AFFILIATE BROKER TENNESSEE (TN PSI) NATIONAL PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Table of Contents

Copyright 1
Table of Contents 2
Introduction 3
How to Use This Guide 4
Questions 5
Answers 8
Explanations 10
Next Steps 16

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

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How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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1. What is the effect on prices when there are fewer properties on the market due to scarcity?

A. Prices are pushed downward

B. Prices remain unchanged

C. Prices are pushed upward

D. Prices fluctuate randomly

2. In property management, what document outlines the responsibilities and expectations between the property owner and manager?

A. Management plan

B. Lease agreement

C. Property management agreement

D. Service contract

3. What is the purpose of a property listing agreement?

A. To establish the relationship between the seller and the broker

B. To formalize the sale of a property

C. To secure financing for the property

D. To disclose property defects to potential buyers

4. What type of listing gives the broker the exclusive right to sell the property?

A. Open Listing.

B. Exclusive Right to Sell Listing.

C. Net Listing.

D. Exclusive Agency Listing.

5. Why is it important to document your recommendations to a client?

A. To protect the client's interests

B. To provide evidence in case of disputes

C. To assure compliance with the law

D. To retain clients in the future

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6. What does a property survey determine?

A. The market value of a property.

B. The boundaries and dimensions of a property.

C. The age of the structure.

D. The previous ownership history.

7. What is the primary statute governing real estate transactions in Tennessee?

A. The Tennessee Real Estate License Act of 1973

B. The Housing and Urban Development Act

C. The Tennessee Fair Housing Law

D. The National Real Estate Act of 1968

8. What is the primary role of an appraiser when determining property value?

A. To predict market trends

B. To establish loan amounts for buyers

C. To compare the property to similar recent sales

D. To provide legal advice on property sales

9. What happens if an earnest money deposit is not delivered on time?

A. No obligation created

B. Contract becomes void

C. It may lead to legal consequences

D. It is forgiven by the seller

10. What does the term "fee simple determinable" signify in real estate?

A. A type of leasehold estate

B. Ownership that can automatically revert upon a condition being met

C. A trust structure for property management

D. A method for shared property ownership

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Answers

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

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Explanations

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1. What is the effect on prices when there are fewer properties on the market due to scarcity?

A. Prices are pushed downward

B. Prices remain unchanged

C. Prices are pushed upward

D. Prices fluctuate randomly

When there are fewer properties available on the market, scarcity creates a situation where demand outstrips supply. This imbalance leads to increased competition among potential buyers for the limited number of properties. As buyers are willing to pay more to secure a property in a competitive market, the prices naturally rise. In economic terms, when the availability of a good—in this case, real estate—diminishes while demand remains steady or increases, the market typically responds with higher prices. This is a fundamental principle of supply and demand. The lack of options forces buyers to consider paying more than they might in a more saturated market, thus pushing prices upward.

2. In property management, what document outlines the responsibilities and expectations between the property owner and manager?

A. Management plan

B. Lease agreement

C. Property management agreement

D. Service contract

The property management agreement is the essential document that clearly defines the roles, responsibilities, and expectations of both the property owner and the property manager. This agreement serves as a formal contract that outlines the scope of the property manager's duties, compensation structures, length of the management term, and specific conditions under which the property manager operates. It also can cover areas like rent collection, maintenance responsibilities, and the management of tenant relationships. This agreement is critical in establishing a professional relationship, ensuring that both parties have a clear understanding of their obligations and what is expected of them in managing the property. Without this document, there can be ambiguity regarding authority and responsibilities, which could lead to disputes or misunderstandings. The other documents mentioned have different purposes or contexts; for instance, a lease agreement pertains specifically to the relationship between a landlord and tenant regarding the rental of a property, while a management plan may detail strategies or actions regarding property management but does not serve as the binding contract between owner and manager. A service contract could pertain to specific services provided to the property but does not encapsulate the broader management relationship as comprehensively as a property management agreement does.

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3. What is the purpose of a property listing agreement?

A. To establish the relationship between the seller and the broker

B. To formalize the sale of a property

C. To secure financing for the property

D. To disclose property defects to potential buyers

The purpose of a property listing agreement is primarily to establish the relationship between the seller and the broker. This document outlines the terms under which the broker will represent the seller in the sale of their property. It sets forth the responsibilities of both parties, including how the property will be marketed, the duration of the listing, and the commission structure. By formalizing this relationship, the agreement ensures that both the seller and broker have a clear understanding of their roles and obligations throughout the selling process. Other options do not encapsulate the primary essence of a listing agreement. While formalizing the sale of a property may be part of the overall process, a listing agreement specifically pertains to the relationship and understanding between the seller and the broker before a sale is finalized. Securing financing and disclosing property defects, although critical elements in real estate transactions, are not the main focus of a property listing agreement.

4. What type of listing gives the broker the exclusive right to sell the property?

A. Open Listing.

B. Exclusive Right to Sell Listing.

C. Net Listing.

D. Exclusive Agency Listing.

The exclusive right to sell listing is a type of agreement in which the property owner grants a broker the exclusive right to represent them in the sale of their property. This means that the broker is the only agent authorized to market and sell the property, and they are entitled to a commission regardless of who ultimately finds a buyer – even if the seller finds a buyer on their own. This arrangement is beneficial for brokers as it gives them a higher level of security and motivation to invest time and resources into selling the property, knowing that they will receive a commission. In contrast, an open listing does not provide exclusive rights to any one broker, allowing multiple brokers to sell the property simultaneously. A net listing specifies that the seller will receive a predetermined amount, with the broker keeping anything above that as their commission, often creating potential conflicts of interest. An exclusive agency listing allows only one broker the right to sell, but if the seller finds a buyer themselves, they do not owe a commission, which does not provide the same level of commitment and security as an exclusive right to sell listing. Thus, the exclusive right to sell listing structure is pivotal in establishing a clear and mutually beneficial relationship between the broker and the seller in real estate transactions.

