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1. When money is paid out of the Real Estate Recovery Fund, on behalf of a Florida real estate licensee:
 - a. the licensee's license will be automatically suspended
 - b. the maximum amount that can be reimbursed in any single transaction in \$50,000
 - c. the judgment holder cannot be reimbursed for attorney's fees and court costs
 - d. All of the above

2. Which of the following is true regarding the Florida Real Estate Commission:
 - a. 2 members do not have a Florida Real Estate License
 - b. 5 members must have over twenty years' experience as a Florida Real Estate Broker
 - c. 7 members of the FREC are appointed by the Secretary of the Department of Business and Professional Regulations.
 - d. members of the FREC are accountable only to the Director of the Florida Division of Real Estate

3. The Fair Housing Act prohibits discrimination based on:

- a. race, color, religion, sexual orientation, creed, national origin, gender
- b. race, color, religion, national origin, sex, familial status, handicap
- c. color, race, religion, occupation, familial status, age, creed
- d. sexual orientation, gender, familial status, handicap, race, religion, national origin

4. A developer buys a 4-story building and wants to create storage unit bins for rent. Each floor is 200 feet by 250 feet. 20% of each floor must be utilized for hallways and elevators. Each storage bin will be 10 feet by 20 feet. How many storage bins will the developer be able to create?

- a. 200
- b. 250
- c. 800
- d. 1000

5. The Truth In Lending Act:

- a. prohibits charging high interest
- b. gives a consumer the right to rescind a mortgage secured by his homestead
- c. prohibits racial discrimination
- d. created a uniform closing statement that is used by most title companies.

6. Who can renew their initial Florida real estate license without post license education?
- a. a person that graduated from the University of Florida with a 4 year degree, or higher, in real estate
 - b. a member of the Florida Bar
 - c. a person that has closed over 50 transactions
 - d. a person that has at least 45 hours of continuing education

7. Which of the following words are synonyms?

- a. mortgagee - borrower
- b. lender - mortgagor
- c. vendor - seller
- d. grantee - person that signs deed

8. If an adult enters into a contract with a child:

- a. this contract is void
- b. this contract is illegal
- c. this contract is valid
- d. this contract can be enforced in court by the child

9. Price fixing is:

- a. a common practice in real estate
- b. a violation of Sherman-Clayton Antitrust laws
- c. prohibited by Chapter 475
- d. why the FREC establishes the amount of commission paid

10. In a joint tenancy:

- a. Owners acquire interest at the same time and has Right of Survivorship
- b. the interests of the tenant can be unequal
- c. only two people can participate
- d. the tenants can take title by different documents

11. An expressed contract:

- a. is unambiguous
- b. is ambiguous
- c. is implied
- d. is not allowed in real estate listings

12. To become the chairman of the Florida Real Estate Commission:

- a. a member is elected by his or her peers
- b. a member is appointed by the Governor and confirmed by the state senate
- c. a member must be vice-chairman first
- d. a member must be sixty years old

13. A Florida real estate license:

- a. has the expiration date on it
- b. expires biennially
- c. serves as prima facie evidence that the holder is properly licensed
- d. all of the above

14. Florida real estate licensee cannot promise to re-purchase property back in the future unless:

- a. the licensee has a net worth of \$1,000,000
- b. a guaranteed re-purchase agreement has been approved by the State of Florida
- c. the licensee can never legally do this
- d. the licensee escrows money with the FREC

15. A Florida real estate salesman must turn escrow money over to their broker:

- a. within three business of receiving the money, not counting weekends and holidays
- b. the same day he receives the money
- c. within 48 hours of receiving the money
- d. before the end of the business day following the day he received the money

16. A Florida real estate broker can have:

- a. an interest-bearing escrow account
- b. only one escrow account
- c. a balance no less than \$1000 in his escrow account
- d. no more than \$6000 of his own money in his escrow account.

17. Which of the following is illegal for a licensee to prepare?

- a. an opinion of title
- b. a real estate contract
- c. a comparable market analysis
- d. a listing agreement

18. When the government exercises the power of eminent domain, which of the following statements is not true?

- a. the government determines the value by having it appraised
- b. the rental tenant is also paid by the government through a process called condemnation.
- c. Homestead will not protect an owner from eminent domain
- d. Homestead will protect a widow from eminent domain

19. When a person dies intestate with no heirs:

- a. their real estate passes to the IRS through a process called escheat
- b. their real estate passes to the Florida government through a process call escheat
- c. all their property passed to the Florida government through a process called estoppel
- d. their property passes to those named in their will

