TENNESSEE REALTOR 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 is the primary purpose of the Tennessee Real Estate Commission?**

   A. To regulate real estate transactions only

   B. To ensure fair business practices

   C. To train new real estate agents

   D. To promote real estate investments

2. **How many days after being convicted of a license law offense will the Tennessee Real Estate Commission revoke a licensee's license?**

   A. 30 days

   B. 60 days

   C. 90 days

   D. 120 days

3. **Which of the following best describes a trust account in real estate?**

   A. An account for managing legal disputes

   B. A secure account for holding client funds

   C. An operational account for business expenses

   D. A personal account of the real estate agent

4. **What is required for Tennessee real estate salespeople to renew their licenses?**

   A. Taking a written examination

   B. Continuing education hours

   C. Payment of a renewal fee only

   D. A new background check

5. **Who are the principals in the condo transaction between April and Wayne?**

   A. Steve and Wanda

   B. April and Steve

   C. Wayne and Wanda

   D. April and Wayne

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6. Which of the following is an example of untruthful advertising?

A. Overstating property size

B. Price reductions

C. Staging homes

D. Highlighting local amenities

7. What can happen if Addison ignores her right to cancel the timeshare contract?

A. She will be made a legal example

B. She risks consequences from poor decisions

C. She may enter a long-term commitment

D. She might receive a penalty fee

8. What is the capitalization formula used in the income approach?

A. Value = Income x Rate

B. Value = Income + Rate

C. Value = Income / Rate

D. Value = Income - Rate

9. Which of the following applicants meets the requirements for a Tennessee broker license?

A. Miriam, who's taken 120 hours of approved education and has passed the exam

B. Raymond, who's taken 150 hours of education but has not passed the exam

C. Miriam, who's taken 150 hours of approved education and has passed the exam with a score of 75%

D. Alan, who has previous experience as a real estate agent for two years

10. Who will Donnie receive his compensation from in the transaction involving May and George?

A. From May, the listing agent

B. From his own broker

C. From George, the seller

D. From a shared fund

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Answers

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

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Explanations

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1. What is the primary purpose of the Tennessee Real Estate Commission?

A. To regulate real estate transactions only

B. To ensure fair business practices

C. To train new real estate agents

D. To promote real estate investments

The primary purpose of the Tennessee Real Estate Commission is to ensure fair business practices in the real estate industry. This involves enforcing laws and regulations that govern real estate transactions, protecting the public interest, and maintaining professional standards among licensees. By promoting fairness, the commission aims to foster an ethical environment in which all parties can engage in real estate activities, thereby enhancing trust in the marketplace. The focus on fairness also involves overseeing the licensing of real estate professionals, ensuring they comply with state laws and are properly educated on industry standards. Although the regulation of real estate transactions is part of this purpose, it encompasses a broader mandate to maintain an equitable and transparent environment for all real estate activities. Training new real estate agents is a function that may occur through educational programs, but it is not the commission's primary objective. Promoting real estate investments is not a direct goal of the commission; rather, it focuses on creating a stable and fair framework where investments can occur responsibly.

2. How many days after being convicted of a license law offense will the Tennessee Real Estate Commission revoke a licensee's license?

A. 30 days

B. 60 days

C. 90 days

D. 120 days

The correct answer indicates that the Tennessee Real Estate Commission will revoke a licensee's license 60 days after the individual has been convicted of a license law offense. This provision is in place to ensure that the professional conduct of real estate licensees meets the ethical and legal standards set by the commission. The 60-day timeframe allows the individual to respond to the conviction and address any necessary legal or administrative steps before the revocation of their license occurs. Consequently, the process emphasizes the importance of licensees adhering to the laws governing real estate practice in Tennessee.

3. Which of the following best describes a trust account in real estate?

A. An account for managing legal disputes

B. A secure account for holding client funds

C. An operational account for business expenses

D. A personal account of the real estate agent

A trust account in real estate is best described as a secure account for holding client funds. This type of account is specifically designed to safeguard money received from clients, such as earnest money deposits or rental payments, ensuring that these funds are kept separate from the real estate agent's personal or operational funds. By maintaining a trust account, real estate professionals adhere to legal and ethical standards, providing a protected environment for clients' money while also facilitating proper accounting practices. Other options describe different types of accounts or functions. For example, an account for managing legal disputes does not align with the purpose of a trust account, as trust accounts are strictly for client funds. An operational account for business expenses refers to a standard checking account used for day-to-day business transactions, which does not serve the purpose of holding client money. Lastly, a personal account of the real estate agent is specifically for the agent's private finances and is not suitable or compliant for holding client funds. Thus, option B accurately encapsulates the primary function and importance of a trust account in real estate.

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4. What is required for Tennessee real estate salespeople to renew their licenses?

A. Taking a written examination

B. Continuing education hours

C. Payment of a renewal fee only

D. A new background check

In Tennessee, real estate salespeople must complete a specific number of continuing education hours as a requirement for renewing their licenses. This requirement ensures that professionals remain knowledgeable about the latest laws, market trends, and best practices in the real estate industry. Continuing education helps maintain high standards within the profession and ensures that agents can provide the best service to their clients. It is vital for professionals to stay updated on any changes in regulations or new technologies that might impact their work. While there are other aspects involved in the renewal process, such as paying a renewal fee, the primary requirement for license renewal is indeed the completion of these continuing education hours. A written examination is not typically required for renewal, and while background checks may be relevant when first obtaining a license, they are not a standard requirement for renewal in Tennessee.

