mortgage?

- a. 70%
- b. 74%
- c. 77%
- d. 80%

97. If a property was assessed at \$695,000 and the combined millage rate was 24.8, what is the tax levy?

- a. \$17,236
- b. \$16,582
- c. \$15,500
- d. \$14,900

98. An apartment building has 680 units. The complex is 75% occupied. How many units are vacant?

- a. 160
- b. 150
- c. 170
- d. 180

99. The closing date is September 10. If the day of closing belongs to the seller and the property taxes for the year are \$1,700, what is the proration using the 365-day method?

- a. \$541.00 debit seller, credit buyer
- b. \$541.00 debit buyer, credit seller
- c. \$1,178.36 debit seller, credit buyer
- d. \$1,178.36 debit buyer, credit seller

100. If you owned the W1/2 of the NE1/4 of Section 10 and you sold 40 acres of it, how many acres do you have left?

- a. 60
- b. 20
- c. 40
- d. 90

Test 3 Answer Key

1 b	26 b	51 a	76 a
2 c	27 c	52 c	77 c
3 a	28 b	53 a	78 a
4 c	29 a	54 a	79 b
5 a	30 d	55 c	80 d
6 c	31 a	56 a	81 c
7 a	32 b	57 c	82 a
8 a	33 b	58 c	83 d
9 b	34 a	59 b	84 c
10 b	35 b	60 c	85 c
11 c	36 a	61 d	86 b
12 c	37 b	62 b	87 c
13 d	38 b	63 b	88 a
14 a	39 a	64 c	89 d
15 b	40 a	65 a	90 c
16 a	41 c	66 b	91 c
17 c	42 b	67 c	92 d
18 b	43 c	68 a	93 b
19 b	44 a	69 c	94 b
20 a	45 d	70 a	95 b
21 d	46 a	71 d	96 c
22 b	47 c	72 b	97 a
23 c	48 c	73 a	98 c
24 c	49 d	74 a	99 c
25 c	50 a	75 b	100 c

Math Test 3 Answer Key

90 c

$$450,000/100 = 4,500 \times .70 = 3,150$$

$$325,310/100 = 3,253.1 \text{ round to } 3,254 \text{ then } \times .35 = 1,138.90$$

$$125,310 \times .002 = 250.62$$

$$3,150 + 1,138.90 + 250.62 = 4,539.52$$

91 c

$$200,000 \times .75 = 150,000$$

This means the loan was for 150,000. Then you take the loan and multiply it by .06

$$150,000 \times .06 = 9,000$$

The buyer needs to bring the 50,000 he is short from the loan and then the additional 9,000 for the points. $50,000 + 9,000 = 59,000$

92. d

$$89,500 / 550,000 = 16.2$$

93 b

$$28,000 / 5.00 = 5,600$$

94 b

$$650,000 \times .06 = 39,000$$

$$39,000 \times .70 =$$

95 b

Lots of ways to do this problem. I simply use the answers and substitute each one in and follow the normal steps to find commission.

Do this to each answer and when you have a match you have the correct answer.

$$500,000 \times .06 = 30,000$$

$$30,000 \times .60 = 18,000$$

96 c

$$350,000 / 450,000 = .77 \text{ or } 77\%$$

97 a

$$695,000 \times .0248 = 17,236$$

98 c

$$680 \times .25 = 170$$

99 c

The seller owned the house for 253 days.

$$1,700 / 365 = 4.6575342466 \text{ (leave this in the calculator) } \times 253$$

100 c

$$640/2/4 = 80 \text{ acres}$$

$$80-40 = 40 \text{ acres}$$

**Magnolia School of Real Estate
State Exam Practice Test 4**

1. 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 entireties
- c. Tenants in common
- d. Estate for years

2. All of the following are methods of transferring legal title to real property except

- a. Eminent domain
- b. Patent deed
- c. Purchase and sales contract
- d. Deed

3. Which of the following acts like an insurance company?

- a. Federal National Mortgage Association (Fannie Mae)
- b. Federal Housing Administration (FHA)
- c. Department of Veteran Affairs (VA)
- d. Government National Mortgage Association (Ginnie Mae)

4. With a last-minute decision, Charles decided to leave his estate to his brother Bill. In his will it states that the estate goes to his wife Elena. Charles signed the deed for the estate but before he was able to deliver the deed he passed away. Who legally owns the estate?

- a. Elena
- b. Elena and Bill
- c. Bill
- d. The state

5. A surveyor is completing a survey on a parcel of property that is 40 feet on the front, 90 feet on the back, 100 feet on the south side, and 125 feet on the north side. It is not in a recorded subdivision. What survey method would be most appropriate?

- a. Lot and block
- b. Metes and bounds
- c. Plat method
- d. Government survey

6. 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

7. If a licensee does not renew a license by the expiration date, and it's not the first license period, what status does the license go into?

- a. Current, inactive
- b. Inactive, not current
- c. Voluntary inactive
- d. Involuntary inactive

8. How many days does a licensee have to notify the DBPR of a change of mailing address?

- a. 10
- b. 15
- c. 30
- d. 14

9. Which of these is a clause in a mortgage in which the mortgagee agrees to step down in priority to a subsequent mortgage?

- a. Subordination clause
- b. Release clause
- c. Alienation clause
- d. Due-on-sale clause

10. Which of the following forms of depreciation is usually found in external obsolescence?

- a. curable
- b. incurable
- c. external
- d. physical

11. In the income approach, value equals

- a. income divided by rate.
- b. rate divided by income.
- c. potential gross income minus vacancy and collection loss.
- d. rate times income.

12. Which of these is not a tool the Federal Reserve System uses to control the money supply, which in turn affects the cost of credit?

- a. Adjusting the discount rate
- b. Reserve market conditions
- c. Open market operations
- d. Changing the reserve requirement

13. Which of these is the right a property owner has to sell, pledge, or transfer land?

- a. Disposition
- b. Exclusion
- c. Fee simple
- d. Estate for years

14. What are privately created limitations on land use called?

- a. Deed delays
- b. Zoning ordinances
- c. Deed restrictions
- d. Local building codes

15. Which law requires lenders to give a good faith estimate to buyers?

- a. TILA
- b. RESPA
- c. Regulation Z
- d. Closing Disclosure Form

16. What does the real estate term situs refer to?

- a. Situs is the location of centers near a property.
- b. Situs is the value associated with a property's location.
- c. Situs is the growth plan associated with community planning.
- d. Situs is a term used to describe townships in the Government Survey Method.

17. Which of the following is an up-front fee paid to the lender in exchange for a reduced interest rate, that actually increases the yield to the lender?

