PSI NEW JERSEY REAL ESTATE STATE 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 zoning regulate?

A. How properties can be financed

B. The ownership transfer process of real estate

C. How land can be used in specific areas

D. Local government tax rates

2. What should a real estate agent do if they wish to promote their services online?

A. Post any information regardless of regulations

B. Ensure all advertisements meet legal standards

C. Include personal testimonials only

D. Focus solely on social media advertising

3. If a buyer learns that a property cannot be used for its intended purpose after closing, how might the contract be viewed?

A. Legally binding

B. Voidable

C. Unenforceable

D. Cancelled

4. What type of contract allows Seller A to exclusively offer a price for a specific time period to Buyer B?

A. Mutual contract

B. Option contract

C. Purchase agreement

D. Lease agreement

5. What kind of contract is being referred to if a buyer and seller have agreed on a price and both signed a written agreement with a cancellation clause?

A. Executed contract

B. Exclusively written contract

C. An executory contract

D. Non-binding agreement

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6. What typically happens if a buyer backs out of a real estate transaction after making an earnest money deposit?

A. The deposit is fully refunded.

B. The deposit is forfeited to the seller.

C. The transaction proceeds without any penalties.

D. The seller can charge additional fees.

7. When asked for a home inspector's name, what should a licensee do?

A. Recommend a personal contact

B. Recommend a board-affiliated home inspector

C. Suggest DIY methods

D. Advise against getting an inspection

8. A buyer who writes an offer for $325,000 with a 20% down payment and must pay 1 1/2 discount points will owe how much for points?

A. $3,200

B. $4,875

C. $3,900

D. $5,200

9. What is a real estate transfer tax?

A. A tax imposed on property upgrading

B. A fee for transferring a property title

C. A tax imposed on the transfer of real property

D. A a tax on rental agreements

10. Which antitrust law might be suspected to be violated if two brokers discuss commission rates in a public setting?

A. Robinson-Patman Act

B. Sherman Antitrust Act

C. Clayton Act

D. Federal Trade Commission Act

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Answers

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

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Explanations

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1. What does zoning regulate?

A. How properties can be financed

B. The ownership transfer process of real estate

C. How land can be used in specific areas

D. Local government tax rates

Zoning primarily regulates how land can be used in specific areas, establishing guidelines for the types of developments permitted and their designated purposes. This includes differentiating between residential, commercial, industrial, and agricultural uses, as well as regulating characteristics such as building height, density, and land setbacks. By implementing zoning laws, local governments aim to control urban growth, maintain property values, and ensure a cohesive community structure. The other options do not fall within the purview of zoning regulations. For instance, financing of properties is governed by financial institutions and laws related to loans and mortgages, rather than by zoning laws. The ownership transfer process is regulated by various legal statutes and property law, rather than zoning. Lastly, local government tax rates are determined by budgetary needs and fiscal policies, which do not influence land use regulations. Thus, zoning is specifically concerned with the way land is utilized and organized within communities, making the correct choice the regulation of land use.

2. What should a real estate agent do if they wish to promote their services online?

A. Post any information regardless of regulations

B. Ensure all advertisements meet legal standards

C. Include personal testimonials only

D. Focus solely on social media advertising

To successfully promote their services online, a real estate agent should ensure that all advertisements meet legal standards. This is crucial because there are specific regulations that govern real estate advertising, including truthfulness, representation, and compliance with fair housing laws. Adhering to these legal standards not only protects the agent from potential legal issues but also fosters trust with potential clients, ensuring that the information they provide is accurate and reliable. Engaging in marketing without regard for regulations can lead to penalties, lost business, or damage to reputation. While personal testimonials can be beneficial and social media is an important platform for engagement, relying solely on these strategies without considering overall legal compliance could lead to problems. Therefore, maintaining adherence to legal requirements is foundational in any advertising effort in real estate.

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3. If a buyer learns that a property cannot be used for its intended purpose after closing, how might the contract be viewed?

