

# Answers to the 100 Florida Practice Exam Question on [www.ParkPlaceNetwork.com/flexam](http://www.ParkPlaceNetwork.com/flexam)

1. Which of the following statements is true regarding a mortgage loan originator (MLO)?
  - A mortgage loan originator is the same as a mortgage broker.
  - \*A mortgage loan originator must have a separate license.**
  - A mortgage loan originator makes loans.
  - A mortgage loan originator must have a real estate license.
2. A real estate appraiser's fee for professional service is based on which of the following?
  - A percentage of the property's gross income.
  - A percentage of the fair market value of the property.
  - \*The time and difficulty of the appraisal.**
  - A percentage of the property's sales price.
3. Which of the following best describes the real estate brokerage business?
  - \*Service business**
  - Simple business
  - Business with few opportunities available
  - Construction business
4. All of the following are responsibilities of a property manager, EXCEPT:
  - Renting property for an absentee owner.
  - Collecting rent.
  - Overseeing maintenance.
  - \*Preparing leases.**
5. What does the term "farming" refer to in real estate?
  - \*Specializing in one geographic area**
  - Working in a cooperative manner
  - Specializing in agricultural properties
  - Specializing in the sales of orange groves or cattle farms
6. Which insurance policies can a real estate licensee offer to the public without additional state licensing?
  - Flood insurance
  - Fire insurance
  - Renter's insurance
  - \*None of the above**
7. What is the purpose of the National Association of REALTORS?
  - \*Preserve the right of individuals to own real property through an exchange of information.**
  - Organize antigovernment activities.
  - Promote unethical practice of real estate professionals.
  - Promote unethical practice of real estate professionals.

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8. What does the designation of REALTOR® signify?  
Anyone in possession of a real estate license is a REALTOR®  
**\*The designation identifies the real estate professional as a member of the NAR.**  
The designation is evidence that the licensee has an extensive background in the real estate profession.  
The designation is evidence that the licensee has completed extensive real estate studies.
9. A developer contracts to build a home according to the buyer's specifications. This is an example of which type of building?  
Tract  
**\*Custom**  
Speculative  
Subdivision
10. Which of the following best describes licensees who are involved in business brokerage?  
**\*They must be able to analyze financial statements and understand balance sheets.**  
They are not required to know much about the business they are selling.  
They must have a separate license.  
They never become involved in the tax aspects of the business.
11. Real estate licensees are required to be knowledgeable in all of the following areas, EXCEPT:  
Marketing  
Valuation  
Property transfer  
**\*Accounting**
12. Which service provided by real estate licensees requires the most experience and knowledge?  
Property management  
**\*Counseling**  
Appraising  
Agricultural sales
13. An appraiser who is registered, licensed, or certified under F.S. 475, Part II, must be utilized in which of the following?  
All appraisals  
The appraisal of residential property  
The appraisal of nonresidential property  
**\*Federally-related transactions**
14. When a developer completes construction of a new subdivision, all streets, electric, water, and sewer installation are finished and deeded to the city or county. What is this process called?  
A quit claim deed

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An easement

**\*Dedication**

Annexation

15. Which of the following assignments would be acceptable for a Florida real estate licensee who does not represent themselves as an appraiser, and follows the Uniform Standards of Professional Appraisal Practice (USPAP)?

**\*An assignment to give an estimate of value for an attorney in a divorce case.**

An assignment to appraise a single family home for a VA loan.

An assignment to value a condominium for an FHA loan.

An assignment to appraise a time share unit for which a loan is being obtained from a Federally insured institution.

16. The Florida Real Estate Commission was first created in what year?

1932

**\*1925**

1923

1919

17. A sales associate failed to complete the required post-license education prior to their renewal deadline. What is the status of the sales associate's license?

Revoked

Suspended

Involuntarily inactive

**\*Void**

18. Which statement correctly applies to an actively licensed attorney who is a member in good standing with the Florida Bar?

The attorney may charge commissions in connection with real estate activities.

**\*The attorney is exempt from biennial 14-hour continuing education requirements to maintain a real estate license.**

The attorney is not allowed to simultaneously hold a real estate license.

The attorney may be licensed as a real estate broker, but not as a sales associate.

19. What is a broker associate?

A broker who employs one or more sales associates

A sales associate

**\*A broker who is employed as a sales associate**

A sales associate who is employed as a broker

20. Which statement is correct concerning an applicant whose real estate application was denied by the Department of Business and Professional Regulation?

The denial is final and no appeal may be taken by the applicant.

An appeal may be filed with the District Court of Appeal within 90 days.