- a. Yield trusts
- b. Margins
- c. Index rates
- d. Discount points

18. Which of these is described as interval ownership of a condominium for intermittent time periods?

- a. Condominium ownership
- b. Cooperative association
- c. Proprietary lease ownership
- d. A time-share

19. Which of these may be deducted for income tax purposes by a homeowner?

- a. Property taxes, insurance
- b. Property taxes, mortgage depreciation
- c. Property taxes, mortgage interest
- d. Mortgage insurance, property taxes

20. In order to minimize fraudulent documents from being placed in public records, the documents are

- a. sent to county representatives before they can be entered.
- b. entered and checked in by county officials.
- c. acknowledged by an officer of the state.
- d. witnessed by three people.

21. What are the four phases of the business cycle?

- a. Contraction, peak, expansion, trough
- b. Trough, peak, contraction, expansion
- c. Expansion, peak, contraction, trough
- d. Expansion, contraction, peak, trough

22. If a husband and wife both signed the note indicating they are jointly and severally liable for debt, but the wife makes more money, who is liable for the debt?

- a. The husband
- b. The husband and the wife
- c. Neither the husband nor the wife
- d. The wife

23. Which term is associated with the government survey method?

- a. Situs
- b. Tier
- c. Degree
- d. Estoppel

24. Real estate physically is

- a. Homogeneous
- b. Indestructible
- c. Immobile
- d. Mobile

25. Becky is a newly licensed sales associate and she has decided to purchase personalized car stickers, so she can drive around and advertise at the same time. Which applies?

- a. Becky can get the personalized stickers as long as she indicates herself as a sales associate. If she includes her contact information, she does not need to include the name of her brokerage.
- b. Becky only needs to indicate her sales associate status on the stickers, but they must first be approved by her broker or owner-employer.
- c. Becky must include the name of the brokerage firm she works for.
- d. Becky must include the name of the brokerage firm she works for and the broker's email address.

26. Which is not true about FREC members?

- a. At least one member must be at least 60 years old.
- b. FREC members meet once a month and receive \$50 per diem.
- c. FREC members administer and enforce Ch. 475, grant licenses, and determine license law.
- d. FREC members administer and enforce Ch. 475, issues licenses, and determine license law.

27. Which insurance policies can a real estate licensee offer to the public without additional state licensing?

- a. None
- b. Flood insurance
- c. Flood insurance but only in non-federally regulated transactions
- d. Lease insurance

28. Which of the following best describes the real estate brokerage business?

- a. Simple business
- b. Service business
- c. Base business
- d. Liquid business

29. What does an appraiser base his fee on?

- a. A percentage of the property's sale price
- b. A percentage of the property's list price, or market value price
- c. The time and difficulty of the appraisal
- d. What his boss indicates on the appraisal form

30. A broker who lives in Florida is selling several lots. The broker contacted a broker in Kansas and offered him \$500 for every prospect he sends to Florida who buys a lot. With just this information, which statement is correct?

- a. Both brokers are in violation of license law 475 F.S.
- b. No violation occurred. The Florida broker can legally pay a referral fee to an out of state broker.
- c. The Florida broker is in violation and could be punished by the FREC.
- d. FREC can imprison the Florida broker.

31. The church down the street from sales associate Jeff is being sold. Which applies?

- a. A corporation sole can register to broker real estate, and in this case, it is perfectly legal for the church to sell itself.
- b. The sole titleholder would sign the deed in this situation.
- c. The grantee would sign the deed.
- d. The corporation sole cannot register to sell real estate but would need the grantee to sign the deed.

32. A buyer drops off an escrow deposit check on Tuesday to the sales associate. What day must the broker have the check in the escrow account?

- a. Friday
- b. Wednesday
- c. Tuesday
- d. Thursday

33. Buyer Bart is in breach of contract with Seller Sam. Seller Sam feels he is entitled to all the escrow money that Bart included with his offer. Buyer Bart feels he is entitled to the escrow money because the default was unintentional. The broker is unsure who is entitled to the money and after notifying FREC he asks Bart and Sam to agree to have a 3rd party hear both sides and make the final decision. What settlement procedure is being used to settle this escrow dispute?

- a. Mediation
- b. EDO, (Escrow Disbursement Order)
- c. Arbitration
- d. Litigation

34. An appraiser has determined that a design flaw is resulting in high electric bills. This is an example of

- a. Wear and tear depreciation
- b. Functional obsolescence
- c. Physical deterioration
- d. Incurable function obsolescence

35. The range of penalties that may be imposed on a licensee by the Commission for violation of law or rules include

- a. Denial, reprimand, fine, probation, imprisonment
- b. Denial, reprimand, fine, probation, suspension
- c. Fine, reprimand, probation, suspension, revocation
- d. Denial, reprimand, fine, probation, suspension, and revocation

36. What type of lease, usually a commercial lease, requires the tenant to pay the rent, plus also pay taxes, insurance, and maintenance?

- a. Gross lease
- b. Percentage lease
- c. Fixed lease
- d. Net lease

37. A buyer negotiates a contract to purchase property, moves in, and pays the property purchase price in installments, but does not receive legal title until the full purchase price has been paid. What is this called?

- a. Lease-option with the right to purchase
- b. Sale-leaseback
- c. Gross lease
- d. Installment contract, contract for deed, or land contract

38. When a court determines that a contract existed due to the actions of the parties, the contract is referred to as

- a. an oral contract.
- b. a parol contract.
- c. an implied contract.
- d. a formal contract.

39. A real estate broker followed the instructions of an escrow disbursement order. Later, the seller sued the broker and obtained a judgement against the broker for \$26,000. The seller also incurred \$5,000 in attorney's fees. The brokers attorney's fees were \$4,000. How much is the Florida Real Estate Commission authorized to pay?

- a. \$26,000
- b. \$5,000
- c. \$4,000
- d. \$35,000

40. The VA total monthly obligations ratio is determined by

- a. dividing the total monthly obligations by the gross monthly income.
- b. dividing the gross income by the household income.
- c. dividing the total monthly obligations by the net monthly income.
- d. adding all income up and dividing by the total net income.

41. A homeowner is trying to determine the correct amount of his property taxes. He should multiply the tax rate by the

- a. assessed value of the property.
- b. amount he paid for the property.
- c. the comparable value of the property
- d. the taxable value of the property.

42. Which type of deed do you need to convey the property of a minor?

- a. Guardians deed
- b. Any deed
- c. Quitclaim deed
- d. Special warranty deed

43. Broker Julia has been hired by principal Tyrone to represent him. Tyrone delegates to Julia tasks that he needs performed. Julia acts on behalf of Tyrone and exercises some degree of discretion while representing him. What is this an example of?

