

## RealEstate.Maryland-Real-Estate-Salesperson.v2026-04-09.q42

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### NEW QUESTION: 1

When a client understands what dual agency is and agrees in writing to allow a firm to act as a dual agent for them in a real estate transaction, this is known as \_\_\_\_\_.

- A. Double dipping
- B. Informed consent
- C. Mutual agreement
- D. Representation by proxy

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

Informed consent is a legal requirement under Maryland Agency Law when a brokerage represents both a buyer and a seller in the same real estate transaction (dual agency).

In this arrangement, the broker acts as the dual agent, while separate intra-company agents may represent each party.

The client must receive full disclosure of the potential conflicts of interest and consent in writing before dual agency can occur.

Without informed, written consent, dual agency is prohibited under Maryland Real Estate Commission (MREC) regulations.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Maryland Agency Law" Module Md. Business Occupations and Professions Article §17-530-§17-532 - Disclosure and Consent to Dual Agency.

### NEW QUESTION: 2

Why are legal descriptions required in real estate contracts?

- A. To calculate the exact property taxes owed by the new owner
- B. To ensure the piece of property can be clearly identified from all other properties
- C. To establish the legal boundaries for future construction on the property
- D. To guarantee the buyer is receiving the exact property they believe they are purchasing

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

A legal description uniquely identifies a parcel of real estate so it can be distinguished from every other property.

In Maryland, contracts and deeds must contain a valid legal description, such as:

Metes and bounds,

Lot and block, or

Rectangular survey (government survey). This ensures the transfer is legally enforceable and leaves no ambiguity about what property is being conveyed. Without a legal description, a real estate contract or deed may be deemed invalid or unenforceable in court.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Real Property and the Law" Module Maryland Real Property Article §3-101 - Formal Requisites of Instruments of Conveyance.

### **NEW QUESTION: 3**

Which photograph of a home for sale should not be published for public viewing?

- A. An exterior photo showcasing the pool and outdoor kitchen/bar area
- B. A photo of the billiards room that reveals the owner's collection of antique guns
- C. A photo of the master bathroom that also shows the photographer's arm reflected in the mirror
- D. A wide-angle photo of the renovated kitchen that makes the area look larger than it really is

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

The course stresses that licensees must protect a seller's privacy and personal security when marketing property. Photos that display personal possessions such as firearms, medications, financial documents, or valuables should never be published. Revealing these items can create a safety and liability risk for the seller and may violate professional ethical standards regarding confidentiality.

Therefore, the image showing the owner's collection of antique guns should not be made public.

Reference (Maryland Source):

- Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course, Listing and Marketing Property section.

- Maryland Code of Ethics for Real Estate Licensees, COMAR 09.11.02.01 et seq.

### **NEW QUESTION: 4**

What happens when a married couple who owns a property as tenants by the entirety divorce?

- A. Their ownership changes to tenants in common.
- B. Their ownership rights terminate.
- C. The one who records title first gets the property.
- D. They become joint tenants with right of survivorship.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

Tenancy by the entirety is a special form of ownership available only to married couples in Maryland. It provides each spouse with an equal, undivided interest and includes the right of survivorship-if one spouse dies, the surviving spouse automatically owns the entire property. However, when the couple divorces, the marriage relationship-essential for this ownership form-no longer exists. The law automatically converts the ownership to tenancy in common, unless otherwise specified in the divorce decree or a subsequent agreement.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Forms of Real Estate Ownership" Section Maryland Real Property Article, § 2-117 - Estates by Entirety; Effect of Divorce.

#### **NEW QUESTION: 5**

Jillian has a loan-to-value ratio of 90/100. This means-

- A. Her loan is 10% of the value of the real estate used as collateral and she is obtaining a second mortgage for 90%.
- B. Her loan is 90% of the value of the real estate used as collateral and she is putting 10% down.
- C. She is putting 10% down, with 90% being pulled from her IRA.
- D. The property is only worth 90% of the amount loaned.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed

The loan-to-value (LTV) ratio compares the loan amount to the property's appraised value or purchase price, whichever is less. An LTV of 90/100 (or 90%) means the borrower's loan equals 90% of the property's value, and the borrower provides a 10% down payment.

Lenders use the LTV ratio to assess risk and determine if mortgage insurance is required.

Maryland's pre-licensing course explains this formula in the "Real Estate Financing" section under "Loan Underwriting and Ratios."

#### **NEW QUESTION: 6**

Which of the following is an example of a metes and bounds description?

- A. 123 Roanoke Street, Any Town, ST 98765
- B. "Beginning at the iron pin 30 paces from the center of the brook that runs across the road Southwesterly from the dwelling ..."
- C. Lot 6 of Block 3 of the Meridian subdivision ...