A. Legally binding

B. Voidable

C. Unenforceable

D. Cancelled

The contract may be viewed as voidable because the buyer was misled or did not have complete knowledge about the property's ability to be used for its intended purpose at the time of closing. A voidable contract allows one party, in this case, the buyer, to affirm or reject the contract based on certain circumstances, such as misrepresentation or lack of informed consent. If the buyer was not aware that the property could not fulfill its intended use, they may choose to void the contract due to this significant defect. In situations where a buyer makes a purchase based on specific expectations regarding the property's usability, discovering afterward that these expectations cannot be met significantly alters the agreement's foundational understanding. The buyer retains the option to proceed with the contract or to choose to cancel based on the new information regarding the property's restrictions. Other options might imply different legal standings for the contract that don't apply in this case. For instance, stating the contract is legally binding doesn't account for the buyer's new knowledge, and claiming it's unenforceable could suggest it was invalid from the start, which isn't necessarily accurate. Similarly, declaring the contract canceled without considering the buyer's choice would overlook the buyer's potential option to affirm the contract instead.

4. What type of contract allows Seller A to exclusively offer a price for a specific time period to Buyer B?

A. Mutual contract

B. Option contract

C. Purchase agreement

D. Lease agreement

An option contract is designed specifically to grant one party, in this case, Seller A, the right but not the obligation to sell property at a predetermined price within a specific time frame to another party, Buyer B. This kind of contract creates a binding agreement where the seller cannot accept other offers during the option period, effectively giving Buyer B exclusive purchasing rights. This structure is particularly useful in real estate transactions when the buyer needs time to evaluate the property or secure financing. In contrast, a mutual contract typically refers to agreements where both parties have obligations, but it does not specifically set an exclusive offer for a period. A purchase agreement is generally used once the buyer has decided to buy the property and encompasses the terms of the sale, not the exclusivity of an offer. Lastly, a lease agreement pertains to the rental of property and does not involve the sale or exclusivity of a sale price. Therefore, the option contract is the correct choice as it aligns perfectly with the requirement of securing a specific offer for a designated period.

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5. What kind of contract is being referred to if a buyer and seller have agreed on a price and both signed a written agreement with a cancellation clause?

A. Executed contract

B. Exclusively written contract

C. An executory contract

D. Non-binding agreement

The situation described fits the definition of an executory contract. An executory contract is one where the parties have made an agreement that has yet to be fully performed; in this case, while the buyer and seller have agreed on a price and signed a written agreement, certain actions still need to occur for the transaction to be complete, such as transferring the title and completing the sale. The cancellation clause indicates that there are conditions under which either party can withdraw from the agreement, further emphasizing that the contract has not yet been fully executed. In contrast, an executed contract would imply that all terms have been fulfilled, which is not the case here since performance is still pending. An exclusively written contract isn't a term typically used in real estate lingo, and a non-binding agreement would suggest that the contract lacks legal enforceability, which contradicts the fact that both parties signed a binding agreement. Thus, calling this an executory contract is accurate as it encapsulates the ongoing obligations present in a deal that is not yet completed.

6. What typically happens if a buyer backs out of a real estate transaction after making an earnest money deposit?

A. The deposit is fully refunded.

B. The deposit is forfeited to the seller.

C. The transaction proceeds without any penalties.

D. The seller can charge additional fees.

When a buyer backs out of a real estate transaction after making an earnest money deposit, the most common outcome is that the deposit is forfeited to the seller. This forfeiture serves multiple purposes: it provides the seller with some compensation for the time and resources that have already been committed to the transaction, and it acts as a deterrent for buyers who might otherwise withdraw without serious consideration. The earnest money deposit is typically viewed as a sign of good faith, demonstrating that the buyer is serious about purchasing the property. When a buyer withdraws from the deal without a valid reason or outside of any contingencies laid out in the purchase agreement, the seller is often entitled to keep the deposit. This is usually specified in the purchase contract, which outlines the circumstances under which the deposit can be retained or refunded. In most scenarios, the seller may use the deposit to cover any losses incurred from the potential deal falling through, including any missed opportunities to sell the property to other buyers while the contract was under negotiation.

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7. When asked for a home inspector's name, what should a licensee do?

