GEORGIA MULTIPLE LISTING SERVICE (MLS) PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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 does the acronym "PITI" stand for in relation to a borrower's monthly mortgage payment?**

   A. Principal, Interest, Taxes, Insurance

   B. Payment, Interest, Taxes, Investment

   C. Principal, Investment, Taxes, Insurance

   D. Payment, Interest, Taxation, Insurance

2. **What is the purpose of the loan-to-value ratio in real estate financing?**

   A. To determine the feasibility of a property purchase

   B. To assess a buyer's income level

   C. To evaluate the risk taken by lenders

   D. To decide the pricing of interest rates

3. **In a real estate transaction, what are the two established agency relationships?**

   A. Broker and client, salesperson and client

   B. Broker and principal, broker and salesperson

   C. Salesperson and client, principal and owner

   D. Broker and seller, agent and buyer

4. **During closing, what is the typical role of a title company?**

   A. To negotiate the sale price

   B. To conduct a title search and issue title insurance

   C. To provide the buyer with mortgage advice

   D. To manage the buyer's closing funds

5. **How can a construction loan be described?**

   A. A long-term loan used after construction is completed

   B. An interim loan with a take-out commitment for a permanent loan

   C. A loan specifically for purchasing existing homes

   D. A personal loan without collateral

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6. According to common laws of real estate agency, a fiduciary relationship exists between which parties?

A. Buyer and seller

B. Listing broker and seller/client

C. Broker and buyer

D. Salesperson and broker

7. What must happen for a tenant selection process to comply with the Fair Housing Act?

A. All tenants must be interviewed

B. All advertising must be fair and non-discriminatory

C. No background checks should be conducted

D. Landlords can choose tenants based solely on personal preference

8. What determines the maximum FHA loan amount for a borrower?

A. Federal guidelines

B. The borrower's credit score

C. The geographical area where the property is located

D. The borrower's income level

9. Under what condition might a broker working with a buyer receive compensation from a listing broker?

A. If the buyer agrees to pay for it

B. If there is a cooperating agreement between the brokers

C. If the buyer purchases the property

D. If the seller provides a bonus

10. Which loan repayment method is most likely to involve negative amortization?

A. Standard fixed-rate mortgage

B. Graduated payment mortgage

C. Adjustable-rate mortgage

D. Interest-only mortgage

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Answers

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

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Explanations

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1. What does the acronym "PITI" stand for in relation to a borrower's monthly mortgage payment?

A. Principal, Interest, Taxes, Insurance

B. Payment, Interest, Taxes, Investment

C. Principal, Investment, Taxes, Insurance

D. Payment, Interest, Taxation, Insurance

The acronym "PITI" refers specifically to the components of a borrower's monthly mortgage payment. It stands for Principal, Interest, Taxes, and Insurance. Principal is the portion of the payment that reduces the balance of the mortgage loan itself. Interest is the charge for borrowing the money, which is a percentage of the remaining loan balance. Taxes refer to property taxes assessed by local governments, which are often included in the monthly payment and are typically held in escrow to ensure they are paid on time. Insurance includes homeowners insurance that protects the property and may also encompass private mortgage insurance (PMI) if the down payment is less than 20%. Understanding PITI is crucial for both borrowers and real estate professionals, as it provides a comprehensive view of the total monthly obligations associated with homeownership, ensuring that potential buyers can budget effectively for their housing costs.

2. What is the purpose of the loan-to-value ratio in real estate financing?

A. To determine the feasibility of a property purchase

B. To assess a buyer's income level

C. To evaluate the risk taken by lenders

D. To decide the pricing of interest rates

The loan-to-value ratio (LTV) is a crucial metric in real estate financing, primarily used to evaluate the risk taken by lenders. It is calculated by dividing the amount of the loan by the appraised value of the property. This ratio helps lenders understand how much equity a buyer has in the property and how much of the property's value is being financed through a loan. A higher LTV ratio indicates higher risk for the lender because the buyer has less equity in the property. This can make the lender more cautious and may affect the loan terms, including the interest rates offered. Lenders typically prefer lower LTV ratios as they signal that the borrower has a greater stake in the property and is therefore less likely to default. The LTV ratio plays a critical role in determining the overall lending decision, including the approval process for loans. It does not assess a buyer's income level directly, nor does it directly determine property purchase feasibility or influence interest rate pricing in a straightforward way without considering other factors. Therefore, understanding the LTV helps lenders make informed choices about risk management in their financing portfolio.