- a. a transaction broker relationship
- b. a dual agency relationship and not practiced in Florida
- c. an agency relationship
- d. an open listing

44. An appraiser has been hired to appraise a single-family residence and during his analysis of the comparables, he discovered the subject had an extra bathroom when compared to comparable 3. The appraiser has attached a \$6,000 value to the bathroom. If the comparable sale price was \$180,000, what adjustment should the appraiser make?

- a. Add \$6,000 to the subject value.
- b. Subtract \$6,000 to the subject value.
- c. Add \$6,000 to the comparable value.
- d. Subtract \$6,000 to the comparable value.

45. The authorized brokerage relationship that is presumed to exist in the absence of an agreement to the contrary is

- a. Single agency
- b. Transaction broker
- c. No brokerage relationship
- d. Agency relationship

46. Which of these statements is true?

- a. When determining prorations on a closing statement, the day of closing belongs to the buyer.
- b. When determining prorations on a closing statement, the day of closing belongs to the seller.
- c. When determining prorations on a closing statement, the day of closing is charged to the seller.
- d. When determining prorations on a closing statement, the day of closing is determined by agreement.

47. Which statement about title insurance in a real estate transaction is true?

- a. It is legal for a broker to assure a buyer of merchantable or marketable title, but not legal for sales associates to offer opinions of condition of title.
- b. The seller can provide either an abstract of title or title insurance as evidence of merchantable or marketable title.
- c. The seller must pay for title insurance.
- d. The buyer must pay for title insurance.

48. Who is authorized to act on the principal's behalf?

- a. A transaction broker
- b. A dual agent
- c. A customer
- d. An agent

49. Which tax will not be required in a transaction where the buyer assumes an existing mortgage?

- a. Documentary stamp tax on the deed
- b. Documentary stamp tax on the note
- c. Intangible tax
- d. Documentary stamp tax on the note and intangible tax

50. What type of value does an appraiser most commonly estimate?

- a. Book
- b. Market
- c. Cost
- d. Common

51. Broker William was confronted by a buyer and seller where each made demand for money held in escrow. Broker William notified FREC within 15 days and requested an Escrow Disbursement Order. Before FREC responded with the order, the buyer and seller settled the dispute. Which applies?

- a. The broker is not allowed to request an Escrow Disbursement Order.
- b. The broker must notify FREC that the dispute has been resolved within 10 business days.
- c. The broker is entitled to money in this situation.
- d. The broker has no obligation to notify FREC since the dispute was settled within 30 business days.

52. Toya rents an apartment in Westwood Apartments and her friend Linda is considering moving into the apartments. When Toya was in the lobby of Westwood Apartments, she saw a sign that read, “Refer a new tenant and the owner of Westwood Apartments will pay you \$50.00”. If Linda moves in and Toya receives \$50.00, which applies?

- a. Only Toya is in violation of license law and could be punished by FREC.
- b. Both Toya and the owner are in violation.
- c. Toya and the owner are in compliance with Chapter 475.
- d. Toya, Linda, and the owner are in violation.

53. An unearned fee paid to a licensee for non-real estate services rendered by others is what?

- a. A retainer
- b. Always legal
- c. A kickback
- d. Per diem

54. What are funds received and held on behalf of another called?

- a. Trust funds
- b. Bank funds
- c. Commission
- d. Title funds

55. What is it called when someone makes false statements regarding availability in order to change or maintain the ethnic character of a neighborhood?

- a. Blockbusting
- b. Redlining
- c. Steering
- d. Channeling

56. Which of the following would be a credit on the seller’s closing statement?

- a. Intangible tax
- b. Escrow deposit
- c. Buyer’s new mortgage
- d. Purchase price

57. Which term refers to a situation where, during the early years of a loan, the principal balance increases?

- a. Reverse mortgage
- b. Reverse annuity
- c. Positive amortization
- d. Negative amortization

58. In a deed, the warrant of seizen pertains to

- a. peace and tranquility on the property.
- b. insured not be interrupted on the property.
- c. the owner having ownership and the right to sell the property.
- d. peaceful possession of physical intrusion on the property.

59. A buyer who obtains a mortgage loan that covers the purchase of a house plus furniture, appliances, and other personal property has a

- a. wraparound mortgage.
- b. chattel mortgage.
- c. piggyback mortgage.
- d. package mortgage.

60. How many square feet are in one acre?

- a. 45,350
- b. 45,360
- c. 43,560
- d. 43,650

61. When a buyer purchases an owner's title insurance policy, which applies?

- a. It is transferrable
- b. It is not transferrable
- c. It allows the buyer to obtain mortgage insurance
- d. It protects the lender only

62. The person other than the grantor who will receive the property when the life estate ends, holds a

- a. life estate.
- b. life tenant.
- c. remainder estate.
- d. reversion estate.

63. Which Florida statute is related to the Homeowner's Association Disclosure Form?

- a. F.S. 120
- b. F.S. 455
- c. F.S. 475
- d. F.S. 720

64. If the probable-cause panel decides that a real estate licensee's activity, may be grounds for suspension or even revocation, the DBPR would then file

- a. a mandatory suspension.
- b. a revocable order.
- c. a formal complaint.
- d. a complaint writ of mandamus.

65. Which of these actions could FREC revoke a license without prejudice?

- a. Conversion
- b. Commingling
- c. Issuance of a license by mistake of the Commission
- d. Failure to account

66. Which clause in a mortgage is for income producing property allows the bank to continue to receive payments from the property even though the borrower has stopped making payments?

- a. Alienation clause
- b. Defeasance clause
- c. Receivership clause
- d. Warrant of quiet enjoyment

67. The probable cause panel acts most like a

- a. grand jury.
- b. jury hearing.
- c. complaint process.
- d. insurance for DBPR.

68. When a sales associate prepares a CMA (comparative market analysis) she

- a. cannot call it an appraisal.
- b. can call it an appraisal.
- c. cannot use it to show potential market value to a customer.
- d. can call it an appraisal if she follows certain guidelines.

69. If the Federal Reserve votes to raise the reserve requirement, how will credit rates be affected?

- a. Short-term rates will go down
- b. Short-term rates will go up
- c. Credit will cost less because of regulation Z
- d. Short term rates will not be affected

70. Which term in credit advertising, is not considered to be a trigger term under the Truth in Lending Act?

- a. Down payment
- b. Monthly payment
- c. Interest rate
- d. Price

71. The Federal department that oversees the secondary mortgage market, FHA, VA, and fair housing laws is

- a. Ginnie Mae (Government National Mortgage Association)
- b. Government national
- c. HUD (Housing and urban development)
- d. Housing Department of Affairs

72. A line that is described as North 90 degrees East runs in which direction?

- a. North
- b. North and south
- c. East
- d. East and west

73. The clause in government loans, both FHA and VA loans, that allows the applicant to cancel the agreement if the loan cannot be obtained is called what?