5. Who are the principals in the condo transaction between April and Wayne?

A. Steve and Wanda

B. April and Steve

C. Wayne and Wanda

D. April and Wayne

In a condo transaction, the principals are the main parties involved in the agreement or contract. In this scenario, April and Wayne are the individuals directly engaging in the transaction, making them the principals. They are the ones who will be negotiating the terms of the sale, and any discussions or decisions will primarily involve them. The other choices mention different individuals who are not part of the principal transaction between April and Wayne. While those individuals may be related to the context of the condominium, they do not have a direct role in the transaction itself. Therefore, identifying April and Wayne as the principal parties accurately reflects who is responsible for making the decisions and commitments associated with the condo transaction.

6. Which of the following is an example of untruthful advertising?

A. Overstating property size

B. Price reductions

C. Staging homes

D. Highlighting local amenities

Overstating property size serves as a clear example of untruthful advertising because it misrepresents essential information about the property to potential buyers. Accurate property dimensions are crucial in helping clients make informed decisions. Misleading consumers with inflated measurements can lead to misconceptions about the property, potentially impacting their willingness to buy or negotiate a fair price. Price reductions, staging homes, and highlighting local amenities are generally accepted practices within real estate marketing. Price reductions can offer legitimate promotions to attract interest. Staging homes enhances their appeal and helps buyers visualize living in the space, and highlighting local amenities provides valuable context about the neighborhood, all of which support honest advertising and showcase a property's strengths without deception.

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7. What can happen if Addison ignores her right to cancel the timeshare contract?

A. She will be made a legal example

B. She risks consequences from poor decisions

C. She may enter a long-term commitment

D. She might receive a penalty fee

When a consumer like Addison ignores her right to cancel a timeshare contract, she essentially forfeits her opportunity to back out of an agreement that often involves long-term financial obligations. Timeshare contracts typically commit buyers to annual maintenance fees and other costs associated with the ownership, effectively locking them into a prolonged financial relationship with the property and its associated fees. By not exercising her cancellation rights, Addison is effectively consenting to the terms and conditions of the contract, including any potential for ongoing costs and liabilities. Therefore, the result of ignoring her right to cancel could mean that she unintentionally enters into a long-term commitment that she may not be prepared for or capable of managing. This situation highlights the importance of understanding one's rights in real estate transactions, especially with regards to contracts that bind consumers to extensive financial commitments. The nature of timeshares is such that the consequences of failure to act can lead to significant financial repercussions over time.

8. What is the capitalization formula used in the income approach?

A. Value = Income x Rate

B. Value = Income + Rate

C. Value = Income / Rate

D. Value = Income - Rate

The capitalization formula used in the income approach is centered on the concept of converting income generated by a property into its value. In this context, the correct formula states that the value of an income-producing property is determined by dividing the annual net operating income (NOI) by the capitalization rate (expressed as a decimal). This means that the value of the property is a function of the income it generates and the perceived risk associated with that income, represented by the capitalization rate. When applying this formula, if the property generates a steady and reliable income, and the capitalization rate is appropriately chosen based on market conditions and comparable properties, the resulting value depicts what an investor might pay for that income stream. This approach is particularly effective for properties like rental real estate, commercial buildings, or any asset where income is a pivotal factor in determining its market value. Using addition or subtraction in the formula would not accurately reflect the relationship between income and value; thus, those alternatives do not pertain to the fundamental income capitalization method.

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9. Which of the following applicants meets the requirements for a Tennessee broker license?

A. Miriam, who's taken 120 hours of approved education and has passed the exam

B. Raymond, who's taken 150 hours of education but has not passed the exam

C. Miriam, who's taken 150 hours of approved education and has passed the exam with a score of 75%

D. Alan, who has previous experience as a real estate agent for two years

To obtain a Tennessee broker license, applicants must meet certain educational and examination requirements. The correct option indicates that Miriam has taken 150 hours of approved education and has also passed the exam, securing a score of 75%. Tennessee mandates that prospective brokers complete a minimum of 150 hours of pre-licensing education that is approved by the Real Estate Commission. Additionally, passing the licensing exam is crucial, and a score of 75% or higher is generally acceptable. By fulfilling both the educational and examination criteria, Miriam establishes her eligibility for the broker license. The other options do not satisfy one or more of these requirements. For instance, although Raymond completed 150 hours of education, he has not passed the exam, disqualifying him. Miriam's educational achievement in the first option does not meet the 150-hour requirement, and Alan's experience as a real estate agent does not replace the necessary educational qualifications to qualify for a broker license.

10. Who will Donnie receive his compensation from in the transaction involving May and George?

A. From May, the listing agent

B. From his own broker

C. From George, the seller

D. From a shared fund

In this scenario, Donnie will receive his compensation from his own broker, which is a common practice within the real estate industry. Typically, real estate agents are affiliated with brokers, and any commissions earned from transactions are paid to the broker first. The broker then disburses the appropriate share to the agent based on their agreement. This structure is designed to ensure that agents operate under the legal and ethical umbrella provided by their brokers, who bear the responsibility for the transactions. Donnie's compensation will depend on the commission agreement he has with his broker, and not directly from May, George, or any shared fund. Understanding this flow of compensation is critical for agents operating within the real estate market, as it clarifies the relationships and financial ties involved in property transactions.

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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://tennessee-realtor.examzify.com

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

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