# ILLINOIS REAL ESTATE 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 action causes water deposits on land?**

A. Erosion

B. Accretion

C. Avulsion

D. Doctrine Of Prior Appropriation

**2. What type of lease increases over a period of time?**

A. Ground Lease

B. Variable Lease

C. Gross Lease

D. Triple Net Lease

**3. In Illinois, how much state transfer tax is the seller required to pay if the sales price is $295,000, the seller holds a $95,000 purchase money mortgage, and the buyer takes title subject to the seller's existing mortgage of $122,250?**

A. $200

B. $300

C. $400

D. $173

**4. If a prospective buyer withdraws an offer before the seller accepts it and demands the return of the earnest money deposit, can the buyer do so?**

A. No, the earnest money is forfeited

B. Yes, the buyer can retract the offer and get the earnest money back

C. The decision depends on the listing broker

D. The seller automatically keeps the deposit

**5. Which lease requires paying two of the charges as well as a base amount?**

A. Net Lease

B. Percentage Lease

C. Double Net Lease

D. Index Lease

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**6. What is the consequence for practicing real estate without a license in Illinois?**

A. $10,000 civil penalty

B. License suspension

C. $25,000 civil penalty

D. Written warning

**7. Who does a property manager primarily represent the interests of?**

A. The tenants of the building

B. The local community

C. The building's owner

D. The property appraiser

**8. What is a specific lien?**

A. Personal property

B. Real property

C. Voluntary Lien

D. Specific piece of property

**9. When an appraiser assesses real estate, what is the main objective?**

A. Evaluate the property's aesthetics

B. Determine historical significance

C. Estimate market value

D. Assess construction costs

**10. What is the present value of a building and land that collectively cost $540,000 to build and sit on a parcel of land worth $250,000 using the straight-line method of depreciation if the building is 5 years old with a remaining economic life of 45 years?**

A. $500,000 and $320,000

B. $486,000 and $250,000

C. $540,000 and $250,000

D. $736,000 and $486,000

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# Answers

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

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# Explanations

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## 1. What action causes water deposits on land?

A. Erosion

B. Accretion

C. Avulsion

D. Doctrine Of Prior Appropriation

*The correct answer, which is accretion, refers to a natural process where waterborne sediments accumulate over time, leading to an increase in land area along a shoreline or riverbank. This occurs because water carries sediment and gradually deposits it in certain areas, allowing for the slow expansion of land. As this sediment layers build up, it creates new dry land over time, which is particularly evident in river deltas and coastal areas. Understanding the process of accretion is crucial in real estate, especially in situations concerning land rights and boundaries. Property owners may find themselves gaining land through accretion without any direct intervention when natural processes allow sediment to build up at the edges of their properties. The other options refer to different concepts. Erosion involves the wearing away of land due to wind or water, leading to a loss of land rather than the creation of new land. Avulsion pertains to a sudden change in land due to natural events, such as flooding or earthquakes, where land can be removed or changed quickly. The Doctrine of Prior Appropriation is a water law principle that grants rights to water to those who first use it, primarily in areas where water is limited and not directly related to land formation.*

## 2. What type of lease increases over a period of time?

A. Ground Lease

B. Variable Lease

C. Gross Lease

D. Triple Net Lease

*The type of lease that increases over a period of time is a variable lease. Variable leases, also known as fluctuating leases, incorporate scheduled increases in rent over specific intervals. This could be tied to an index or predetermined increase rates, allowing the landlord to adjust the rent based on market conditions or inflation, which provides greater financial predictability for both landlords and tenants. In contrast, a ground lease typically involves leasing land only, with the tenant building on that land. A gross lease involves a fixed rental payment where the landlord covers all property operating expenses. A triple net lease requires the tenant to pay for additional costs such as property taxes, insurance, and maintenance, and while it can result in varying total payments, the base rent itself typically does not change during the lease term unless renegotiated.*

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**3. In Illinois, how much state transfer tax is the seller required to pay if the sales price is $295,000, the seller holds a $95,000 purchase money mortgage, and the buyer takes title subject to the seller's existing mortgage of $122,250?**

A. $200

B. $300

C. $400

D. $173

*The correct answer is based on the Illinois state transfer tax formula, which is calculated per each $500 of the purchase price. In this scenario, the sales price is $295,000. First, it's important to determine how many $500 increments are within the sales price: 1. Divide the sales price by $500: $295,000 ÷ $500 = 590 2. In Illinois, the transfer tax is generally $0.50 per every $500 of the sale price. Therefore, you multiply the number of increments by the tax rate: 590 × $0.50 = $295 However, the way transfer tax is paid can vary based on other factors such as the existing mortgages. In this issue, the seller's existing purchase money mortgage and the buyer's assumption of the existing mortgage are pertinent but do not change the computation based on the sales price that is used for the transfer tax. The total tax owed reflects the unsettled rate applied specifically to the purchase price itself, not net amounts or deductions. Thus, it will be important to remember that while the total computed transfer tax is $295, local rates and additional fees may adjust this number but your final calculation of $295 should remain close*

**4. If a prospective buyer withdraws an offer before the seller accepts it and demands the return of the earnest money deposit, can the buyer do so?**

A. No, the earnest money is forfeited

B. Yes, the buyer can retract the offer and get the earnest money back

C. The decision depends on the listing broker

D. The seller automatically keeps the deposit

*The correct answer is that the buyer can retract the offer and get the earnest money back. In real estate transactions, an offer remains open for acceptance until the seller actually accepts it. If the prospective buyer decides to withdraw their offer before the seller has accepted it, they are entitled to reclaim their earnest money deposit. This refund is permissible because no contractual agreement has been finalized; therefore, the funds are still within the buyer's control. The context here involves the characteristics of earnest money in real estate transactions. The purpose of earnest money is to demonstrate the buyer's serious intent to purchase the property. However, as long as there is no acceptance from the seller, the seller has no claim to those funds, hence the buyer's right to withdraw the offer and receive their earnest money back.*

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## 5. Which lease requires paying two of the charges as well as a base amount?