- a. Escape clause
- b. Alienation clause
- c. Receivership clause
- d. Due on sale clause

74. Which of the following is an agency within HUD that was originally created to purchase FHA loans?

- a. Ginnie Mae
- b. Fannie Mae
- c. HUD
- d. FHA

75. The rule that requires disclosures of loan terms and costs and APR is

- a. HUD.
- b. RESPA.
- c. Regulation Z.
- d. Sherman-Clayton.

76. Which of these is the law that created standardized closing practices on federally regulated related residential loans?

- a. HUD
- b. RESPA
- c. Regulation Z
- d. Sherman-Clayton

77. Which of these is true concerning money paid out of the Real Estate Recovery fund?

- a. Money paid out does not have to be paid back.
- b. If money is paid out on behalf of a licensee, he does not need to pay back the money.
- c. If money is paid out on behalf of a licensee, the licensee's license will be automatically suspended.
- d. If money is paid out on behalf of a licensee, the licensee's license will be in an automatic 90-day suspension.

78. Which of the following does not depreciate?

- a. A house
- b. Real estate
- c. Land
- d. Improvements

79. An applicant for mutual recognition

- a. must live in Florida.
- b. must have a real estate license in another state.
- c. must have a real estate license in Florida.
- d. must take a 50-question test to get a Florida license.

80. Concerning escrow deposits, what is the minimum a buyer can attach with an offer to purchase real property?

- a. \$100.00 on residential sales
- b. 15% on commercial sales
- c. There is no minimum
- d. The minimum is set by state law

81. The 1968 Fair Housing act as amended prohibits discrimination based on

- a. race, religion, age, handicap.
- b. race, religion, age, handicap, familial status.
- c. race, color, religion, sex, national origin, familial status, and handicap status.
- d. race, color, religion, sex national origin, familial status, handicap status and children over 18.

82. The Statute of Frauds states that

- a. all contracts must be in writing to be valid.
- b. oral real estate sales contracts are unenforceable.
- c. in order for a real estate sales contract to be enforceable, it must be under seal.
- d. all contracts must be in writing to be enforceable.

83. What right or interest is created when the four unities of possession, interest, time, and title are present at the time the deed is delivered and accepted?

- a. Tenancy in common
- b. Tenancy at sufferance
- c. Joint tenancy
- d. Tenancy at will

84. A sales associate employs an unlicensed assistant to help with property management. Which of these is the assistant not allowed to do?

- a. Show a rental property to a prospective tenant
- b. Place rental signs in the yard and at the office
- c. Deposit rent checks in the bank
- d. Answer the phone and quote rent prices

85. Which statement is true concerning the difference between a general partnership and a limited partnership?

- a. In a general partnership sales associates can be partners, but in limited partnership sales associates cannot be partners.
- b. While both have general partners, the limited partnership must have 2 or more active brokers.
- c. In a general partnership there must be at least one actively licensed broker and in a limited partnership at least one limited partner must be an actively licensed broker.
- d. In a general partnership there must be at least one actively licensed broker and in a limited partnership the limited partner must make a cash or property investment.

86. How many sections are in a township?

- a. 640
- b. 36
- c. 43,560
- d. 10

87. When a deposit is placed with a title company what information about that title company must be included on the purchase and sales agreement?

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

88. Which of these statements is incorrect concerning partnerships?

- a. The partners in a limited liability partnership enjoy protection from personal liability in much the same way as a limited partner in a limited partnership.
- b. A corporation is an artificial person or legal entity created by law and consists of one or more persons.
- c. A sole proprietor who holds a current active and valid broker's license cannot operate a real estate brokerage business.
- d. A general partnership is an association of two or more persons for the purpose of jointly conducting a business.

89. A licensed sales associate may operate

- a. for the broker registered as the sales associate's employer.
- b. for any registered broker as a partner.
- c. as a broker associate.
- d. independently if registered with the DBPR.

90. A tract of land measures 660 feet along the highway and contains 6 acres. How deep is the tract?

- a. 396 feet
- b. 550 feet
- c. 220 feet
- d. 565 feet

91. A couple assumed their neighbor's loan for \$85,000 and got a great deal on the house. It was priced at \$105,000 but they were able to buy the house for \$102,000. What are they going to have to pay for the documentary stamp tax on the deed?

- a. \$815.00
- b. \$714.00
- c. \$565.00
- d. \$715.00

92. A sales associate sold a house for \$400,000 and he has an agreement with his broker that he gets to keep 60% of the total commission. The sales associate's check was for \$14,400. What was the commission rate?

- a. 6.5%
- b. 6%
- c. 7%
- d. 8%

93. A developer bought 20 acres of land. He intends to create a 25-lot subdivision. He intends to use 20% of the land for common areas and the roads require another 20 feet by 3,000 feet. If the lots are all equal size, how big will each lot be?

- a. 25,052 square feet
- b. 25,785 square feet
- c. 24,750 square feet
- d. 25,478 square feet

94. Anthony purchased a small apartment building that has a monthly net income of \$2,000 and operating expenses of \$800. If an investor desires 5% on return, what is the value of this property?

- a. \$480,000
- b. \$580,000
- c. \$680,000
- d. \$780,000

95. What is the gross rent multiplier of a property that rents for \$24,000 annually with a sales price of \$250,000?

- a. 150
- b. 140
- c. 125
- d. 155

96. A property is rectangular and measures 500' by 375'. How many acres does it contain?

- a. 4.5
- b. 4.3
- c. 3.3
- d. 6.8

97. What is the tax levy for city and county taxes of a property assessed at \$400,000 if the combined tax rate is 2.5 mills?

- a. \$2,500
- b. \$2,400
- c. \$1,500
- d. \$1,000

98. How many square feet are contained in a property with the following legal description? SW1/4 of the NW1/4 of the NE1/4 of the NW1/4 of Sec 25?

- a. 105,400
- b. 108,900
- c. 105,400
- d. 102,500

99. Mary bought her first house and she borrowed \$98,000 from the bank. What is the amount of intangible tax she will have to pay?

- a. \$196
- b. \$296
- c. \$75
- d. \$158

100. How many square feet are contained in a lot that sold for \$500,000, if the price was based on \$10.00 per square foot?