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The Department is not required to inform the applicant of the reason for the denial.

**\*The applicant must be notified in writing of the reason for the denial and advised of the right to request a formal hearing.**

21. A licensed sales associate wishes to work for Broker A during the week, and works in a different town with Broker B on the weekend. Which statement best describes this situation?

This is legal if the sales associate has a group license.

This is legal if the brokers have multiple licenses.

**\*This is a violation of FS 475.**

This is legal, provided that the sales associate is an independent contractor, not an employee of the brokers.

22. An active Florida licensee decides to move to North Carolina, but wishes to keep her Florida license active and continue to practice real estate in Florida. Which of the following best describes this situation?

The licensee must be located in Florida to sell real estate in Florida.

The licensee must be a broker to sell real estate in Florida if she is located outside of Florida.

The licensee must obtain a North Carolina real estate license.

**\*The licensee must notify the Department of her change of address, and continue to comply with all Florida regulations.**

23. Which of the following statements is correct regarding a broker's authority to act on behalf of the principal?

A broker can refuse offers on behalf of the principal.

A broker can buy the listed property without consent of the principal.

**\*A broker must follow all legal instructions of the principal or withdraw.**

A broker must ignore the instructions of a principal when the instructions are not in the best interests of the principal.

24. Broker Tom sold a property which was listed with broker Alice. Tom was unable to attend the closing, so Alice collected the entire commission. Alice refused to pay Tom his share of the commission. What could Alice be charged with?

**\*Failure to account**

Collecting an overage

Commingling

Fraud

25. A real estate licensee who is working with a seller receives a call from another broker stating that, "I am representing a buyer as the buyer's broker. I'm standing in front of one of your listed properties with my buyer." What can the licensee infer from this conversation?

The licensee is required to collect the No Brokerage Relationship Disclosure prior to giving any information to the broker.

**\*The agent who is calling is in a single agency relationship.**

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The buyer's broker must first contact the listing broker for permission to enter into this relationship.

Unless the licensee is a single agent for the seller, the licensee should stay away from this transaction.

26. Which brokerage relationship status includes a full fiduciary relationship?

\*Single Agency

Transaction Broker

Dual Agency

Nonrepresentation (no brokerage relationship)

27. Six individuals decide to form a real estate brokerage partnership. All six individuals are planning to be active in real estate sales. Which statement best applies?

\*The partnership must be registered with the Commission, and all six partners must be active real estate brokers.

At least one partner must be licensed as an active broker.

Only two partners must have a real estate license.

A partnership cannot be formed as a brokerage business.

28. All of the following business formations can register to conduct real estate transactions, EXCEPT:

Corporation for profit

Not-for-profit Corporation

\*Corporation sole

Limited partnership

29. A real estate brokerage firm advertises a listed property. Which requirement is correct?

The name of at least one sales associate must be included in the ad

\*The name of the brokerage must be included in the ad.

The ad may not be prepared by sales associate.

The names of sales associates may not be included in the ad.

30. A buyer drops off an escrow check on Tuesday. To avoid any trouble with FREC, the broker must deposit the check by close of business on which day?

The following Monday.

Wednesday

Thursday.

\*Friday.

31. There is a dispute over an escrow deposit. The parties agree to have a 3rd party hear both sides and make the final decision. What settlement (escape) procedure is being used to settle the dispute?

Mediation

\*Arbitration

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Interpleader  
Escrow Disbursement Order

32. What is the purpose of the FREC disciplinary guidelines?  
To extend the meaning of the law  
To specify and implement the law  
To give new meaning to the law  
**\*To give licensees notice of the range of penalties that normally will be imposed for violation of a law or rule**
33. The range of penalties that may be imposed on a licensee by the Commission for violation of law or rules includes which of the following?  
**\*Denial, reprimand, fine, probation, suspension and revocation**  
Imprisonment only  
A fine and imprisonment only  
A fine, reprimand, denial, suspension, revocation and imprisonment
34. What must an unlicensed individual do when ordered to appear before the DBPR?  
Nothing; the DBPR has no jurisdiction over unlicensed persons  
**\*Appear**  
File an appeal  
Bring an attorney
35. When asked about the size of a home, the sales associate quoted the home as containing 5,300 square feet of living area. In reality the home was only 4,300 square feet. This is an example of which fraudulent activity?  
Exaggeration  
**\*Misrepresentation**  
Failure to account  
Concealment
36. A buyer has agreed to purchase the seller's home. The contract calls for a deposit of \$10,000, to be placed in the broker's escrow account. The sales associate forgets to collect the deposit. The sale falls through and the seller is claiming the uncollected deposit as liquidated damages. What will the sales associate likely be charged with?  
Nothing. It is the broker's responsibility to maintain the escrow account  
Misrepresentation  
**\*Culpable negligence**  
Failure to account and deliver
37. Complete the statement. To be enforceable, a lease longer than one year \_\_\_\_\_.  
can be oral if witnessed by two people.  
does not have to conform to the Statute of Frauds.  
**\*must be in writing, signed by the landlord and witnessed by two persons.**

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does not have to be witnessed.

