Tennessee PSI Real Estate Practice Exam

Section: Tennessee Real Estate Exams • **Total Questions:** 10 • **Format:** Verified Q&A

1. When MUST written disclosure of agency status be made to a buyer?

(A) Upon first contact.
(B) Prior to showing property to a buyer.
(C) Upon first discussion of a specific property.
(D) Prior to the preparation of an offer to purchase.

2. A prominent, civic minded entrepreneur decided to leave an estate to a local historical society, however, if the society were to ever become defunct, the entrepreneur wished ownership of the property to pass to the local hospital. What can the entrepreneur do to ensure these wishes are honored

(A) Utilize a deed restriction with a remainder interest clause
(B) Have the historical society agree in writing that if they dissolve, the property will pass to the hospital
(C) Utilize a deed with a life estate restriction
(D) File a certificate of escheat at the county recorder's office

3. If a gap in the chain of title is discovered, what would it create?

(A) lien
(B) encumbrance
(C) cloud on the title
(D) adverse possession

4. Private controls on land use include

(A) building codes.
(B) deed restrictions.
(C) zoning.
(D) floodplain management.

5. When a mortgage company foreclosed on an owner's farm, the farm was sold to pay off the mortgage. The amount the auction brought was less than the amount the owner owed the mortgage company. Which of the following is true regarding this situation

(A) The mortgage company has no recourse

(B) The owner could redeem the property by paying the difference between what the auction brought and the amount owed

(C) Another auction must be held because the property can never be auctioned for less than what is owed on the property

(D) The mortgage company could request a deficiency judgment against the mortgagor

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6. A lender places a property for auction at a foreclosure sale. A number of bids are offered at the sale but none of the bids are satisfactory, so the lender decides to keep the property in inventory. This property becomes

(A) real estate owned (REO).

(B) a judicial foreclosure.

(C) a strict foreclosure.

(D) excess property.

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7. A buyer mailed an offer to purchase a property at the full price and terms of a listing agreement. Which of the following essential elements is missing to form a valid contract?

(A) consideration

(B) acceptance

(C) earnest money

(D) legal purpose

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8. A person acquires an option to purchase a parcel of another person's land. Which of the following statements is correct?

(A) An option is a promise by the optionee to enter into a contract in the future.

(B) The terms and conditions of the sale must be stated if the option is to be a valid contract.

(C) The consideration for the option right, plus interest, will be automatically applied to the purchase price if the option is exercised.

(D) The potential buyer is the optionor and the seller is the optionee.

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9. Four small real estate firms formed a cooperative advertising group to share the high cost of larger display advertisements that would draw more attention to their listings. Calling their group 'Sell4U,' they began running a weekly half column. In addition to the names and numbers of all four firms, these advertisements must clearly state

(A) which firm has listed each of the properties advertised.

(B) that Sell4U is a cooperative group and not a national real estate franchise.

(C) whether all of the Sell4U real estate firms use the same commission structure.

(D) that complaints must be directed to individual firms and not the Sell4U group.

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10. A contract signed by a minor is

(A) a void contract

(B) a binding contract

(C) an illegal contract

(D) a voidable contract