- a. \$55,000
- b. \$50,000
- c. \$40,000
- d. \$45,000

Test 4 Answer Key

1 c	26 d	51 b	76 b
2 c	27 a	52 c	77 c
3 b	28 a	53 c	78 c
4 a	29 c	54 a	79 b
5 b	30 b	55 c	80 c
6 c	31 b	56 d	81 c
7 d	32 a	57 d	82 b
8 a	33 c	58 c	83 c
9 a	34 b	59 d	84 a
10 b	35 d	60 c	85 d
11 a	36 d	61 b	86 b
12 b	37 d	62 c	87 b
13 a	38 c	63 d	88 c
14 c	39 d	64 c	89 a
15 b	40 a	65 c	90 a
16 b	41 d	66 c	91 b
17 d	42 a	67 a	92 b
18 d	43 c	68 a	93 d
19 c	44 c	69 b	94 a
20 c	45 b	70 d	95 c
21 c	46 d	71 c	96 b
22 b	47 b	72 c	97 d
23 b	48 d	73 a	98 b
24 c	49 c	74 b	99 a
25 c	50 b	75 c	100 b

Math Test 4 Answer Key

90. $6 \times 43,560 = 261,360$ $261,360/660 = 396$

91. $102,000/100 = 1,020$ $1,020 \times .70 = 714$

92. On this one, just use the answers to make it easier. Try each answer until it matches.
 $400,000 \times .06 = 24,000$ $24,000 \times .60 = 14,400$

93. $20 \times 43,560 = 871,200$ $871,200 \times .20 = 174,240$ $871,200 - 174,240 = 696,960$ $20 \times 3,000 = 60,000$ $696,960 - 60,000 = 636,960$ $636,960/25 = 25,478$

94. $2,000 \times 12 = 24,000$ $24,000/.05 = 480,000$

95. $24,000/12 = 2,000$ $250,000/2,000 = 125$

96. $500 \times 375 = 187,500$ $187,500/43,560 = 4.3$

97. $400,000 \times .0025 = 1,000$

98. $640/4/4/4/4 = 2.5$ $2.5 \times 43,560 = 108,900$

99. $98,000 \times .002 = 196$

100. $500,000/10.00 = 50,000$

**Magnolia School of Real Estate
State Exam Practice Test 5**

1. Which of these is not a legal remedy for a breach of contract?

- a. Suit for assignment
- b. Suit for specific performance
- c. Suit for cancellation
- d. Suit for damages

2. An unfinished contract is

- a. unilateral.
- b. bilateral.
- c. executed.
- d. executory.

3. Which statement is true about discount points?

- a. Discount points always save the buyer money on a loan.
- b. Discount points help qualify a buyer for a loan.
- c. Discount points increase the lender's yield.
- d. Discount points are used in the secondary market to increase the buyer's equity.

4. Which of the following are the two ratios that lenders use to determine risk levels of borrowers?

- a. Total obligation ratio and total value expenses ratio
- b. Housing expense ratio and total obligation ratio
- c. Housing expense ratio and total housing expense ratio
- d. Total obligation ratio and household ratio

5. Which clause is found in a blanket mortgage?

- a. Acceleration clause
- b. Alienation clause
- c. Blanket clause
- d. Release clause

6. The value of an established business property, compared with the value of just the physical assets of a business that is not yet established, is called

- a. goodwill.
- b. positive leverage.
- c. tangibles.
- d. going-concern value.

7. A licensee who has passed the broker's state examination, but desires to continuing working for a broker will be registered as a

- a. broker
- b. buyer
- c. single agent
- d. broker associate

8. What is it called when an owner sells their property to an investor, and the investor in turn leases the property back to the original owner under a long-term lease?

- a. A sale-leaseback
- b. Eminent domain
- c. Illegal
- d. Taxation

9. Which of these statements about a VA loan is incorrect?

- a. VA guarantees loans.
- b. VA insures loans.
- c. A veteran does not need a service-related disability to receive a VA loan.
- d. With a VA loan, the veteran might have to pay a funding fee.

10. What type of risk is caused by changes in general business or market conditions?

- a. Static
- b. Operating
- c. Expenses
- d. Dynamic

11. The responsibilities of a property manager do not include

- a. preparing leases.
- b. renting property for an absentee owner.
- c. collecting rent.
- d. overseeing maintenance.

12. All sales associates, whether actively or inactive licensed, must complete a 45-hour post license course prior to the expiration date of their initial license period. Failure to complete this required course will cause the license to become

- a. inactive.
- b. involuntary inactive.
- c. suspended.
- d. void.

13. A plumber was appointed by the court to appraise a gas station. Which applies?

- a. The plumber cannot perform an appraisal because he is not a licensed appraiser.
- b. The plumber can perform the appraisal for a commission.
- c. The plumber can perform the appraisal for a fee.
- d. The plumber would first need to be certified as a appraiser before he could legally appraise the gas station.

14. Which of these statements is true concerning the closing disclosure statement?

- a. Debits are the same as credits.
- b. The amount due the seller should match the amount the buyer must pay.
- c. The binder deposit is a credit to the buyer.
- d. Credits are always double entries.

15. The primary mortgage market is where loans are

- a. bought and sold.
- b. originated.
- c. liquidated.
- d. second loans are bought and sold.

16. Which of the following statements describes an FHA loan?

- a. A government-guaranteed loan
- b. A private loan that is insured with mortgage insurance, (MIP)
- c. A government-insured loan
- d. A guaranteed loan that secures repayment in case of default

17. How is 22.5 mills expressed as a decimal?

- a. .2250
- b. .002255
- c. .0225
- d. .225

18. What is the purpose of an appraisal?

- a. This is how the client will use the appraisal
- b. To estimate some type of value
- c. To estimate only market value
- d. To determine history of value

19. Which principle of value states that value in the present is based on benefits to be received in the future?

- a. Functional value
- b. Regression
- c. Anticipation
- d. Comparable

20. Which statement is correct concerning a real estate brokerage partnership?

- a. All partners who provide real estate services to the public either directly or indirectly must hold an active broker's license.
- b. Sales associates can be a partner after they have held a license for at least two of the previous five years.
- c. Inactively licensed brokers can perform the services of real estate.
- d. Sales associates can be a partner but not a stockholder.

21. A broker lists an owner's property for three months on an exclusive listing agreement for \$625,000 for a six percent commission. The next month the owner sells the property to his sister for \$600,000. Which statement is correct?

- a. The owner owes the broker commission on \$600,000.
- b. The owner does not owe the broker commission but does owe him expenses.
- c. The owner does not owe the broker a commission.
- d. The owner owes the broker a commission on \$625,000.

22. A sales associate has what type of agency relationship with a broker?

- a. Special
- b. Unilateral
- c. General
- d. Universal

23. Which of these business entities can register to conduct real estate transactions?

- a. Joint venture
- b. Limited partnership
- c. Business trust
- d. Corporation sole

24. What is the definition of leverage?

- a. Leverage is the use of borrowed funds to purchase assets.
- b. Leverage is the effect of the economy on an investment.
- c. Leverage is the same thing as dynamic risk.
- d. Leverage is the same thing as static risk.