20. Actual notice is:

- a. recording your deed after closing
- b. something you have learned by reading, seeing or hearing
- c. having a mortgage notarized
- d. the same as constructive notice

21. Ginnie Mae mortgage back securities:

- a. are endorsed by the FREC
- b. carry the full faith and credit guarantee of US. Government
- c. are sold by Ginnie Mae to accredited investors
- d. only used on loans from Ginnie Mae

22. The combining of two or more adjacent properties into one tract to increase the usability and value of the resulting consolidation is:

- a. Estoppel
- b. Assemblage
- c. Plottage
- D. Situs

23. One advantage of real estate as an investment:

- a. it is easy to leverage
- b. It is liquid
- c. it is intangible
- d. there is very little risk

24. Positive leverage occurs:

- a. when the benefits from borrowing exceed the costs of borrowing
- b. when the borrowed money costs a higher interest rate than the overall capitalization rate of a property
- c. when the buyer keeps the property for more than 30 years
- d. when the debt service is higher than the net operating income

25. Active and former Active Duty Military members and their spouses are allowed to do what through Reciprocity?
- a. Obtain only a Real Estate license in Florida if they have a Real Estate license in another state
 - b. Apply for a Real Estate license through Mutual Recognition
 - c. Obtain any DBPR license in Florida if they have the same license in another state
 - d. Request a Real Estate license in their state

26. If a corporation had a blanket mortgage on a property they were developing, they would need

- a. estoppel certificate
- b. partial release clause
- c. exculpatory clause
- d. a cause of action

27. What does 'Marketable' or 'Clean' title typically mean?:

- a. the property is priced properly
- b. there are no title defects
- c. a suit to quiet title would be appropriate
- d. this property cannot be inherited

28. When can a license be suspended immediately?

- a. when the licensee committed fraud
- b. when the Director of the DRE issues a summary suspension
- c. when the Chairman of the FREC issues an escrow disbursement order
- d. when the Secretary of the DBPR issues an emergency suspension

29. Jones v. Meyer is a famous lawsuit that:

- a. upheld the Civil Rights Act of 1866
- b. eliminated “Caveat Emptor” in the sale of real estate
- c. modified the Fair Housing Act
- d. initiated exculpatory clauses in residential mortgages

30. Four people were co-owners of a parcel of real property. One owner died, and her ownership passed to the three remaining co-owners. The deceased owner was:

- a. a tenant by the entirety
- b. a joint tenant
- c. a tenant at will
- d. a tenant in com

31. A Broker’s escrow account may NOT be held in:

- a. a Florida based title company
- b. a Florida based attorney
- c. a Florida based insurance company
- d. a Florida based credit union

32. A tenancy at will:

- a. can be terminated by either party giving notice to the other
- b. can be a month to month rental agreement and either party can terminate with 15 days notice to the other party.
- c. can be written or oral
- d. all of the above are true

33. Which of the following comes from The Florida Constitution

- a. Chapter 475
- b. Homestead rights
- c. Warranty forever
- d. Title Insurance

34. Which tax is ad valorem?

- a. Internal Revenue Service
- b. occupational license
- c. real estate property tax
- d. excise tax

35. When a licensee is given a notice of noncompliance:

- a. that licensee has 15 days to correct a minor infraction
- b. that licensee must pay a fine within 20 days
- c. that licensee would be well advised to call an attorney now.
- d. that licensee will soon be seeing the Administrative Law Judge.

36. Money will be paid from the Real Estate Recover Fund when:

- a. Chapter 475 has been violated
- b. A judge rules against an FREC decision in a court of law
- c. A real estate broker requests a bill of interpleader
- d. All parties agree on the amount

37. A VA loan:

- a. is interest only
- b. has no legislated maximum loan amount
- c. requires a 3.5% down payment
- d. VA loans have due on sale clauses

38. Disintermediation is:

- a. a normal process in commerce
- b. when a bank charges high interest rates
- c. what happens after a licensee is suspended but before their punishment starts
- d. when normal people borrow money from sources other than financial institutions

39. The Office of Thrift Supervision

- a. regulates saving association
- b. controls the secondary market
- c. makes loans to farmers
- d. supervises Fannie Mae

40. What legal instrument gives the broker the authority to sign an offer on behalf of their customer?:

- a. lis pendens
- b. option to sign
- c. power of attorney
- d. exclusive right of sale listing agreement

41. If a builder bought a lot for \$40,000, and built a house on that lot. It cost him \$200,000 to build the house. He hired an appraiser to appraise the house. The appraiser said it is worth \$295,000. A young couple offered to buy the house for \$280,000 and the builder agreed:

