



SALESPERSON AND BROKER EXAMINATION SAMPLE QUESTIONS

Salesperson Questions

1. Which of the following is a valid method for an individual to acquire title to real estate?
 - (A) Escheat
 - (B) Descent
 - (C) Eminent domain
 - (D) Distraint

2. The period during which site improvements contribute to the value of the property is called the:
 - (A) economic utility.
 - (B) asset investment life.
 - (C) accrued depreciation period.
 - (D) economic life.

3. A buyer has just purchased a home and has applied for a new loan. *Regulation Z* requires that the lender inform the borrower of the:
 - (A) three-day right of rescission.
 - (B) total amount of closing costs.
 - (C) exact amount of monthly payments.
 - (D) true cost of obtaining credit.

4. A property sold for \$120,000, which was 15% more than the original purchase price. What was the original purchase price? (Round to the nearest \$100.)
 - (A) \$102,000
 - (B) \$104,300
 - (C) \$105,400
 - (D) \$105,500

5. In a contract to purchase real property, what is the name of the clause that states that the buyer will **NOT** be held responsible to complete the purchase if the buyer cannot obtain sufficient financing?
 - (A) Acceleration clause
 - (B) Escalation clause
 - (C) "As is" clause
 - (D) Contingency clause

6. Which of the following is an example of functional obsolescence?
 - (A) House paint that is flaking off
 - (B) Poor street planning
 - (C) A change in the economics of the area
 - (D) An outdated heating system

7. According to the TREC One to Four Family Residential Contract (Resale) FHA Insured or VA Guaranteed Financing Contract Form (TREC 21-3), who is responsible for paying the owner policy of title insurance fee?
 - (A) The buyer
 - (B) The seller
 - (C) The title company named in the contract
 - (D) The party stipulated in the contract

8. Which one of the following is the Texas Real Estate Commission authorized to do?
- (A) Register subdivisions offered for sale
 - (B) Mediate commission disputes
 - (C) Recommend individual licenses to the public
 - (D) Advise with reference to the laws it administers

Answers: 1-B; 2-D; 3-D; 4-B; 5-D; 6-D; 7-D; 8-D

Broker Questions

1. The government transfers government-owned real property to a private individual using a:
 - (A) warranty deed.
 - (B) patent.
 - (C) quitclaim deed.
 - (D) quiet title.
2. The covenant of seisin and covenant against encumbrances would be found in which type of deed?
 - (A) Quitclaim deed
 - (B) Deed of trust
 - (C) Trust deed
 - (D) General warranty deed
3. Annual percentage rate (APR) equates with what type of interest rate?
 - (A) Compound
 - (B) Nominal
 - (C) Simple
 - (D) Effective
4. When property is sold in a foreclosure proceeding, and the sale does **NOT** bring sufficient funds to cover the senior mortgages the original mortgagor may be subject to a:
 - (A) deficiency judgment.
 - (B) foreclosure judgment.
 - (C) lien.
 - (D) default.
5. A land developer wants to divide a 15-acre tract of land into lots that are each 50' by 120' in size. If the developer allows 50,000 sq. ft. for streets, how many lots can be developed in the subdivision?
 - (A) 100
 - (B) 108
 - (C) 109
 - (D) 110
6. An investor purchased an apartment project for \$480,000 which has a potential gross annual income of \$100,000. The vacancy rate is 6%. The annual expenses are \$45,000. What is the owner's return on this investment? (Round to 2 decimal places.)
 - (A) 1.02%
 - (B) 10.21%
 - (C) 10.63%
 - (D) 11.46%
7. Water to a residence is supplied by a water district. When this residence is sold, the seller fails to provide

the buyer with the statutory notice relating to the district. Under the contract, the buyer assumes the seller's existing loan without title insurance or an abstract of title.

What is the buyer's remedy under the *Texas Water Code* for the seller's failure to give the notice?

- (A) Sue for actual costs.
- (B) Terminate the contract.
- (C) There is no remedy for this transaction.
- (D) Sue for damages not to exceed \$5,000.

8. A broker who is not a registered property-tax consultant may still legally perform property-tax consulting services concerning which of the following properties?

- (A) Single-family residences
- (B) Four-plex rental properties
- (C) Commercial sites
- (D) Unimproved land

Answers: 1-B; 2-D; 3-D; 4-A; 5-A; 6-B; 7-C; 8-A