25. If a landlord requires a security deposit, the landlord must

- a. deposit the funds in an interest-bearing account and pay interest at the rate of 3% per year.
- b. notify the tenant of the location of the funds within 7 days of receiving the funds.
- c. return the funds within 15 days after the tenant vacates the premise if there is no intention to impose a claim against the deposit.
- d. return the funds within 15 days after the tenant vacates the premise if there is an intention to impose a claim against the deposit.

26. When money is paid out of the Real Estate Recovery Fund, on behalf of a Florida real estate licensee

- a. the Department of Business and Professional Regulation would automatically revoke the licensee's license.
- b. the Florida Real Estate Commission would automatically revoke the licensee's license.
- c. the licensee's license will be automatically suspended.
- d. the licensee's license will be automatically put on a 90-day probation.

27. The Consumer Credit Protection Act of 1968, also known as the Truth-in-Lending Act, was enacted

- a. to ensure that consumers receive meaningful information concerning the true cost of credit.
- b. to provide provisions regarding kickbacks and rebates.
- c. to allow borrowers a seven-day period to rescind mortgage contracts on principal residences.
- d. to implement the use of the standardized closing disclosure form.

28. Concerning discount rates, the general rule of thumb is that for each point charged by the lender, the rate of interest increases approximately how much?

- a. 1/4%
- b. 2/8%
- c. 1/8%
- d. 1%

29. Which of the following is illegal for a licensee to prepare?

- a. Purchase and sales contract
- b. Option contract
- c. Opinion of title
- d. Exclusive listing agreement

30. Which of these describes a tenancy at will?

- a. A written lease that can be terminated by either party
- b. Any tenancy created by an oral or written lease for a specific time period
- c. A lease that can be terminated by the landlord or tenant by giving legal notice
- d. An oral lease that specifies a time limit

31. Which survey term is associated with a metes-and-bounds description?

- a. Point of beginning
- b. Plat
- c. Township
- d. Meridian

32. Which estate includes the right of survivorship?

- a. Tenancy at will
- b. Tenancy at sufferance
- c. Joint tenancy
- d. Tenancy in common

33. How much personal money may a broker place in a property management escrow account?

- a. \$5,000
- b. \$1,000
- c. \$2,500
- d. None

34. Which of these statements is true regarding constructive notice?

- a. Constructive notice of ownership is provided by physical possession.
- b. Constructive notice of ownership is also called legal notice and is achieved by recording documents in the public records.
- c. Constructive notice of ownership is also called actual notice and is achieved by recording documents in the public records.
- d. Constructive notice is the same as actual notice.

35. A broker who changes his or her business address must notify the Florida Real Estate Commission of the address change within how many days?

- a. 15
- b. 5
- c. 30
- d. 10

36. An offer is not terminated by

- a. a counteroffer.
- b. the death of the offeror.
- c. a failure to obtain a binder deposit.
- d. acceptance.

37. Which estate does not include legal title to real property?

- a. Fee simple estate
- b. Estate for years
- c. Life estate
- d. Tenancy in common

38. What is the statute of limitations for written contracts?

- a. Three years
- b. Five years
- c. Two years
- d. Four years

39. Eight discount points on a 5% loan increases the effective rate of interest on the loan to approximately

- a. 6%
- b. 5 1/2%
- c. 5 1/4%
- d. 5 3/8%

40. Which amendment to the Florida constitution limits how much the assessed value of homesteaded property can increase in a given year?

- a. Real Estate Settlement Procedures Act
- b. Truth-in-Lending Act
- c. Save Our Homes amendment
- d. Tax Our Homes amendment

41. What is the section number immediately north of Section 10?

- a. 3
- b. 15
- c. 11
- d. 5

42. Which type of listing allows the seller to list the property with multiple brokers?

- a. Open
- b. Exclusive
- c. Exclusive listing with right to sell
- d. Net

43. Which of these statements about a VA loan is incorrect?

- a. VA guarantees loans.
- b. Discount points on a VA loan are mandatory.
- c. A veteran does not need a service-related disability to receive a VA loan.
- d. With a VA loan, the Veteran might have to pay a funding fee.

44. The Closing Disclosure Form can be completed by all of the following, except?

- a. Closing agent
- b. Lender
- c. Attorney
- d. Broker

45. What type of value does an appraiser most commonly estimate?

- a. Market
- b. Price
- c. Liquidated
- d. Investor

46. Which brokerage relationship status requires that a broker disclose known facts that materially affect the value of residential property?

- a. Any status that requires disclosures
- b. Single agent relationship
- c. Transaction broker relationship
- d. None

47. A sales associate found a buyer the perfect home, but when the buyer moved in, there were no blinds in the house. The sales associate informed the buyer that she knew a blind company that could install blinds in her house. Which applies?

- a. The sales associate cannot receive a kickback from the blind company because all kickbacks are illegal.
- b. The sales associate can receive a kickback from the blind company with no other disclosure necessary.
- c. The sales associate can receive a kickback from the blind company provided that the sales associate informs the buyer that she will receive a kickback.
- d. All kickbacks are illegal.

48. Members of the National Association of REALTORS® are called?

- a. Real estate agents
- b. REALTORS®
- c. sales associates
- d. agents

49. What is the purpose of the disciplinary guidelines?

- a. To educate the public on the rules and laws of real estate agents.
- b. To give notice to licensees of the range of penalties that normally will be imposed for each count during a formal or informal hearing.
- c. To give notice to the general public the range of penalties.
- d. To simplify the process of the informal hearing.

50. Which of the following is not true concerning a notice on noncompliance?

- a. A notice of noncompliance is issued by a department investigator.
- b. A notice of noncompliance is issued when the violation is considered to be minor.
- c. A notice of noncompliance is usually accompanied by a fee.
- d. A notice of noncompliance can be issued by certified mail or personal service.

51. Permission to use another's property that may be withdrawn at will is

- a. an easement by necessity.
- b. a license.
- c. a lien.
- d. a violation.

52. There are four essential elements necessary to create a valid contract. Which of the following is not one of those elements?

- a. Lapse of time
- b. Agreement
- c. Consideration
- d. Lawful subject

53. Concerning parties to a mortgage, which statement is true?

- a. The property owner is the mortgagee.
- b. The property owner is the mortgagor.
- c. The property owner is the trustor.
- d. The property owner is the trustee.

54. Ben decided to build a new porch on his property. He believes it will add value to his home. Before beginning construction, Ben's contractor tells him that the porch is going to be too close to his property line because of county laws. What must Ben request to be able to build his porch?