- a. the value of the house is \$280,000 and the price is \$280,000
- b. the cost of the house is \$240,000 and the value is \$295,000
- c. the price of the house is \$280,000 and the value is unknown
- d. the cost of the house is \$240,000 and the value is \$280,000

42. Which of the following does not depreciate?

- a. a house
- b. land
- c. a driveway
- d. a garage

43. The Brokerage Relationship Disclosure Act written disclosure requirement does not apply to:

- a. Sale of a condominium
- b. Sale of a vacant lot zoned for a single family home
- c. Auction of a single family home
- d. sale of 9 acres zoned agricultural

44. An applicant for mutual recognition:

- a. must live in Florida
- b. does not have to take the 100 question state exam
- c. must hold a real estate license from any state
- d. does not need to take Florida's continuing education requirements

45. The Buyer and the Seller are said to have what kind of relationship?

- a. Arm's length
- b. Fiduciary
- c. Transaction Brokerage
- d. Intimate

46. Which is not an acceptable method to resolve a disputed escrow deposit?

- a. arbitration
- b. Declaratory judgment
- c. mediation
- d. writ of mandamus

47. The minimum escrow deposit is:

- a. \$100 on a residential transaction
- b. 5 percent of sales price
- c. there is no minimum, escrow deposit is not required
- d. 10 percent on commercial transaction

48. Lead based paint:

- a. has not been used in houses since 1975
- b. causes neurological damages if eaten
- c. is preferred
- d. is safe in modern houses

49. An involuntarily inactive Florida real estate license becomes Null and Void without further action in:

- a. 2.5 years
- b. 2 years
- c. 3.5 years
- d. 30 months

50. A broker does not disclose a material fact to his buyer in a residential transaction. This would be considered:

- a. concealment
- b. proper conduct since a broker and customer are governed by caveat emptor
- c. conversion, a form of fraud
- d. that the broker has no obligation to disclose latent defects

51. A real estate purchase and sale contract is signed by:

- a. Buyer, seller, two witnesses
- b. Seller, buyer, notary public
- c. Buyer and seller
- d. Seller, buyer, representative of lender

52. A real estate license can remain voluntarily inactive for:

- a. a maximum of 10 years
- b. the life of the license
- c. a maximum of 1 year
- d. until the licensee takes a post license class

53. A Lender's Title Insurance policy

- a. benefits the owner of the property
- b. will not transfer if the mortgagee assigns the mortgage to another mortgagee
- c. is for the amount of the mortgage and is transferable
- d. is issued in an amount of money equal to the purchase price

54. A real estate salesperson can draw up a lease:

- a. on any transaction
- b. never
- c. if she is supervised by his broker
- d. only if the lease is witnessed

55. On Oct. 1, 2018 Mr. Owner bought a house and borrowed \$300,000 from the bank. On November 16, 2019, he borrowed \$50,000 and gave a second mortgage on his house to his credit union. On December 9, 2020 he was sued over a car accident that occurred while his insurance was cancelled. The other driver received a judgment lien for \$18,000. The other driver recorded the judgment lien. Mr. Owner experienced financial difficulties and quit paying the credit union. When the credit union forecloses, what will happen if the home sells at public auction for \$120,000?

- a. the bidder will receive a certificate of title from the clerk of the court and will own the house subject to the loan from the bank recorded Oct. 1, 2018
- b. the second mortgage will be paid off
- c. the owner will receive some money from the foreclosure
- d. all of the above

56. The section located due south of section 33 is in the:

- a. Section 4
- b. Section 28
- c. Section 1
- d. Section 33S

57. How far is the North border of section 16 to the South border section 4:

- a. two miles
- b. three miles
- c. one mile
- d. four miles

58. Why does the Principal Meridian and the Baseline intersect in Tallahassee?

- a. because Tallahassee is the capital
- b. because this was the point dictated by the Federal Government
- c. because this is where Ponce de Leon landed
- d. because Mason coming from St. Augustine met Dixon coming from Pensacola at this point

59. When evaluating a business, the balance sheet shows

- a. assets vs liabilities over a period of time.
- b. intangible assets vs tangible assets
- c. assets vs liabilities at a moment in time.
- d. cash flow

60. A section contains how many square miles?

- a. 6
- b. 36
- c. 640
- d. 1

61. The recipient of a power of attorney

- a. is called an attorney in fact
- b. is governed by caveat emptor
- c. must be a relative
- d. must be a member of the Florida BAR

62. Team advertising may NOT include:

- a. The cell phone number of the real estate agent team member
- b. Team name font bigger than the Brokerage name font
- c. The name of the real estate agent team member
- d. Logo of the team

63. In case of breach by the buyer, most real estate sale contracts include a provision that the earnest money deposit will be regarded as?

