

# 50 Free Real Estate Flashcards for Exam Prep



Front

Can a property owner block an easement?

Back

No. A property owner cannot block or restrict access to the property easement because these places are used by public utility companies and community organizations.

Front

What is a mutual recognition agreement?

Back

A mutual recognition agreement—sometimes called reciprocity—provides a real estate agent with the ability to represent buyers/sellers in two states. Both states recognize the licensing education credentials.

Front

What are the physical characteristics of real estate?

Back

The three physical characteristics of real estate include immobility, indestructibility, and uniqueness.

Front

What does DUST stand for in real estate?

Back

DUST is the acronym for the four economic characteristics in real estate. It stands for Demand, Utility, Scarcity, and Transferability.

Front

Is an old department store converted into shopping space on the first floor and apartments on the second floor an example of non-conforming use?

Back

Yes. When a space is approved by the zoning commission and used in a way that changes the zoning without a new application, it is an example of a non-conforming use.

Front

Does the percolation test prove the quality of air for a community?

Back

No. The percolation test looks at the water runoff in an area to see if it is fit for a septic system for residential or commercial properties.

Front

What does PETE stand for in real estate?

Back

PETE stands for Police power, Eminent domain, Taxation, Escheat (dying without an heir). These are the rights of the government over the individual regarding property ownership.



Front

What is a life estate?

Back

A life estate is property only under the ownership of a person during their lifetime. After death, the property automatically reverts back to the original owner and is not a part of their estate. One example might be someone who gives their mother a home to live in for her life, but the home reverts to original ownership upon her death.

Front

What is a period-to-period lease?

Back

A period-to-period lease, or periodic tenancy, means that the lease on a property automatically renews for as long as the rent is paid and the owner does not change the lease contract.

Front

What does estate at sufferance mean?

Back

Estate at sufferance means that someone has failed to vacate a piece of property after the expiration of the lease or default on the mortgage. The person is living at a property without the consent of the owner.

Front

What is Megan's Law?

Back

Megan's Law deals with sexual predator disclosures in a location. If a buyer asks about sexual predators in a neighborhood, the agent should tell them to visit the Sex Offender Registry website to find out if there are known offenders in the neighborhood.

Front

What level of government regulates the zoning laws for an area?

Back

The local government has the power to regulate area zoning laws to meet the needs of their community. There are no national or statewide zoning ordinances allowed in real estate.

Front

What are the two ways that the government can take privately held land or real estate?

Back

Eminent domain and escheat. Eminent domain is the process of taking land for the use and good of the community, such as expanding a highway. Escheat happens when the government takes a property after the owner has died without heirs.

Front

How does the Americans with Disabilities Act (ADA) impact housing?

Back

The ADA requires physical access to housing for those with disabilities and requires equal opportunities for housing for those with disabilities or handicaps.

Front

Does a property owner have the right to dispose of (sell) a property?

Back

Yes.  
The property owner is the only person who can legally sell property.



Front

Can a property owner block off a stream  
at the cost of other owners?

Back

Yes. The doctrine of prior appropriation  
says that the first person to divert water  
from a stream for their own use has the  
right to do so—even at the cost of other  
owners.

Front

What is the Federal Fair Housing Act  
(1968)?

Back

The Federal Fair Housing Act requires that all individuals be treated the same when buying or leasing property. The seller or agent cannot discriminate based on race, religion, sex, or origin.

Front

How is an offer legally terminated?

Back

An offer can be terminated by failure to meet the due date, rejection by the seller, withdrawal by the buyer, or ruling by law.

Front

What does the statute of frauds require to be enforceable?

Back

The statute of frauds requires that the contract is in writing—not verbal—to be legally enforceable in court.

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What are subsurface rights for real estate?

Back

Subsurface rights are any benefits from below land owned by an individual, like minerals, oil, gas, and water.

Front

What is a Competitive Market Analysis  
(CMA)?

Back

A full report that the real estate agent gives about the market to a potential buyer or seller indicating a property's value based on factors like community sales and quality of area homes. The agent must only represent the CMA as their educated opinion - not an appraisal.

Front

What is Agreement of Purchase/Sale?

Back

The sales price of a property agreed upon by the buyer and owner of the property.

Front

What is ARV?

Back

After-Repair Value—what the property is worth when all repairs are made by the seller.



Front

What is a Balloon Mortgage?

Back

Typically a short-term mortgage with no or interest-only payments, requiring the carrier of the loan to pay off the entire mortgage in full at the end of the agreed-upon term.

