



York Real Estate

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1. In real estate, an 'agent' is best defined as a person who:

- A. Acts on behalf of another with that person's authority
- B. Holds a broker's license in New York State
- C. Owns the property being sold
- D. Prepares the closing documents for a transaction

2. Which element is NOT required for a valid real estate contract in New York?

- A. A notarized signature from both parties
- B. Offer and acceptance
- C. Consideration
- D. Lawful purpose

3. The federal Fair Housing Act of 1968 originally prohibited discrimination based on which protected classes?

- A. Race, color, religion, and national origin
- B. Race, color, sex, and disability
- C. Race, familial status, religion, and sex
- D. Race, color, national origin, and age

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4. In a mortgage, the borrower is called the:

- A. Mortgagor
- B. Mortgagee
- C. Beneficiary
- D. Trustee



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5. In New York, a real estate salesperson must be sponsored by whom to activate their license?

- A. A licensed real estate broker
- B. The Department of State
- C. A real estate attorney
- D. A mortgage lender

6. Under New York Real Property Law, which state agency is responsible for licensing real estate salespersons and brokers?

- A. Department of State
- B. Department of Finance
- C. Department of Commerce
- D. Division of Housing and Community Renewal

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7. A property manager's primary fiduciary duty is owed to whom?

- A. The property owner (principal)
- B. The tenants
- C. The local municipality
- D. The property manager's brokerage firm

8. Which principle of value states that the worth of a property is determined by the cost to acquire an equally desirable substitute?

- A. Principle of contribution
- B. Principle of conformity
- C. Principle of substitution
- D. Principle of anticipation

9. The person on whose behalf an agent acts is called the:

- A. Licensee
- B. Client
- C. Principal
- D. Broker

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10. What does 'consideration' mean in the context of a real estate contract?

- A. The seller's motivation for selling
- B. Something of value exchanged between the parties
- C. The property's appraised value
- D. The broker's commission

11. How many protected classes are currently recognized under the federal Fair Housing Act?

- A. 4
- B. 6
- C. 7
- D. 9

12. In a mortgage transaction, the lender is known as the:

- A. Mortgagor
- B. Mortgagee
- C. Trustor
- D. Obligor

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13. What is the minimum age requirement to obtain a real estate salesperson license in New York?

- A. 16 years old
- B. 18 years old
- C. 19 years old
- D. 21 years old

14. Which of the following individuals is EXEMPT from holding a New York real estate license?

- A. A person who negotiates leases on behalf of a landlord for compensation
- B. A property manager who collects rents and negotiates leases for a fee
- C. A person who finds tenants for apartments for a fee
- D. An attorney who performs real estate activities incidental to their legal practice



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15. Which document typically defines the scope of authority and compensation between a property owner and a property manager?

- A. A lease agreement
- B. A management agreement
- C. A listing agreement
- D. A purchase contract

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16. Which principle states that a property's maximum value is achieved when its improvements are in proper proportion to each other and to the land?

- A. Principle of substitution
- B. Principle of balance
- C. Principle of progression
- D. Principle of regression

17. A 'customer' in a real estate transaction is most accurately described as:

- A. The party who has signed a buyer representation agreement
- B. A third party who is not represented by the licensee
- C. The seller who listed the property
- D. Any person who attends an open house

18. Under New York's Statute of Frauds, which type of agreement MUST be in writing to be enforceable?

- A. A one-month verbal lease
- B. A verbal listing agreement for personal property
- C. A contract for the sale of real property
- D. A tenant's verbal request for repairs

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19. Which amendment to the Fair Housing Act added disability and familial status as protected classes?

- A. The Civil Rights Act of 1964
- B. The Fair Housing Amendments Act of 1988
- C. The Housing and Community Development Act of 1974
- D. The Equal Credit Opportunity Act of 1974

20. The document that evidences a mortgage debt and contains the borrower's promise to repay is called a:

- A. Deed of trust
- B. Mortgage deed
- C. Promissory note
- D. Security agreement

21. How many hours of approved pre-licensing education must a real estate salesperson candidate complete in New York?

- A. 45 hours
- B. 60 hours
- C. 75 hours
- D. 90 hours

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22. If a buyer refuses to sign the New York agency disclosure form, the agent should:

- A. Refuse to work with the buyer until they sign
- B. Note the refusal on the form and continue working with the buyer
- C. Report the refusal to the Department of State immediately
- D. Terminate the agency relationship

23. Under New York law, a person who manages residential properties for others for compensation must hold what credential?

- A. A certified property manager (CPM) designation
- B. A New York notary public license
- C. A New York real estate broker's license
- D. A home improvement contractor license



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24. A small, modest home located in a neighborhood of large, expensive homes will most likely experience which value effect?

- A. Regression — its value will pull larger homes down
- B. Conformity — its value will match surrounding homes
- C. Contribution — each upgrade will add equal value
- D. Progression — its value is enhanced by surrounding higher-value homes

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25. Which type of agency authorizes the agent to perform only ONE specific act?

- A. General agency
- B. Universal agency
- C. Dual agency
- D. Special agency

26. A buyer submits an offer on a house. Before the seller responds, the buyer sends written notice withdrawing the offer. What is the legal status of the offer?

- A. The offer is still valid because the seller has not yet rejected it
- B. The offer converts automatically to a counteroffer
- C. The seller may still accept the offer within 24 hours
- D. The offer is revoked and no contract can be formed

27. Which of the following is NOT a protected class under the federal Fair Housing Act?

- A. Familial status
- B. National origin
- C. Disability
- D. Sexual orientation

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28. Which of the following best describes 'equity' in real estate?

- A. The total loan balance owed
- B. The lender's interest in the property
- C. The market value minus closing costs
- D. The market value minus the outstanding mortgage balance



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29. A real estate broker applicant in New York must have how many hours of approved pre-licensing education?

