# New Jersey Real Estate Salesperson Exam

## Real Estate New-Jersey-Real-Estate-Salesperson

### Version Demo

**Total Demo Questions: 10**

**Total Premium Questions: 102**

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# Topic Break Down

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QUESTION NO: 1

A couple who sell their principal residence may take up to $500,000 in federal capital gains tax-free only if:

**A.** at least one of them has reached the age of 65.

**B.** they buy a replacement home of equal or greater value than the one being sold within a year.

**C.** neither has ever used the Homesellers Exclusion in the past.

**D.** they have owned and occupied the house for at least 2 of the previous 5 years.

**ANSWER: D**

**Explanation:**

The correct requirement is that they have owned and occupied the house for at least 2 of the previous 5 years. This is the core ownership-and-use test under Internal Revenue Code Section 121 for excluding gain from the sale of a principal residence. For a married couple to claim the full exclusion of up to $500,000, they generally must file a joint federal income-tax return. At least one spouse must satisfy the two-year ownership requirement, and both spouses must meet the two-year use requirement. The qualifying ownership and occupancy periods do not have to be continuous, but they must total at least 24 months during the five-year period ending on the sale date. In addition, neither spouse generally may have claimed a Section 121 exclusion for another home sale during the two years before the current sale. Subject to those conditions, the gain is excluded rather than taxed, up to the applicable $500,000 limit. The IRS describes these rules in Publication 523, Selling Your Home, and the governing federal statute is available at 26 U.S.C. § 121.

## QUESTION NO: 2

To avoid triggering full disclosure under TILA when advertising financing availability on a listed property, which of the following statements must a real estate licensee avoid using?

**A.** assumable loan

**B.** owner willing to finance

**C.** FHA and VA financing available

**D.** buy for less than $650 per month

**ANSWER: D**

**Explanation:**

The statement **"buy for less than $650 per month"** must be avoided if the advertiser does not intend to provide the additional disclosures required by the Truth in Lending Act and Regulation Z. In an advertisement for closed-end consumer credit, a stated payment amount is a "triggering term." A monthly-payment representation gives a consumer a concrete credit-cost term and can be misleading without the material financing details needed to place that payment in context.

Once an advertisement states the amount of any payment, Regulation Z generally requires clear and conspicuous disclosure of the amount or percentage of the down payment, the repayment terms, and the annual percentage rate (APR), using the applicable rules for the credit being advertised. The required disclosures allow prospective buyers to understand whether the quoted monthly amount reflects a large down payment, a lengthy repayment period, or other significant loan terms. This rule promotes informed comparison of mortgage financing offers and prevents an attractive payment figure from being presented in isolation. The governing trigger-term requirements appear in 12 CFR § 1026.16; the Consumer Financial Protection Bureau also provides an overview of TILA disclosure requirements.

## QUESTION NO: 3

Who may give a supportable opinion of market value to be used in seeking a federally-related loan to finance a real estate transaction?

**A.** a certified appraiser

**B.** a licensed real estate broker

**C.** any real estate licensee, in each state in which the licensee is licensed

**D.** a Certified Public Accountant

**ANSWER: A**

**Explanation:**

**a certified appraiser** is the correct answer because an appraisal supporting a federally related real-estate loan must be performed by an appraiser who meets the applicable state credentialing and federal appraisal-independence requirements. FIRREA's Title XI established the framework requiring appraisals for federally related transactions to be completed by state-licensed or state-certified appraisers, subject to the transaction type, value, and the lending agency's regulations. A certified appraiser has completed the education, experience, examination, and continuing-education requirements for a state certification and is authorized to develop an appraisal opinion of market value within the scope of that credential.

The appraisal used by the lender is a formal, independent valuation assignment, not merely a pricing estimate. It must comply with the Uniform Standards of Professional Appraisal Practice and with the relevant federal banking-agency rules. For example, national-bank real estate lending rules require appraisals for covered transactions to be performed by state licensed or certified appraisers and establish standards for the appraisal's content and independence. New Jersey regulates these credentials through its State Real Estate Appraiser Board. See 12 CFR Part 34, Subpart C and the New Jersey State Real Estate Appraiser Board.