A. Net Lease

B. Percentage Lease

C. Double Net Lease

D. Index Lease

*The correct answer is indeed the option that refers to a Double Net Lease. In a Double Net Lease, the tenant is responsible for paying not just the base rent but also two additional charges—typically property taxes and insurance. This arrangement means that the landlord retains responsibility for structural maintenance, while the tenant handles these specific costs, providing a balance of responsibility between landlord and tenant. Understanding the structure of a Double Net Lease is crucial for both landlords and tenants, as it clearly defines the obligations of both parties. This lease type is often favored in commercial real estate transactions, as it allows landlords to reduce their financial risks while still generating rental income from the property. The other lease types mentioned have different structures; some may involve varying degrees of tenant responsibilities but do not specifically require the payment of two additional charges alongside a base rent in the same manner as a Double Net Lease does.*

## 6. What is the consequence for practicing real estate without a license in Illinois?

A. $10,000 civil penalty

B. License suspension

C. $25,000 civil penalty

D. Written warning

*Practicing real estate without a license in Illinois can lead to significant financial penalties. The correct answer highlights that an individual can face a civil penalty of up to $25,000. This amount reflects the seriousness with which the state views unlicensed real estate practice, as it can undermine consumer protection and potentially harm the integrity of the marketplace. In Illinois, the real estate industry is strictly regulated to ensure that all transactions are conducted by qualified professionals who have met necessary educational and licensing requirements. Engaging in real estate activities without a proper license not only risks substantial fines but also jeopardizes the rights and safety of consumers who rely on licensed agents for guidance and protection in their transactions. Other options, like civil penalties lower than $25,000, license suspensions, or written warnings are less punitive compared to the maximum financial consequences imposed for unlicensed activity.*

## 7. Who does a property manager primarily represent the interests of?

A. The tenants of the building

B. The local community

C. The building's owner

D. The property appraiser

*A property manager primarily represents the interests of the building's owner. Their main responsibility is to ensure that the property is well-maintained, leased effectively, and generates revenue for the owner. This includes managing tenant relations, enforcing lease agreements, handling maintenance issues, and keeping an eye on operating expenses to maximize profitability. While property managers must also consider the needs of tenants and maintain a positive relationship with the local community, their core obligation is to the property owner. This means that decisions made by the property manager are typically aligned with enhancing the financial performance and value of the owner's investment in the property. Their role is to act in the owner's best interest while also balancing the needs of tenants for a harmonious living environment.*

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## 8. What is a specific lien?

A. Personal property

B. Real property

C. Voluntary Lien

D. Specific piece of property

*A specific lien is a legal claim against a specific piece of property as security for the repayment of a debt or the performance of an obligation. This type of lien attaches only to the designated property rather than to the individual's entire asset base. For instance, a mortgage lien is a specific lien because it is tied directly to the real estate that serves as collateral for the loan. The focus on a specific piece of property allows creditors to pursue that property in the event of non-payment or default, helping to ensure that they can recover their funds or enforce their rights in terms of the particular asset in question. Understanding this concept is crucial in real estate practice, as it affects negotiations, ownership rights, and potential liabilities associated with properties.*

## 9. When an appraiser assesses real estate, what is the main objective?

A. Evaluate the property's aesthetics

B. Determine historical significance

C. Estimate market value

D. Assess construction costs

*The main objective of an appraiser assessing real estate is to estimate the market value of a property. This involves analyzing various factors such as location, condition, and comparable sales in the area to provide an informed and objective valuation. Appraisals are crucial for various transactions, including buying, selling, and financing properties, as they help ensure all parties have a clear understanding of the property's worth in the current market. Other considerations, like a property's aesthetics, historical significance, or construction costs, can play a role in the overall assessment process, but they do not define the core purpose of an appraisal. The ultimate goal is to provide a reliable estimate that reflects what buyers might realistically pay for the property. This focus on market value aligns with the primary responsibilities of appraisers in the real estate industry.*

## 10. What is the present value of a building and land that collectively cost $540,000 to build and sit on a parcel of land worth $250,000 using the straight-line method of depreciation if the building is 5 years old with a remaining economic life of 45 years?

A. $500,000 and $320,000

B. $486,000 and $250,000

C. $540,000 and $250,000

D. $736,000 and $486,000

*To determine the present value of the building and the land using the straight-line method of depreciation, we begin with the original cost of both the building and land. The combined initial cost is $540,000 for construction and $250,000 for the land. However, land does not depreciate, so its value remains constant at $250,000. The building, however, does depreciate over time. To calculate the depreciation on the building, we need the original cost allocated to the building itself. Since we know the total construction cost of both, if we assume the entire initial construction value is attributed to the building, we can then calculate how much of that value has depreciated. The building has a total economic life of 50 years (5 years old and a remaining life of 45 years). The straight-line depreciation method divides the total building cost by the total years of economic life to find annual depreciation. If we are using a total of $540,000 for the building (since the land is valued separately and does not depreciate), we derive the annual depreciation like this: 1. Total economic life = 50 years 2. Annual depreciation = $540,000 / 50 years = $10,800 In five*

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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://illinoisrealestate.examzify.com

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

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