38. Under the Florida Residential Landlord and Tenant Act, a landlord is required to do all of the following, EXCEPT:
- Bargain in good faith
  - Provide maintenance sufficient to comply with code
  - Notify tenants within 30 days of the manner in which security deposits and advance rents are being held
  - \*Deposit advance rent and security deposits in an interest-bearing account**
39. A five-year lease of a 10,000-square-foot warehouse prohibits assignment. After two years the tenant is unable to continue with the full rent payments and arranges with another tenant to take over one-half of the space and pay one-half of the rent for the remaining term. What is this arrangement called?
- A violation of the terms of the lease
  - \*A sublease**
  - A violation of Statute 83
  - Illegal.
40. What is the maximum fine that may be imposed for a first time violation of the Florida Fair Housing Act?
- \$5,000
  - \*\$10,000**
  - \$25,000
  - \$50,000
41. All of the following are correct regarding the Americans With Disabilities Act (ADA), EXCEPT?
- \*Owners must make all accessibility modifications with no regard to the cost of improvement.**
  - ADA is intended to eliminate barriers that limit access to persons with disabilities.
  - ADA mandates certain design specifications for accessibility.
  - Owners of property open to the public may be required to remove barriers to accessibility.
42. Often a commercial lease requires the tenant to pay the rent, plus also separately pay taxes, insurance, and maintenance. This is know as a:
- \*Net Lease**
  - Gross Lease
  - Percentage Lease
  - Graduated Payment Lease
43. All of the following estates include legal title to real property, EXCEPT:
- \*Tenancy for years**
  - Fee simple estate
  - Life estate

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Tenancy by the entirety

44. What does the bundle of rights in real property include?  
Destruction, use, and extinction  
Destruction, use, and enjoyment  
Use, expatriation, and enjoyment  
**\*Disposition, use, and exclusion**
45. Four partners purchase a property together, at the same time, and on the same deed, without the right of survivorship. What type of estate have they formed?  
Non-freehold tenancy.  
**\*Tenancy in common.**  
Joint tenancy.  
Tenancy for years.
46. What is the purpose of the Florida Homestead protection?  
**\*Provide protection of the Homestead property from the debts of an improvident breadwinner.**  
Provide a tax exemption to anyone living in Florida.  
Provide protection from any and all debts that may be incurred against the homeowner.  
Provide protection from all specific liens that may be incurred by the homeowner.
47. A husband and wife purchase a home together, at the same time, on the same deed. What type of tenancy has been formed?  
Life Tenancy  
Joint Tenancy  
**\*Tenancy by the Entireties**  
Tenancy in Common
48. Which instrument transfers title from one individual to another?  
Contract  
**\*Deed**  
Warranty  
Covenant
49. What does the term title refer to in real estate?  
Any instrument that guarantees legal rights  
A legal instrument that transfers property from one party to another  
**\*Ownership**  
A piece of bond paper
50. Which clause in a deed states the interest that is being conveyed?  
**\*Habendum**  
Reddendum

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Release  
Seizing

51. Which of the following is required to obtain title by adverse possession?  
Possession of the property for one month  
Paying taxes on the property for two years  
**\*Notorious, open, hostile, adverse and exclusive possession of the property for seven or more consecutive years**  
Open and continuous use for 20 or more years
52. What type of lease, that is often a commercial lease, requires the tenant to pay the rent, plus also separately pay taxes, insurance, and maintenance?  
**\*Net Lease**  
Gross Lease  
Percentage Lease  
Graduated Payment Lease
53. Which condition correctly describes the requirement for a lease longer than one year to be enforceable?  
It is oral and witnessed by two people.  
The Statute of Frauds does not apply to leases.  
**\*It is in writing, signed by the landlord, and witnessed by two persons.**  
Witnesses are not required.
54. Which of the following best describes a contract?  
A written instrument  
**\*Legally binding**  
Void unless accompanied by earnest money  
Always bilateral
55. What is the term used to describe the party who receives an offer?  
**\*Offeree**  
Offeror  
Optionor  
Optionee
56. Which of the following establishes the time period for enforcement of a contract?  
Statute of Frauds  
**\*Statute of Limitations**  
Real estate license law  
State courts