- A. 120 hours
- B. 75 hours
- C. 45 hours
- D. 60 hours

30. How many hours of approved pre-licensing education must a real estate salesperson candidate complete before sitting for the New York licensing exam?

- A. 45 hours
- B. 75 hours
- C. 60 hours
- D. 90 hours



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Answer Key & Explanations

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1. A — Acts on behalf of another with that person's authority

An agent is someone authorized to act on behalf of a principal. In real estate, licensees act as agents for buyers or sellers, but the defining characteristic is the authority granted to act for another.

2. A — A notarized signature from both parties

Notarization is not a requirement for a valid real estate contract in NY; contracts need offer and acceptance, consideration, parties with legal capacity, and a lawful purpose. A deed requires acknowledgment, but not a sales contract.

3. A — Race, color, religion, and national origin

The original Fair Housing Act of 1968 covered four classes: race, color, religion, and national origin. Sex was added in 1974, and disability and familial status were added in 1988.

4. A — Mortgagor

The mortgagor is the borrower who pledges the property as collateral. The mortgagee is the lender who receives the mortgage.

5. A — A licensed real estate broker

NY law requires every licensed salesperson to be associated with and sponsored by a licensed real estate broker. The salesperson cannot practice independently without an active broker sponsor.

6. A — Department of State

The New York Department of State (DOS), through its Division of Licensing Services, issues and regulates real estate licenses in New York. The other agencies handle different governmental functions.

7. A — The property owner (principal)

The property manager acts as an agent of the owner and owes fiduciary duties—loyalty, care, and obedience—to the owner as the principal. Tenants are third parties, not principals.

8. C — Principle of substitution

The principle of substitution holds that a rational buyer will pay no more for a property than the cost of obtaining an equally satisfactory substitute. This principle underpins the sales comparison approach to value.

9. C — Principal

The principal is the party who authorizes the agent to act on their behalf. In real estate, the principal is typically the buyer or seller who hires the agent.

10. B — Something of value exchanged between the parties

Consideration is something of value—money, services, or a promise—that each party gives in exchange for the other's promise. It is a required element for a binding contract.

11. C — 7

The federal Fair Housing Act currently recognizes 7 protected classes: race, color, religion, national origin,



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sex, disability, and familial status.

12. B — Mortgagee

The mortgagee is the lender who holds the mortgage as security for the loan. The mortgagor is the borrower.

13. B — 18 years old

New York requires an applicant for a salesperson license to be at least 18 years of age. This ensures legal capacity to enter contracts on behalf of clients.

14. D — An attorney who performs real estate activities incidental to their legal practice

New York law exempts licensed attorneys from licensing requirements when they perform real estate services incidental to their legal practice. The other activities require a real estate license when done for compensation.

15. B — A management agreement

A management agreement (also called a property management contract) spells out the manager's duties, authority, fees, and the duration of the relationship. A listing agreement covers sales, not management.

16. B — Principle of balance

The principle of balance (also called equilibrium) holds that maximum value results when the agents of production—land, labor, capital, and management—are in proper proportion. Over-improvement or under-improvement destroys value balance.

17. B — A third party who is not represented by the licensee

A customer is a third party (not the licensee's client/principal) to whom the licensee may still owe certain duties such as honest dealing but NOT fiduciary duties.

18. C — A contract for the sale of real property

New York's Statute of Frauds (General Obligations Law §5-703) requires contracts for the sale of real property to be in writing and signed by the party to be charged. Short-term leases of one year or less may be oral.

19. B — The Fair Housing Amendments Act of 1988

The Fair Housing Amendments Act of 1988 expanded the protected classes to include disability and familial status, significantly broadening fair housing protections.

20. C — Promissory note

A promissory note is the borrower's written promise to repay the loan under specified terms. The mortgage itself is the security instrument pledging the property.

21. C — 75 hours

New York State requires 75 hours of approved real estate salesperson pre-licensing coursework before an applicant may sit for the licensing examination.

22. B — Note the refusal on the form and continue working with the buyer

If a buyer or seller refuses to sign the disclosure form, the agent must note the refusal on the form and can continue the representation. The signature acknowledges receipt—it does not create the agency relationship.

23. C — A New York real estate broker's license

New York requires anyone who manages real property for others for a fee to be a licensed real estate broker (or work under one). The CPM is a professional designation, not a legal requirement.



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24. D — Progression — its value is enhanced by surrounding higher-value homes

The principle of progression states that a lower-value property benefits from being located among higher-value properties. Conversely, regression applies when a high-value property is surrounded by lower-value properties.

25. D — Special agency

A special (or specific) agency limits the agent to performing a single act or transaction, such as selling one particular property. Most real estate agents operate as special agents.

26. D — The offer is revoked and no contract can be formed

An offeror may revoke an offer at any time before acceptance is communicated. Once the buyer delivers a written revocation before the seller accepts, the offer is terminated and no contract can be formed.

27. D — Sexual orientation

Sexual orientation is NOT a protected class under the federal Fair Housing Act, though it is protected under New York State and New York City law. The federal Act covers race, color, religion, national origin, sex, disability, and familial status.

28. D — The market value minus the outstanding mortgage balance

Equity is the owner's financial interest in a property, calculated as market value minus all liens and encumbrances, most commonly the outstanding mortgage balance.

29. A — 120 hours

New York requires broker candidates to complete 120 hours of approved pre-licensing education, significantly more than the 75 hours required for salespersons.

30. B — 75 hours

New York requires 77.5 hours of pre-licensing education for salesperson candidates; the standard rounded figure recognized in the curriculum is 75 hours of qualifying education plus additional hours. The DOS-prescribed course is 75 hours total.



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