- a. A variance
- b. A special exception
- c. Nothing. Ben is out of luck.
- d. A zoning reclassification.

55. Which of the following statements is not true concerning a written listing contract?

- a. Written listing contracts must have a termination date.
- b. Written listing contracts must contain the legal description of the property.
- c. Written listing contracts must have the signature of the property owner.
- d. Written listing contracts may have an automatic renewal provision.

56. An appraiser has been asked to estimate the value of a single-family home. Which of these statements is correct?

- a. The appraiser is most likely going to estimate the sales price.
- b. The appraiser is most likely going to estimate the market value.
- c. The appraiser is most likely going to use the income-producing approach.
- d. The appraiser will most likely not use the sales comparison approach.

57. An appraiser is appraising a three-bedroom home with three bathrooms. One of the comparables in the appraisal is a three-bedroom home with two bathrooms. A bathroom is worth \$5,000. The comparable sold for \$215,000. Which statement is correct?

- a. The adjusted price of this comparable should be \$210,000.
- b. The adjusted price of this comparable should be \$215,000.
- c. Appraisers only adjust the subject value, not the comparable value.
- d. The adjusted price of this comparable should be \$220,000.

58. Which one of these statements is true concerning the acceleration clause?

- a. The acceleration clause is also called the due-on-sale clause.
- b. The acceleration clause allows the lender to declare the entire outstanding balance immediately due and payable whenever default occurs.
- c. The acceleration clause prevents the borrower from transferring any interest in the mortgage property without the permission of the lender.
- d. The acceleration clause is the same as the alienation clause.

59. Which of these statements is incorrect?

- a. Real estate licensees are permitted to perform appraisals for a fee in non-federally related transactions.
- b. A sales associate can refer to a comparative market analysis as an appraisal.
- c. Sales associates can perform a broker price opinion for a bank.
- d. If a real estate licensee performs an appraisal for a fee in a non-federally related transaction, that appraisal would be required to be developed and reported in accordance with the USPAP.

60. With an assumption that is subject to the mortgage

- a. the original borrower remains liable for the balance of the promissory note.
- b. the original borrower does not remain liable for the balance of the promissory note.
- c. there is novation.
- d. there is novation only if the original borrower requests it.

61. Which of the following is not a method of acquiring title?

- a. With a habendum clause
- b. By a will
- c. By a deed
- d. By a patent deed

62. The only brokerage relationship that includes fiduciary duties is the

- a. transaction broker relationship.
- b. single agent relationship.
- c. customer/broker relationship.
- d. no brokerage relationship.

63. Which relationship is the default relationship that a sales associate would have with a member of the public?

- a. Single agent relationship
- b. No brokerage relationship
- c. Dual agent relationship
- d. Transaction broker relationship

64. In what relationship would a broker refer to himself as an agent?

- a. Any relationship
- b. A transaction broker relationship
- c. A single agent relationship
- d. A no brokerage relationship

65. The fact that a property was the site of a homicide, suicide, or death

- a. need not be disclosed in a real estate transaction.
- b. needs to be disclosed or the sales associate can be charged with concealment.
- c. need not be disclosed unless the buyer asks.
- d. needs to be disclosed in a disclosure form used for this purpose.

- 66. What is a lease called in which the tenant pays a monthly base rent plus a percentage of his sales?**
- a. A gross lease
 - b. A net lease
 - c. A base lease
 - d. A percentage lease
- 67. Which entry would a buyer most likely see as a debit on the buyer's statement?**
- a. An assumed mortgage
 - b. Documentary stamp tax on the deed
 - c. Intangible taxes on the mortgage
 - d. Unpaid property taxes
- 68. Which appraisal approach would be given greater weight when appraising a single-family residence?**
- a. The income capitalization approach
 - b. The cost approach
 - c. All three approaches would carry the same weight
 - d. The sales comparison approach
- 69. If a court were to determine that a contract existed due to the actions of the parties, the contract is referred to as**
- a. An oral contract
 - b. An expressed contract
 - c. A formal contract
 - d. An implied contract
- 70. Which tax will not be required in a transaction where the buyer assumes an existing mortgage and does not acquire a new mortgage?**
- a. Documentary stamp tax on the deed
 - b. Documentary stamp tax on the note
 - c. State intangible taxes
 - d. Documentary stamp tax on the deed and intangible taxes

71. All of the following are methods of transferring legal title to real property except

- a. a patent deed.
- b. a will.
- c. eminent domain.
- d. purchase and sales contract.

72. In the government survey method, the principle meridian runs through

- a. Tampa.
- b. Panama City.
- c. Orlando.
- d. Tallahassee.

73. A lead-based paint disclosure must be given to anyone buying a house or leasing a house for more than 100 days, if it was built before

- a. January 1, 1988.
- b. January 1, 1978.
- c. February 1, 1988.
- d. February 1, 1978.

74. What is Regulation Z?

- a. Regulation Z is a made-up rule to confuse students.
- b. Regulation Z is a rule associated with RESPA and kickbacks.
- c. Regulation Z is a Federal Reserve Board rule that requires lenders to give consumers the true cost of credit in writing before they borrow.
- d. Regulation Z is a Federal Reserve Board tool that is used to affect the cost of credit.

75. Which of the following statements is true concerning fixtures?

- a. A fixture is an item can be easily moved from one place to another.
- b. An example of a fixture would be a dining room table.
- c. A fixture is an item that was originally personal property that has been permanently attached to real estate.
- d. A fixture is not personal property.

76. Which of the following would be a credit to the buyer on a Closing Disclosure Form?

- a. Total purchase price
- b. Documentary stamp taxes on the note
- c. Purchase money mortgage (PPM)
- d. Documentary stamp tax on the deed

77. The direct opposite of South 20-degrees North in a metes-and-bounds description is

- a. North 20-degrees South
- b. South 10-degrees North
- c. North 10-degrees South
- d. East 20-degrees West

78. What is the loan-to-value ratio for a house listed at \$625,000 that sold for \$590,000 with a down payment of \$158,000?

- a. 98%
- b. 74%
- c. 80%
- d. 73%

79. If a borrower did not have the funds to make a 20% down payment, and decided to acquire an FHA loan, what is the minimum cash investment he would need?