## QUESTION NO: 4

A developer offers units in a registered New Jersey development and gives a prospective purchaser the required public offering statement before the purchaser signs a contract. The purchaser later discovers that the statement omitted a material amendment that had been accepted for registration. The purchaser's strongest concern is that:

**A.** The developer may have failed to provide the current required disclosure document before contract execution.

**B.** The purchaser automatically received title to the unit when the original statement was delivered.

**C.** The amendment is irrelevant because a public offering statement is not a contract document.

**D.** The purchaser must accept the omission if the unit was inspected before signing.

**ANSWER: A**

**Explanation:**

The purchaser may not have received the current public offering statement required before contract execution. Under the New Jersey Real Estate Sales Full Disclosure Act, a developer must provide the purchaser or lessee with the current public offering statement accepted for registration before the contract or lease is signed. Material amendments are significant because they may affect the consumer's decision to proceed.

A public offering statement is not merely advertising material; it is a statutory disclosure document for registered developments. Failure to provide the required current information can affect the purchaser's statutory rights, including applicable cancellation rights and remedies.

## QUESTION NO: 5

A national company desires a parcel of land which must be 4 times the size of its proposed building. If the building design includes 20,000 square feet, then which of the following minimum sized lots should be purchased?

**A.** 1 acre

**B.** 2 acres

**C.** 4 acres

**D.** 8 acres

**ANSWER: B**

**Explanation:**

**2 acres** is the minimum lot size that satisfies the stated land-to-building requirement. The proposed building contains 20,000 square feet, and the parcel must be four times that size: 20,000 × 4 = 80,000 square feet of land. An acre contains 43,560 square feet, a standard conversion used in real estate area calculations. Dividing 80,000 square feet by 43,560 square feet per acre gives approximately 1.84 acres. Because the company needs at least the required land area and the available choices are expressed as whole-acre lot sizes, it must select the next lot size that meets or exceeds 1.84 acres: 2 acres. A 2-acre parcel contains 87,120 square feet, which exceeds the required 80,000 square feet and therefore provides the minimum qualifying choice. This calculation assumes that “four times the size” refers to four times the building’s floor-area figure given in the question, as is customary in this type of real estate math problem. The acre-to-square-foot conversion is recognized in federal measurement references; see the National Institute of Standards and Technology’s area-unit guidance and the U.S. Geological Survey’s acreage conversion reference.

## QUESTION NO: 6

A licensee must provide a Consumer Information Statement in all of the following transactions EXCEPT the:

**A.** sale of a vacant one-family lot

**B.** sale of a three-family house in a mixed-use zone

**C.** sublease of a studio apartment for two months

**D.** lease of a three-bedroom apartment for one year

**ANSWER: C**

**Explanation:**

The correct answer is **sublease of a studio apartment for two months**. New Jersey’s Consumer Information Statement requirement is directed at residential real-estate transactions, including the sale of residential property and residential rental or lease transactions involving one- to four-unit properties. The statement is intended to be delivered at the licensee’s first substantive contact with a consumer so the consumer understands the types of business relationships a brokerage may offer, such as seller’s agent, buyer’s agent, landlord’s agent, tenant’s agent, disclosed dual agent, or transaction broker.

For residential rentals and leases, the Consumer Information Statement requirement applies when the contemplated term exceeds 125 days. A two-month sublease is materially shorter than 125 days, so it falls outside that threshold. The fact that the arrangement is a sublease does not convert its short duration into a covered longer-term residential lease. Accordingly, no Consumer Information Statement is required for this two-month studio-apartment sublease.

The New Jersey Real Estate Commission provides the required statement and consumer guidance at New Jersey Consumer Information Statement resources. The governing agency and licensing information are also available from the New Jersey Real Estate Commission.

## QUESTION NO: 7

A broker is offering a $100 gift certificate at a jewelry store to all sellers who list with the broker during a specified time period. According to the New Jersey Real Estate License Law, such a promotion is prohibited because it:

**A.** discriminates against sellers who do not list with the broker during the specified time period

**B.** makes the receipt of the free offering contingent upon sellers listing their properties with the broker

**C.** offers compensation for brokerage activity to unlicensed persons

**D.** discriminates against sellers whose religion prohibits the wearing of jewelry

**ANSWER: B**

**Explanation:**

The correct answer is *makes the receipt of the free offering contingent upon sellers listing their properties with the broker*. New Jersey's real estate advertising and solicitation rules prohibit a broker or salesperson from offering a prize, gift, or other inducement when receiving it is conditioned on a person entering into a listing agreement or other brokerage relationship. The $100 jewelry-store certificate is not simply a general promotional item available regardless of participation. Instead, the seller must list property with the broker during the stated period to receive it. That condition makes the certificate an impermissible inducement connected to securing a listing.