A. Recommend a personal contact

B. Recommend a board-affiliated home inspector

C. Suggest DIY methods

D. Advise against getting an inspection

When a licensee is asked for a home inspector's name, suggesting a board-affiliated home inspector demonstrates professionalism and adherence to ethical standards in real estate practice. Board-affiliated inspectors are typically vetted and recognized for their qualifications and adherence to standards in the industry, which instills confidence and trust in both the licensee and the client. Providing a recommendation from this pool ensures that consumers receive a knowledgeable inspector who is likely to conduct a thorough evaluation of the property, helping to protect the client's investment. This approach emphasizes the importance of maintaining a standard of professional integrity while also ensuring that clients have access to reliable resources. By directing clients toward inspectors who are affiliated with reputable boards, licensees support the interests of their clients while fulfilling their responsibilities in providing guidance during real estate transactions.

8. A buyer who writes an offer for $325,000 with a 20% down payment and must pay 1 1/2 discount points will owe how much for points?

A. $3,200

B. $4,875

C. $3,900

D. $5,200

To calculate the amount owed for points, first, it's essential to understand what discount points are. Discount points are fees paid directly to the lender at closing in exchange for a reduced interest rate. One point is equal to 1% of the loan amount. In this scenario, the buyer is making an offer of $325,000 with a 20% down payment. First, we will determine the loan amount by calculating the down payment: 1. Calculate the down payment: - Down payment = 20% of $325,000 = 0.20 x $325,000 = $65,000. 2. Now, we can determine the loan amount: - Loan amount = Purchase price - Down payment = $325,000 - $65,000 = $260,000. Next, since the buyer must pay 1 1/2 discount points, first convert that into a decimal: - 1 1/2 points = 1.5% = 0.015. Now, calculate the cost of the points based on the loan amount: - Cost for points = Loan amount x Percentage of points = $260,000 x 0.015 = $3,900. This calculation reveals that the

9. What is a real estate transfer tax?

A. A tax imposed on property upgrading

B. A fee for transferring a property title

C. A tax imposed on the transfer of real property

D. A a tax on rental agreements

A real estate transfer tax is a tax levied on the transfer of title of real estate property from one party to another. This type of tax is typically calculated based on the sale price of the property and is often paid at the time of closing. The purpose of the transfer tax is to generate revenue for the state or local government, and the amount can vary depending on the jurisdiction. This understanding distinguishes it from concepts like property upgrading, which relates to improvements made to enhance a property's value rather than its transfer. Similarly, a fee for transferring a property title, while closely related, does not encompass the broader tax implications that the transfer tax involves. Lastly, a tax on rental agreements deals with income generated from leasing properties and doesn't pertain to the ownership transfer of real estate. Thus, the definition provided aligns precisely with the characteristics of a real estate transfer tax, making it the correct choice.

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10. Which antitrust law might be suspected to be violated if two brokers discuss commission rates in a public setting?

A. Robinson-Patman Act

B. Sherman Antitrust Act

C. Clayton Act

D. Federal Trade Commission Act

The Sherman Antitrust Act would likely be the law suspected to be violated in the scenario where two brokers discuss commission rates in a public setting. This act, originally passed in 1890, is designed to prevent anticompetitive practices and promote fair competition. It prohibits activities that restrain trade or commerce, including collusion among competitors to set prices, which is essentially what the brokers are doing by discussing commission rates. When brokers discuss their commission rates, especially in a public setting where others can overhear, it can be perceived as an attempt to fix prices, which would be a direct violation of the Sherman Act. Such discussions can lead to uniform pricing among the brokers, which undermines competitive market pricing, harming consumers by potentially leading to higher costs. In contrast, the other laws, while relevant to various facets of trade practices and competition, do not specifically address the issue of price-fixing in the same direct manner as the Sherman Antitrust Act. The Robinson-Patman Act deals more with price discrimination, the Clayton Act focuses on specific anti-competitive practices like mergers and acquisitions, and the Federal Trade Commission Act establishes the Federal Trade Commission to enforce antitrust laws broadly but does not focus specifically on the collusion in pricing that the Sherman Act

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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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