- a. 5%
- b. 15%
- c. 3.5%
- d. 3%

80. How many acres are in the SE-1/2 of the NW-1/4 and the SE-1/4 of the E-1/4 of Section 18?

- a. 120 acres
- b. 5 acres
- c. 2.5 acres
- d. 80 acres

81. The right of survivorship is contained in which of the following tenancy's?

- a. Tenancy in common and tenancy at will
- b. Estate for years and joint tenancy
- c. Estate by the entireties and joint tenancy
- d. Estate for years and tenancy in common

82. How many days' notice is required to terminate a month-to-month tenancy at will?

- a. 30
- b. 10
- c. 7
- d. 15

83. Which type of relationship with a member of the public would a broker have a fiduciary relationship.

- a. No brokerage relationship
- b. Special agency relationship
- c. Single agency relationship
- d. Transaction broker relationship

84. What does Fannie Mae stand for?

- a. Federal National Mortgage Academy
- b. Federal National Mortgage Association
- c. Federal Neighbors Mortgage Association
- d. Fiscal National Mortgage Association

85. Which part of F.S. 475 would contain information regarding the Commercial Real Estate Leasing Commission Lien Act?

- a. Part 1
- b. Part 2
- c. Part 3
- d. Part 4

86. Which term describes current market value less mortgage debt?

- a. Leverage
- b. Equity
- c. Gain
- d. Dividend

87. Which statement regarding the statute of frauds is correct?

- a. The statute of frauds requires all contracts to be in writing to be valid.
- b. The statute of frauds requires documents that transfer an interest in real property to be in writing to be enforceable.
- c. The statute of frauds requires a broker to account for all funds in a transaction.
- d. The statute of frauds requires all licensees to treat members of the public fairly, and to account for all funds in a transaction.

88. Recording the mortgage in public records is an example of which type of notice?

- a. Constructive
- b. Actual
- c. A typical
- d. Physical possession

89. Which of the following business entities cannot register to broker real estate?

- a. Limited partnership
- b. Limited liability partnership
- c. General partnership
- d. Joint venture

90. Residential zoning for a new neighborhood requires at least 16,000 square feet per lot. The developer is reserving 15% of the land for the streets, a lake, and a clubhouse. If the development consists of 80 acres, how many lots are available for development?

- a. 195 lots
- b. 185 lots
- c. 210 lots
- d. 168 lots

91. A sales associate acquired a listing for \$595,000 at a 6% commission rate. The house sold the next month for \$550,000. A second sales associate, who works for another broker found the buyer. The listing broker and the selling broker have agreed to split the commission equally. The buying broker kept 30% of the commission received by the buying office. How much did the buying office's sales associate keep?

- a. \$12,495
- b. \$11,550
- c. \$10,863
- d. \$12,640

92. What are the transfer taxes for the following transaction: sales price of \$734,000 and the buyer took out a new mortgage loan of \$500,000?

- a. \$5,138
- b. \$1,750
- c. \$7,888
- d. \$9,185

93. A property sold for \$675,000 and rents for \$5,000 a month. What is the gross rent multiplier?

- a. 125
- b. 150
- c. 135
- d. 200

94. What is the capitalization rate of a property that has a value of \$400,000, a net operating income of \$30,000, and expenses of \$56,000?

- a. 7.5%
- b. 11%
- c. 5.5%
- d. 13%

95. A parcel of property measures 660 feet along the highway and contains 20 acres. What is the depth of the tract?

- a. 150 feet
- b. 1,500 feet
- c. 1,360 feet
- d. 1,320 feet

96. Samuel owns a home that was assessed for \$300,000. If the tax rate is 24.5 mills, what is the amount of Samuel's property taxes?

- a. \$7,400
- b. \$7,350
- c. \$730
- d. \$73,500

97. If annual property taxes for a property are \$4,300 and the closing date is on May 12 with the day of closing allocated to the seller, what is the amount of the tax proration using the 365-day method and how is it shown on the closing statement?

- a. Debit buyer, credit seller \$1,555.06
- b. Credit buyer, debit seller \$1,555.06
- c. Debit buyer, credit seller \$2,733.15
- d. Credit buyer, debit seller \$2,733.15

98. An appraiser is appraising a four-bedroom home that has two bathrooms. The appraiser has included in his report a comparable that recently sold for \$225,000 with four-bedrooms and three bathrooms. If the appraiser has assigned a value of \$6,000 for a bathroom, what is the adjusted sales price of the comparable?

- a. \$225,000
- b. \$231,000
- c. \$250,000
- d. \$219,000

99. A property which measures 200' x 220' sold for \$78,500. What was the price per square foot?

- a. .56
- b. 1.78
- c. 17.80
- d. 2.00

100. If a buyer had a promissory note for \$160,000 and wanted a loan discount of four points, what would be the amount the buyer would pay for the discount?

- a. \$6,000
- b. \$6,800
- c. \$6,400
- d. \$5,800

Test 5 Answer Key

1 a	26 c	51 b	76 c
2 d	27 a	52 a	77 a
3 c	28 c	53 b	78 d
4 b	29 c	54 a	79 c
5 d	30 c	55 d	80 a
6 d	31 a	56 b	81 c
7 d	32 c	57 d	82 d
8 a	33 a	58 b	83 c
9 b	34 b	59 b	84 b
10 d	35 d	60 a	85 d
11 a	36 c	61 a	86 b
12 d	37 b	62 b	87 b
13 c	38 b	63 d	88 a
14 c	39 a	64 c	89 d
15 b	40 c	65 a	90 b
16 c	41 a	66 d	91 b
17 c	42 a	67 c	92 c
18 b	43 b	68 d	93 c
19 c	44 d	69 d	94 a
20 a	45 a	70 c	95 d
21 c	46 a	71 d	96 b
22 c	47 c	72 d	97 b
23 b	48 b	73 b	98 d
24 a	49 b	74 c	99 b
25 c	50 c	75 c	100 c

Math Test 5 Answer Key

90 b

$$80 \times 43,560 = 3,484,800$$

$$3,484,800 \times .85 = 2,962,080$$

$$2,962,080 / 16,000 = 185$$

91 b

$$550,000 \times .06 = 33,000 / 2 = 16,500$$

$$16,500 \times .70 = 11,550$$

92 c

$$734,000 / 100 = 7,340 \times .70 = 5,138$$

$$500,000 / 100 = 5,000 \times .35 = 1,750$$

$$500,000 \times .002 = 1,000$$

$$5,138 + 1,750 + 1,000 = 7,888$$

93 c

$$675,000 / 5,000 = 135$$

94 a

$$30,000 / 400,000 = 7.5$$

95 d

$$20 \times 43,560 / 660 = 1,320$$

96 b

$$300,000 \times .0245 = 7,350$$

97 b

Seller owned the house 132 days. $4,300 / 365 = 11.7808219178 \times 132 = 1,555.06$

98 d

$$225,000 - 6,000 = 219,000$$

99 b

$$200 \times 220 = 44,000$$

$$78,500 / 44,000 = 1.78$$

100 c

$$160,000 \times .04 = 6,400$$