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3. In a real estate transaction, what are the two established agency relationships?

A. Broker and client, salesperson and client

B. Broker and principal, broker and salesperson

C. Salesperson and client, principal and owner

D. Broker and seller, agent and buyer

In a real estate transaction, the two established agency relationships are between the broker and the principal (which refers to the client who engages the broker to represent them). This relationship is foundational in real estate transactions, as the broker serves as the agent for the principal and has a fiduciary duty to act in the principal's best interests. The broker may have relationships with various parties involved in a transaction, including sellers and buyers, but it is the relationship between the broker and the principal that is most critical in establishing agency. The agency relationship signifies that the principal has entrusted the broker to perform specific acts on their behalf, which can include marketing the property, negotiating offers, and advising on real estate matters. In the context of agency relationships, the role of salespersons comes into play as they typically represent the broker rather than the client directly. They act under the broker's license and guidance, thus further emphasizing that the broker is the primary agent in the relationship with the principal. The focus on brokers in this context is essential as they are the licensed entities responsible for ensuring compliance with real estate laws and regulations, which is pivotal in protecting all parties involved in a transaction.

4. During closing, what is the typical role of a title company?

A. To negotiate the sale price

B. To conduct a title search and issue title insurance

C. To provide the buyer with mortgage advice

D. To manage the buyer's closing funds

The typical role of a title company during the closing process is to conduct a title search and issue title insurance. This function is crucial because it ensures that the property being sold is free from any legal issues, such as liens or claims against it. The title search examines public records to verify the property's ownership and to uncover any potential issues that could affect the buyer's rights to the property. Once the title search is complete and any issues are resolved, the title company also issues title insurance, which protects the buyer and lender from any future claims against the title. This process is vital in real estate transactions because it provides peace of mind to the buyer, knowing that they are purchasing a property with clear ownership. Other roles, like negotiating the sale price or providing mortgage advice, fall outside the typical responsibilities of a title company and are generally handled by real estate agents or mortgage brokers. Similarly, while a title company may handle certain aspects of the closing process, managing the buyer's closing funds is not its primary function, as this is typically managed by the closing attorney or escrow agent.

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5. How can a construction loan be described?

A. A long-term loan used after construction is completed

B. An interim loan with a take-out commitment for a permanent loan

C. A loan specifically for purchasing existing homes

D. A personal loan without collateral

A construction loan is typically an interim financing option that provides the funds needed to build a property. It is designed to cover the costs incurred during the construction phase. The correct answer emphasizes the nature of this type of loan as a temporary solution, often with a take-out commitment for permanent financing once construction is complete. This means that once the building project is finished, the construction loan can be converted into a permanent mortgage that will pay off the short-term loan. The structure of a construction loan is intended to facilitate the transition from the construction phase to long-term home financing, which is why a commitment for a permanent loan is often associated with it. Such a commitment offers assurance to the borrower that they will be able to secure long-term financing after the construction is completed, addressing the typical concern of needing a stable loan once the project transitions to occupancy. In contrast, a long-term loan refers specifically to mortgages used after construction is completed, which does not align with the purpose of a construction loan. Purchasing existing homes is not the intention of a construction loan; it is for new builds or major renovations. Lastly, the idea of a personal loan without collateral does not accurately depict a construction loan, as construction loans are typically secured by the property being built.

6. According to common laws of real estate agency, a fiduciary relationship exists between which parties?

A. Buyer and seller

B. Listing broker and seller/client

C. Broker and buyer

D. Salesperson and broker

In real estate agency, a fiduciary relationship is a legal and ethical obligation that requires one party to act in the best interest of another. In this context, the listing broker and seller/client relationship is a prime example of such a fiduciary relationship. When a seller hires a listing broker to market and sell their property, the broker takes on the responsibility of representing the seller's interests throughout the transaction. This includes obtaining the best price possible, negotiating favorable terms, and protecting the seller's confidential information. The fiduciary duty encompasses loyalty, full disclosure, obedience, confidentiality, accounting, and reasonable care, all of which reinforce the broker's commitment to act in the seller's best interests. This relationship is foundational in real estate, as it establishes trust and responsibility between the broker and the seller, ensuring that the seller's needs and goals are prioritized during the sale process. The other relationships mentioned, such as between buyer and seller, broker and buyer, or salesperson and broker, do not inherently carry the same fiduciary duties as that of the listing broker with the seller/client.

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7. What must happen for a tenant selection process to comply with the Fair Housing Act?