- a. earned commission to the listing broker
- b. liquidated damages to the buyer
- c. compensatory damages to the seller
- d. liquidated damages to the seller

64. An outline of the charges against a licensee is called?

- a. subpoena
- b. formal complaint or an administrative complaint
- c. final order
- d. infraction

65. The Florida Real Estate Commission cannot:

- a. revoke a license
- b. suspend a license
- c. fine a licensee
- d. imprison a licensee

66. Where does the money in the Florida Real Estate Recovery fund come from?

- a. documentary stamp tax on the deed
- b. the money is collected from licensees
- c. the money is donated by lawyers
- d. the money is a tax on the interest from real estate escrow accounts

67. The maximum time a Florida real estate license can be suspended is?

- a. six months
- b. 5 years
- c. 10 years
- d. 60 months

68. The Taxpayer Relief Act of 1997

- a. eliminated depreciation
- b. excludes up to \$250,000 of capital gain tax on sale of a principal residence if you are single
- c. eliminated accelerated recourse
- d. made a lot of homeowners mad

69. Which of the following type of depreciation is curable?

- a. a 2 year old house with a broken air conditioner that costs \$8,000 to repair
- b. an over-improvement
- c. a 45 year old house with ugly, peeling paint
- d. a house next door to a garbage dump

70. The ratio between a property's selling price and its gross monthly income is known as:

- a. income ratio
- b. gross rent multiplier
- c. net operating income
- d. gross income multiplier

71. The most advantageous type of listing to a real estate licensee is

- a. exclusive agency
- b. exclusive right of sale
- c. multiple listing
- d. open listing

72. Which of the following is tax deductible on your primary residence?

- a. mortgage payment
- b. mortgage balance
- c. insurance on your home
- d. mortgage interest

73. A notice of a pending legal action is:

- a. an injunction
- b. a lis pendens
- c. a final order
- d. an overage

74. A Single Agent Brokerage Relationship broker does not have the duty of

- a. Obedience
- b. Loyalty
- c. Limited representation
- d. Confidentiality

75. A Florida real estate license is revoked without prejudice when:

- a. a licensee has violated chapter 475
- b. a licensee lied on their application
- c. a licensee defrauds the FREC
- d. a license was issued by mistake

76. If a person does not pay their real estate property tax:
- a. the unpaid taxes will be offered at a tax certificate auction
 - b. the property will be destroyed
 - c. the owner will be arrested
 - d. their account will be turned over to a collection agency

77. A Florida real estate agent sold a property on Sept. 9th, 2019. On October 1st 2019, that agent's license becomes involuntary inactive. When that transaction closes on Oct. 20th, 2019:

- a. that agent may not be legally paid
- b. that agent may be legally paid
- c. that agent's broker can collect the commission but she cannot pay the agent
- d. no one would know that the agent's real estate license was involuntary inactive

78. Which of the following is a material fact?

- a. the ethnic makeup of neighborhood
- b. the roof has defects and leaks
- c. someone died of AIDS in the house last year
- d. the previous owner committed suicide in the house

79. If a real estate broker advertises a house for \$500 down payment

- a. this is a trigger word and requires the advertising of other things in that ad for real estate
- b. that broker is in violation of Chapter 475
- c. that real estate broker is violating RESPA
- d. This is legal advertising

80. If you buy a residential condominium:

- a. you can rescind your contract within 15 days if you are buying from a developer
- b. if you are buying from the second owner, you have 3 days to rescind the contract
- c. if the condominium is new and there are more than 20 units, the purchaser must be given a prospectus by the developer
- d. all of the above

81. The warrant of seizen in a deed:

- a. is a promise from the seller to the buyer that the seller really owns the property
- b. does not exist in a general warranty deed
- c. is implied in a quit claim deed
- d. is a promise from the grantor to the grantee that there are no liens on this property

82. A deed is signed by:

- a. Grantor, Grantee, two witnesses
- b. Grantor and two witnesses
- c. Grantee and two witnesses
- d. Grantee, Grantor and licensee

83. In an amortized mortgage:

- a. every month interest payment increases
- b. every month principle payment increases
- c. every month the principal and interest payment goes up
- d. every month the mortgage loan balance goes up

84. When property is bought subject to the mortgage:

- a. intangible tax on the mortgage is not paid
- b. the grantee is not responsible to pay the note
- c. the mortgagee could sue the original owner for a deficiency judgment
- d. all of the above are true

85. If a potential buyer earns \$6000 per month in gross income and their new house expense is \$1680/mo, the housing expense ratio is?