The purpose of this restriction is to preserve professional standards in real estate solicitation and prevent gifts or prizes from improperly influencing a consumer's decision to retain a brokerage firm. A broker may advertise services and may conduct lawful promotional activity, but a benefit tied directly to the consumer's execution of a listing agreement falls within the Commission's prohibited-practice rule. The governing provision is N.J.A.C. 11:5-6.4; see the regulation at Cornell Legal Information Institute and New Jersey Real Estate Commission licensing resources at NJ Department of Banking and Insurance.

## QUESTION NO: 8

The Freshwater Wetlands Protection Act of 1987 is a New Jersey law that:

**A.** requires environmental impact statements to be filed with the New Jersey Department of Environmental Protection before title to developed real estate can be transferred

**B.** restricts development of real estate in certain designated areas

**C.** empowers the New Jersey Department of Environmental Protection to acquire title to certain real estate for less than its fair market value through condemnation

**D.** requires the registration of residential development projects with the New Jersey Department of Community Affairs

**ANSWER: B**

**Explanation:**

The Freshwater Wetlands Protection Act of 1987 restricts development of real estate in certain designated areas because it gives the New Jersey Department of Environmental Protection authority to regulate activities that could disturb or destroy freshwater wetlands and their surrounding transition areas. Freshwater wetlands provide essential public benefits, including floodwater storage, groundwater recharge, water-quality protection, and habitat for wildlife. Before conducting regulated activities—such as filling, grading, excavating, draining, or building—in mapped wetlands or regulated transition areas, an owner or developer may need a wetlands letter of interpretation and/or an NJDEP permit. The law therefore directly affects a property's potential use, development feasibility, and value, making wetlands review an important due-diligence issue in New Jersey real estate transactions. The statute's stated policy is to preserve freshwater wetlands and protect the public benefits they provide, while establishing a permitting framework for activities that may affect those resources. NJDEP's Freshwater Wetlands Protection Act rules identify regulated activities and explain the permit process. See the NJDEP Freshwater Wetlands Protection Act Rules and the NJDEP Freshwater Wetlands program.

## QUESTION NO: 9

If a salesperson or broker-salesperson maintains a webpage that is not linked to the webpage of their broker, the licensee's webpage must display the name of the broker as well as the

**A.** broker ' s email address.

**B.** broker ' s telephone number.

**C.** address of the broker ' s main office.

**D.** address of the branch office from which the licensee operates.

**ANSWER: C**

**Explanation:**

The required information is the **address of the broker ' s main office.** New Jersey's real-estate advertising rules require a salesperson or broker-salesperson who operates a webpage that is not linked to the employing broker's webpage to identify the employing broker and provide the broker's main-office address. This disclosure makes the supervising brokerage readily identifiable to consumers who encounter the licensee's independent online advertising. It connects the licensee's advertising to the broker responsible for supervising licensed activities and gives the public a reliable physical business location for the brokerage. The rule applies to webpages maintained by the individual licensee when the broker's own webpage is not directly linked, so the required broker identification must appear on that standalone webpage itself. This requirement is part of New Jersey's broader advertising standards for real-estate licensees, administered by the New Jersey Real Estate Commission. See the Commission's published regulations at New Jersey Real Estate Commission Regulations and the Department of Banking and Insurance's Real Estate Commission information page.

## QUESTION NO: 10

A subordination agreement is used to:

**A.** change the priority of mortgages.

**B.** initiate foreclosure proceedings.

**C.** pledge property for a loan without giving up possession.

**D.** assign rents to the lender in case of borrower default.

**ANSWER: A**

**Explanation:**

"change the priority of mortgages." is correct because a subordination agreement is an agreement by which a lienholder voluntarily accepts a lower priority for its lien than it otherwise would have under the usual recording-priority rules. In real estate financing, lien priority generally determines the order in which creditors are paid from foreclosure-sale proceeds. A mortgage recorded earlier would ordinarily have priority over a later-recorded mortgage, but the holder of the earlier lien may agree to subordinate its position so that another mortgage becomes senior. This commonly occurs when an owner refinances a first mortgage while keeping an existing junior loan, or when construction or other financing requires a new lender to receive first-lien status. The agreement does not eliminate the subordinated mortgage; it changes its ranking relative to the specified superior lien. New Jersey's recording statute addresses the effect of recording instruments affecting real property, which provides the legal setting in which recording and priority issues arise. See New Jersey Legislature—statutes and laws and the Consumer Financial Protection Bureau's overview of mortgages.