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57. A buyer negotiates a contract to purchase property, takes possession and pays the property purchase price in installments, but does not receive the legal title until the full purchase price has been paid. What is this agreement called?
- An obvious attempt to defraud the buyer
  - A lease-option
  - A violation of the Statute of Frauds
  - \*An installment contract, contract for deed, or land contract**
58. What is the term used to describe the consideration given by a buyer to indicate serious intent to buy a property?
- \*An earnest money deposit**
  - A check deposit
  - Legal tender
  - A boot deposit
59. Which document is a real estate broker NOT legally allowed to prepare?
- Purchase and sale contract
  - Listing
  - \*Lease**
  - Option
60. When the court determines that a contract existed due to the actions of the parties, the contract is referred to as:
- a formal contract.
  - an oral contract.
  - a parol contract.
  - \*an implied contract.**
61. Complete the statement. An option contract is a unilateral contract, binding upon the:
- buyer.
  - grantee.
  - \*optionor.**
  - optionee.
62. Which of the following list of actions contain ways that a contract could be terminated?
- Performance, Rejection of the offer, or Renunciation
  - \*Breach, Performance, or Lapse of time**
  - Assignment, Abandonment, or Breach
  - Consideration, Performance, or Revocation
63. Which legal instrument evidences the debt and states the interest rate, term, payment requirement, and other information related to the loan?
- \*Promissory note**
  - Contract

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Lien  
Mortgage

64. What is the function of a mortgage?  
It conveys title to real property.  
**\*It secures the repayment of the debt.**  
It creates a personal pledge to repay a loan.  
It creates a lien on the mortgagee's property.
65. When financing the purchase of real estate, what is the role of the mortgagor?  
**\*The mortgagor gives a mortgage to a mortgagee.**  
The mortgagor takes a mortgage from a mortgagee.  
The mortgagor gives a mortgage to a borrower.  
The mortgagor takes a mortgage from a lender.
66. Which clause in a mortgage requires the lender to acknowledge performance by the borrower?  
Estoppel  
Acceleration  
**\*Defeasance**  
Release
67. What is the purpose of a receivership clause in a mortgage?  
**\*It is used to protect the value of property during the foreclosure process.**  
It conveys ownership to mortgaged property to the rightful heirs of a decedent.  
It allows an owner to charge rent when a property is mortgaged.  
It specifies the party entitled to ownership of mortgaged property when a loan has been fully paid.
68. A borrower has applied for a loan. The purchase price of the property is \$280,000. If the borrower has \$70,000 as a down payment, what is the loan-to-value ratio?  
25%  
33%  
66%  
**\*75%**
69. Where would information such as the loan amount, interest rate, term of the loan, and responsible parties be found?  
Sales contract  
Mortgage deed  
Mortgage  
**\*Promissory note**
70. Which would offer a potential borrower the most favorable interest rate over the life of the loan?

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\*4.0% plus 8 points

4.5% plus 6 points

4.75% plus 4 points

5% plus 2 points

71. Which statement best describes a short sale?

A real estate transaction that closes in under 30 days.

\*A settlement agreement where the lender agrees to a sales price that is below the outstanding loan balance.

A real estate transaction where the seller agrees to assist the buyer by taking a second mortgage.

A transaction that does not close due to a buyer's shortage of funds at closing.

72. Prior to deregulation of the banking industry in the 1980s, which institutions were dominant in providing funds for the purchase of single-family residences?

Commercial banks

\*Saving associations

The FHA

Mortgage bankers

73. What will be the effect if the Federal Reserve Board decides to purchase government securities in the open market?

The money supply will decrease and interest rates will increase.

\*The money supply will increase and interest rates will decrease.

The amount of money that member banks may use for loan purposes will be limited, thereby causing interest rates to increase.

A tight money market will be created.

74. Interest rates for Federal Housing Administration mortgages are determined by which of the following?

\*The market

FHA

The government

The Congress

75. What is the purpose of the closing statement?

\*To summarize the financial aspects of a real estate transaction.

To determine the purchase price of the property.

To determine which party pays the brokerage commission.

To report income to the Internal Revenue Service.