- a. 32%
- b. 22%
- c. 26%
- d. 28%

86. The government philosophy of Laissez-Faire is a belief that:

- a. the government needs to be very strict with zoning and building regulation
- b. the government does not need to interfere in private business affairs
- c. the government should encourage urban sprawl
- d. infrastructure is best built and maintained by the government

87. The planning commission is part of local government and the members:

- a. are elected
- b. are appointed
- c. are experts
- d. are paid a salary

88. Farmer Brown has forty acres of land. Developer Jones has money and expertise. They get together to develop the land, turn it into a subdivision and sell the lots. This is a:

- a. Corporation
- b. Ostensible partnership
- c. Farmer's co-op
- d. Joint venture

89. If a real estate brokerage is arranged as a limited partnership:

- a. any general partners must be an active licensed Florida real estate broker
- b. a general partner can be a sales associate
- c. sales associates may be limited partners but not general partners
- d. the general partners have no liability

90. A Florida Broker A and Florida Broker B's share an office to save on expenses. Only Broker A's sign is on the door. This would be considered a/an:

- a. general partners
- b. limited partners
- c. ostensible partners
- d. all of the above

91. Owner/Developer Pam bought three 200 foot lots on the river for \$200 per front foot. She subdivided that land into six riverfront lots and sold them for \$30,000 per lot. What was her percent of profit?

- a. 20%
- b. 25%
- c. 50%
- d. 40%

92. John purchased an apartment building that has a monthly net income of \$4,500. Monthly expenses are \$1,250. If an investor desire an 8% return, what is the value of this property?

- a. \$675,000
- b. \$480,000
- c. \$862,500
- d. \$487,500

93. Mr. Buyer bought a house for \$255,750. He assumed a \$132,854 mortgage of 8%/yr. The seller held a purchase money second mortgage for \$74,200. What is the total tax to the State of Florida paid on this transaction?

- a. \$873.25
- b. \$2,929.56
- c. \$2,515.45
- d. \$2,663.85

94. A developer bought 18 acres of land. He intends to create a 40 lot subdivision. He knows 10% of land will be used for parks and common areas. The streets will require 20 feet by 2000 feet. If the lots are all equal size, how big will each lot be?

- a. 19,602 sq. ft.
- b. 17,642 sq. ft.
- c. 17,542 sq. ft.
- d. 16,642 sq. ft.

95. An income producing property has an effective gross income of \$97,580. Vacancy losses are expected to be 10%. Expenses are \$47,000. If the price of this property is \$350,000, what is the capitalization rate?

- a. 14.45%
- b. 25.09%
- c. 11.66%
- d. 41.31%

96. If a person bought a vacant lot for 80% of asking price and sold it for the asking price, what is % of profit?

- a. 25%
- b. 33%
- c. 40%
- d. 18%

97. An investor wanted a space with 2,000 sf of working area and a 400 sf bay garage. There was a property that was available with these dimensions. A contractor told her that it currently costs \$110/sf to build the working area and \$45/sf to build the garage area. The lot was 2 acres at \$60,000/acre. The existing building was 18 years old with an effective age of 15 years and an economic life of 60 years. Using the Cost-Depreciation approach, what should the investor pay for the existing building?

- a. \$358,000
- b. \$238,000
- c. \$298,500
- d. \$340,000

98. A real estate salesman had an arrangement with his broker to keep 60% of the total commission. He sold a house that he also listed for \$400,000. His check was \$14,400. What was the commission rate?

- a. 8%
- b. 7%
- c. 6.5%
- d. 6%

99. If a person borrowed \$100,000 and paid 6% interest rate, and they paid \$2,000 in interest, how long did they have the money?

- a. 2-1/2 years
- b. 3 months
- c. 1 year
- d. 4 months

100. Andy bought a house from George for \$275,000. He assumed an existing mortgage of \$72,524 from George, and obtained a \$147,475 new mortgage from the bank. What are the total state transfer taxes in this transaction?

- a. \$1,210.35
- b. \$3,135.35
- c. \$1,065.30
- d. \$2,990.30

101. Where can you find the answers to this test?

a. Follow this link:

<http://ronclimer.blogspot.com/2014/10/answer-key-to-climer-school-of-real.html>

Answers to Florida Real Estate Practice Exam 1

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