Front

What is an Earnest Money Deposit?

Back

The amount of money a buyer offers the seller to assure they have an interest in completing a purchase. This is separate from a downpayment, but is often folded into the downpayment when the sale is finalized.

Front

What is a Contingency?

Back

Contingency is a legal statement declaring that a certain number of requirements must be met by the buyer or seller before the sales contract can be finalized.

Front

What is Real Property?

Back

Real Property comprehensively refers to a physical property—including elements such as buildings, land, and property fixtures—as well as the rights of ownership.

Front

What is a Fixture?

Back

Anything permanently attached to a property like a well, patio, or shed on the land.

Front

What is Hereditament?

Back

Hereditament is the land and property that passes from family member to family member through inheritance.

Front

What is Stigmatized Property?

Back

A property where an unfavorable event—  
like a suicide or murder—happened.  
This negatively affects the ability of the  
seller to find a buyer.

Front

What is RESPA and what is its purpose in real estate?

Back

RESPA - Real Estate Settlement Procedures Act - focuses on disclosing how much interest a mortgage will cost over time and what the total payback amount will be over the life of the loan.



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Can one agent represent both the buyer  
and the seller?

Back

No. However, one broker can represent  
the buyer and seller with different agents -  
or dual agents - in their office.

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How do Veterans Affairs (VA) entitlements protect the lender?

Back

VA entitlements are the protected amount of money promised to the lender if the person approved for the mortgage defaults on the loan.

Front

How is Loan-to-Value (LTV) calculated for a property?

Back

The loan amount is divided by the price of the sale or appraisal value (whichever is lower) to get the amount of the LTV.

Front

Are closing costs included in the purchase price?

Back

No. Closing costs are additional fees for services like deed recording and appraisal of the property necessary to make the sale legal.

Front

What are points?

Back

Points are the fees paid directly to a lender at closing in exchange for a reduced interest rate.

Front

When is ad valorem collected?

Back

Ad valorem is the sales tax due when the transaction or purchase of a home takes place.

Front

Why is usury against the law?

Back

Usury is the unfair practice of overcharging interest rates. If the average market interest rate is 14% and the lender is offering 30%, then this would be an example of usury.

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What are REITs in real estate?

Back

Real Estate Investment Trusts - or REITs - are joint property investments by individuals and groups. Each investing entity contributes a set amount then receives a proportional return when the property sells.



Front

How do you calculate NOI?

Back

Net Operating Income (NOI) includes all property revenue (from rentals, for example) after considering the total losses and expenditures required to fix or maintain the property.

Front

True/False: Agents are prohibited by law from making a referral for companies that do home appraisals.

Back

True. Home appraisal is independent of the agent and the agent cannot suggest a certain company be used for the process.

Front

True/False: The Ethics Code is based on the motto, "Let the buyer beware."

Back

False. All real estate ethics codes are based on the motto, "Let the public be served," meaning that the agent must do what serves the client first.

Front

True/False: A real estate agent is free to take any client.

Back

False. If your client is already signed or showing with another buyer/seller agent, then you cannot take the client or the listing until the contract is expired.

Front

True/False: Virtually staging homes or editing pictures is acceptable as long as you disclose the edits openly.

Back

True. Any time that images or videos are edited to include things that the client will not see upon visiting the property, the agent should disclose their edits to prospective buyers.

Front

True/False: It is acceptable to steer a client toward a neighborhood or area that fits them best.

Back

False. While in most states, this remains an ill-advised, unethical practice, it is actually illegal in California.

Front

True/False: You can show a property to buyers even if there are offers on the table with the seller.

Back

True. You can show these properties to potential buyers, but you should let the client know that the seller has offers and might complete a sale.

Front

True/False: You should focus on showing high commission properties and not low commission properties to increase your income.

Back

False. If you sign with a seller to show their property, then the ethical thing to do is to show their home regardless of commission structure.



Front

True/False: Agents can represent family members as long as they disclose their relationship to the buyer/seller.

Back

True. Article 5 of the NAR Code of Ethics states that real estate agents must disclose their connection to family members to any buyers/sellers.

Front

True/False: You can keep all client money in one escrow as long as you keep the entries separate and clear.

Back

False. According to Article 8 of the Ethics Code, every client should have their own escrow account separate of other clients.

Front

True/False: You can share the reasons why a seller is putting a property on the market.

Back

False. Clients have an expectation of privacy that should not be violated.