76. What document stipulates which party pays which expense in a closing?

Listing agreement

\*Purchase and sale contract

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Deed  
Mortgage

77. Who is paid the balance due from the buyer that is shown on the closing statement?  
The seller  
The mortgagee  
The broker  
**\*The closing agent**
78. Complete the statement. When determining proration's on a closing statement, the day of closing:  
belongs to the closing agent.  
**\*is determined by agreement.**  
is the responsibility of the seller.  
is charged to the buyer.
79. If a Broward County property sold for \$102,750, what must be paid for the documentary stamp tax on the deed?  
\$616.20  
\$616.80  
\$718.90  
**\*\$719.60**
80. A Palm Beach County property is being sold for \$98,350 and the buyer is taking title subject to an existing mortgage in the amount of \$61,220. What is the total amount of taxes due in this transaction?  
\$214.55  
\$688.10  
**\*\$688.80**  
\$903.35
81. Real estate taxes in a transaction are \$1,034. If a closing is to take place on April 16, with the day of closing belonging to the seller and the 365-day method is used, what is the amount of the proration and how is it handled?  
Debit the seller and credit the buyer \$297.45  
**\*Debit the seller and credit the buyer \$300.28**  
Debit the buyer and credit the seller \$287.45  
Debit the buyer and credit the seller \$300.28
82. Which of the following statements regarding abstract continuation and title insurance in a real estate closing is correct?  
Providing clear title is generally the responsibility of the buyer.  
The seller normally pays for title insurance.

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The seller can require that the buyer use a specific title company even if the buyer is paying for title insurance.

**\*The seller can provide either an abstract of title or title insurance as evidence of merchantable or marketable title.**

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

Stamp tax on the deed

Note Tax

Stamp tax on the deed and on the note

**\*Intangible Tax**

84. Which of the following best describes the free enterprise system?

**\*A market system**

A centralized system

A socialist system

A communist system

85. How does the real estate market react to shifts in consumer demand?

Rapidly

**\*Slowly**

Not at all

Through changes in zoning laws

86. In which condition does market equilibrium theoretically exist?

When supply exceeds demand

When demand exceeds supply

When costs and prices stabilize

**\*When supply and demand are in balance**

87. Which of the following might be indicated if a neighborhood appears to have an abundance of "For Sale" signs and an unusually high number of rentals available?

Neighborhood growth is continuing

A period of revitalization has begun

The neighborhood has entered a period of stability

**\*Decline in the neighborhood may be indicated**

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

Book

**\*Market**

Insurable

Condemnation

89. All of the following methods may be used to estimate replacement/reproduction cost, EXCEPT:

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Quantity survey

**\*Economic age-life**

Unit-in-place

Comparative unit

90. An appraiser is appraising a three-bedroom home that has only one bathroom. The standard for the neighborhood is two bathrooms. From an analysis of the market, the appraiser believes a bathroom contributes \$4,000 to the value of a home. If a comparable property having three bedrooms and two baths recently sold for \$126,000, and is similar in all other respects to the subject property, what value should be estimated for the subject property?

\$118,000

**\*\$122,000**

\$126,000

\$130,000

91. Why is the process of real estate investment analysis important to an investor?

**\*It helps an investor select properties that meet personal objectives.**

It determines the amount of taxes due on income-producing property.

It determines the exact cash flow from an investment property.

It makes possible the best use for a property based on zoning.

92. What type of risk is caused by changes in general business conditions?

**\*Dynamic**

Operating

Capital

Static

93. Which document most closely resembles a deed?

**\*Bill of Sale**

Security Agreement

Balance sheet

Operating statement

94. To which organization is real estate tax most important?

Federal government

State government

**\*Local government**

Local nonprofit organizations

95. How is 10 mills expressed as a decimal?

1

0.1

**\*0.01**

0.001

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# Answers to the 100 Florida Practice Exam Question on [www.ParkPlaceNetwork.com/flexam](http://www.ParkPlaceNetwork.com/flexam)

96. Homeowners who file itemized tax returns are allowed deductions for which of the following items?
- Real estate taxes and repairs
  - Hazard insurance and depreciation
  - \*Real estate taxes and mortgage interest**
  - Mortgage interest and utilities
97. What is the rationale behind government planning of real estate development?
- \*To manage future real estate growth.**
  - To encourage more landscaping.
  - To limit commercial areas.
  - To maintain the character of the community.
98. Which of the following would not be a typical use of a physiographic study in preparing a comprehensive city plan?
- Avoiding unexpected problems with drainage due to soil conditions.
  - \*Anticipating the future need for new or widened roads.**
  - Determining the suitability of a particular area for high-rise offices.
  - Planning for potential agricultural use of existing, unused land.
99. Which standard or process establishes the minimum standards for design and construction of buildings or structures?
- Comprehensive planning
  - DRI Reviews
  - Zoning
  - \*Building codes**
100. How are local planning boards be selected?
- By election
  - \*By appointment**
  - By lottery
  - By straw poll

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