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5. Why is it important to document your recommendations to a client?

A. To protect the client's interests

B. To provide evidence in case of disputes

C. To assure compliance with the law

D. To retain clients in the future

Documenting recommendations to a client serves as a crucial record that can provide evidence in case of disputes. In situations where a disagreement arises regarding the advice given or the services provided, having documentation helps clarify what was advised and ensures that there is a clear understanding of the obligations and expectations. This can be invaluable for both the client and the broker, as it helps resolve misunderstandings and supports the broker's professional integrity. While protecting the client's interests, ensuring compliance with laws, and retaining clients in the future are also important aspects of client relationships, the primary significance of documentation lies in its ability to serve as a formal record that can substantiate claims and decisions made during the transaction process. This documentation creates a layer of accountability and transparency that benefits all parties involved.

6. What does a property survey determine?

A. The market value of a property.

B. The boundaries and dimensions of a property.

C. The age of the structure.

D. The previous ownership history.

A property survey primarily determines the boundaries and dimensions of a property. This process involves a detailed examination and measurement of the land, identifying the precise lines that define where one property ends and another begins. It is crucial for property owners and potential buyers to understand these boundaries to avoid disputes with neighbors and to ensure that any intended use of the land, such as construction or renovation, complies with local laws and regulations. While a market value appraisal assesses how much a property is worth, a survey does not provide this economic assessment. Similarly, determining the age of a structure or the previous ownership history is not within the scope of what a survey is designed to do. These aspects require different types of examinations, such as historical research or appraisals. Therefore, the correct understanding of a property survey focuses specifically on defining the physical attributes and extents of the land in question.

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7. What is the primary statute governing real estate transactions in Tennessee?

A. The Tennessee Real Estate License Act of 1973

B. The Housing and Urban Development Act

C. The Tennessee Fair Housing Law

D. The National Real Estate Act of 1968

The Tennessee Real Estate License Act of 1973 serves as the primary statute governing real estate transactions in the state. This legislation outlines the requirements for obtaining a real estate license, the responsibilities and duties of real estate professionals, and the regulatory framework within which they must operate. It is crucial as it establishes the legal foundation that ensures competency and ethical behavior among real estate practitioners in Tennessee. The Act is specifically tailored to address the nuances of real estate dealings within the state, including licensing requirements, professional conduct standards, and disciplinary actions for violations. By having such a statute, the state aims to protect consumers and maintain integrity within the real estate market. Other options pertain to broader federal regulations or laws that do not specifically regulate the practices of real estate in Tennessee. The Housing and Urban Development Act focuses on federal housing policies, the Tennessee Fair Housing Law addresses discrimination in housing, and the National Real Estate Act of 1968 is more focused on federal standards rather than state governance. Thus, while important, these acts do not hold the same primary role as the Tennessee Real Estate License Act in defining how real estate transactions are conducted specifically within Tennessee.

8. What is the primary role of an appraiser when determining property value?

A. To predict market trends

B. To establish loan amounts for buyers

C. To compare the property to similar recent sales

D. To provide legal advice on property sales

The primary role of an appraiser when determining property value is to compare the property to similar recent sales. This method, known as the sales comparison approach, involves evaluating the property in question against comparable properties that have recently sold in the same area. The appraiser analyzes key factors such as location, size, condition, and features of both the subject property and the comparable properties to arrive at an accurate and fair market value. This approach is critical because it helps ensure that the estimated value reflects current market conditions, making it a reliable method for both buyers and sellers as well as lenders involved in transactions. Understanding how similar properties have performed in the market provides a solid basis for determining value, which ultimately aids in the buying, selling, and financing processes.

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9. What happens if an earnest money deposit is not delivered on time?

A. No obligation created

B. Contract becomes void

C. It may lead to legal consequences

D. It is forgiven by the seller

If an earnest money deposit is not delivered on time, it may lead to legal consequences. In real estate transactions, an earnest money deposit serves as a show of good faith from the buyer to the seller. Timely delivery of this deposit is typically a condition outlined in the purchase agreement. Failure to meet this obligation can create uncertainty regarding the commitment of the buyer and might result in disputes between the parties involved. Legal consequences could include the seller's right to terminate the contract or seek damages for any losses incurred due to the buyer's failure to provide the deposit on time. It's important to note that the specific ramifications can vary based on the terms of the contract and the laws governing real estate transactions in the relevant jurisdiction. Thus, the importance of adhering to the timeline for documents and deposits is underscored to protect both parties involved in the transaction.

10. What does the term "fee simple determinable" signify in real estate?

A. A type of leasehold estate

B. Ownership that can automatically revert upon a condition being met

C. A trust structure for property management

D. A method for shared property ownership

The term "fee simple determinable" refers specifically to a type of ownership in real estate that automatically reverts back to the original grantor if a certain condition is met or if a stipulated event occurs. This form of ownership is characterized by the inclusion of specific language in the deed that restricts how the property can be used. For example, a property conveyed "to the city as long as it is used for park purposes" creates a fee simple determinable; if the city stops using it as a park, ownership would revert to the original grantor or their heirs without the need for any legal action. This automatic reversion is what distinguishes fee simple determinable from other types of property interests, such as leases or shared ownership arrangements. While a leasehold estate involves tenant rights and responsibilities, a fee simple determinable grants full ownership subject to the specified condition. Additionally, trust structures don't relate directly to property ownership but instead involve management of that property. Shared property ownership typically relates to agreements between multiple parties, which does not apply to the concept of fee simple determinable. Thus, the correct answer highlights the unique nature of this type of property ownership and its conditions for reversion.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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

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