A. All tenants must be interviewed

B. All advertising must be fair and non-discriminatory

C. No background checks should be conducted

D. Landlords can choose tenants based solely on personal preference

For a tenant selection process to comply with the Fair Housing Act, it is essential that all advertising is fair and non-discriminatory. The Fair Housing Act aims to eliminate housing discrimination, ensuring that all individuals have equal opportunities in obtaining housing regardless of race, color, national origin, religion, sex, familial status, or disability. Ensuring that advertising is non-discriminatory means that landlords and property managers must avoid language or imagery that could exclude or discourage potential tenants based on these protected characteristics. This commitment to fair advertising is the first critical step in fostering an environment of equity in housing opportunities. By contrast, other aspects, such as interviewing all tenants, conducting background checks, or making selections based solely on personal preference, do not necessarily align with the requirements set forth by the Fair Housing Act. For instance, neither personal preference nor background checks can be used in a manner that discriminates against applicants based on the protected classes mentioned in the Act. Hence, the focus on fair and non-discriminatory advertising is foundational to ensuring the entire tenant selection process abides by the Fair Housing Act.

8. What determines the maximum FHA loan amount for a borrower?

A. Federal guidelines

B. The borrower's credit score

C. The geographical area where the property is located

D. The borrower's income level

The maximum FHA loan amount for a borrower is determined by the geographical area where the property is located. This is because the Federal Housing Administration (FHA) establishes loan limits based on various factors, including local housing market costs, to ensure that the limits are relevant to the region's real estate values. Different areas may have higher or lower limits, reflecting the cost of living and housing prices unique to those locations. While federal guidelines do establish overarching criteria for FHA loans, they also incorporate local market dynamics that dictate the specific lending limits. Factors like the borrower's credit score and income do affect the qualification process for an FHA loan, but they do not directly determine the maximum loan amount. Therefore, understanding that geographical area significantly influences loan limits is key to grasping how FHA financing operates.

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9. Under what condition might a broker working with a buyer receive compensation from a listing broker?

A. If the buyer agrees to pay for it

B. If there is a cooperating agreement between the brokers

C. If the buyer purchases the property

D. If the seller provides a bonus

A broker working with a buyer can receive compensation from a listing broker if there is a cooperating agreement between the brokers. Such an agreement outlines terms for sharing commissions and ensures that all parties are aware of the compensation structure. In real estate transactions, it is common for listing brokers to offer compensation to cooperating brokers as an incentive to bring buyers to the property. This cooperative relationship is often formalized in the terms set forth in the Multiple Listing Service (MLS), ensuring clarity and mutual benefit in the transaction process. The presence of a cooperating agreement is essential because it defines how commissions will be handled and encourages collaboration between different brokers involved in the transaction. Without this agreement, there may not be a clear understanding of payment responsibilities, potentially leading to disputes or misunderstandings regarding compensation. Other conditions listed, such as a buyer agreeing to pay for it, a seller providing a bonus, or a buyer purchasing the property, do not inherently establish a framework for compensation from the listing broker to the buyer's broker. Each of those scenarios may involve different arrangements but does not ensure the systematic cooperation necessary for commission sharing in most traditional real estate transactions.

10. Which loan repayment method is most likely to involve negative amortization?

A. Standard fixed-rate mortgage

B. Graduated payment mortgage

C. Adjustable-rate mortgage

D. Interest-only mortgage

The loan repayment method that is most likely to involve negative amortization is the graduated payment mortgage. This type of mortgage is designed for borrowers who expect their income to increase over time. Initially, the payments can be lower than the interest accruing on the loan, particularly in the early years. Because these initial payments do not cover the full interest, the unpaid interest gets added to the principal balance, resulting in negative amortization. As the payments gradually increase over the life of the loan, the borrower may eventually start to pay down the principal, but in the beginning, the accumulation of unpaid interest can lead to a growing loan balance. This makes the graduated payment mortgage distinct from more traditional repayment options, where payments are structured to reduce the principal balance consistently. In contrast, other loan types generally do not have this feature. A standard fixed-rate mortgage requires consistent payments that cover both principal and interest, preventing negative amortization. An adjustable-rate mortgage fluctuates with market conditions, but typically aims to cover accrued interest as well. An interest-only mortgage allows only interest payments for a set period, and while it can result in a larger balance when the required principal payments begin, it is not inherently designed to facilitate negative amortization in the same way a graduated payment

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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:

https://georgia-multiplelistingservice.examzify.com

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

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