D. S ½ SE ¼ NW ¼ Section 2 ...

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

The metes and bounds system is the oldest method of land description used in the United States and is based on physical landmarks, measurements, and compass directions.

It begins at a defined point of beginning (POB) and traces the boundaries using distances (metes) and directions or angles (bounds), returning to the starting point.

In contrast:

Lot and block (option C) refers to recorded plats.

Rectangular survey (option D) uses township and range.

Street addresses (option A) are not legal descriptions. Maryland still recognizes metes and bounds for rural or irregular parcels.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Real Property and the Law" Module Maryland Real Property Article §3-101 - Legal Descriptions and Conveyance Requirements.

#### **NEW QUESTION: 7**

What, when signed by all parties to a sales contract, changes the original terms of the contract?

- A. Addendum
- B. Amendment
- C. Annexation
- D. Appurtenance

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

An amendment is a written change or modification to an existing contract that is made after the original agreement has been executed.

All parties must agree to and sign the amendment for it to be legally binding.

This differs from an addendum, which is added before or at the same time as the contract and becomes part of the original agreement.

The Maryland course highlights amendments as critical tools in real estate practice for making mutually accepted changes-such as closing dates, purchase prices, or contingencies-without voiding the original contract.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Real Estate Contracts" Module Maryland Contract Law - Modifications and Amendments.

#### **NEW QUESTION: 8**

Which of the following best describes the concept of appreciation?

- A. When a property's value increases as a result of capital improvements.
- B. When losses are deducted from a property's value for tax purposes.
- C. When the value of a property decreases over time.
- D. When the value of a property increases over time.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

Appreciation refers to the increase in a property's value over time due to factors such as market demand, improvements, inflation, or location desirability.

It is the opposite of depreciation, which is a decline in value. Appreciation may result from physical improvements (e.g., renovations) or external factors (e.g., neighborhood development). This concept is emphasized in the Maryland 60-Hour Course within the "Real Estate Appraisal and Valuation" module as a key element of market analysis and investment potential.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Real Estate Appraisal and Valuation" Module Federal Appraisal Guidelines - Market Value Concepts.

#### **NEW QUESTION: 9**

Which statement best represents how dual agency is impacted by teams in Maryland?

- A. Dual agency isn't allowed within real estate teams.
- B. The broker may designate ICAs from within a team, with the broker or office manager serving as the dual agent.
- C. The broker may serve as an ICA along with a team member.
- D. The dual agent may be part of the same team as the ICAs.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed

Under Maryland Real Estate Brokers Act §17-530 and COMAR 09.11.02.08, dual agency is permitted only when informed, written consent is obtained from both buyer and seller. When licensees operate as part of a team, the broker (or office manager acting as the broker's designee) may appoint intra-company agents (ICAs) from within that team to represent each party.

The broker or manager then acts as the dual agent, overseeing both sides without providing direct representation to either. This structure preserves confidentiality and compliance with Maryland's agency disclosure requirements.

#### **NEW QUESTION: 10**

Who is typically responsible for ensuring that property disclosures are made to the buyer?

- A. The buyer
- B. The buyer and the licensee
- C. The buyer and the seller
- D. The seller

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

In Maryland, agency exists when a licensee represents a client under a brokerage agreement. If the seller has a written listing agreement with a broker, the seller is the client.

An unrepresented buyer is considered a customer, not a client. The licensee owes customers limited duties-honesty, fair dealing, and disclosure of material facts-but does not owe fiduciary duties such as loyalty, confidentiality, or obedience.

Therefore, in this case, the seller is the only client.

**NEW QUESTION: 11**

When operating under a power of attorney concerning the transfer of real property, who may sign in place of the principal?

- A. Agent
- B. County clerk
- C. Grantee
- D. Principal

**Answer: A (LEAVE A REPLY)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

A power of attorney (POA) is a legal document authorizing one person (the agent or attorney-in-fact) to act on behalf of another person (the principal) in specified matters.

When it comes to transferring real property, a valid, notarized, and recorded power of attorney gives the agent the authority to sign all necessary documents in place of the principal.

The Maryland 60-Hour Course explains this under "Transfer of Title," emphasizing that all signatures must be properly acknowledged to be legally enforceable, and the power of attorney must be recorded with the deed.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Transfer of Title" Module Maryland Real Property Article §4-107 - Execution by Attorney-in-Fact; Power of Attorney Requirements.

**NEW QUESTION: 12**

A statement such as "This is a dream home with the best views in town" made by a licensee is an example of what?

- A. A lie
- B. Intentional misrepresentation
- C. Positive misrepresentation
- D. Puffery

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

Puffery refers to subjective statements of opinion or sales talk that a reasonable person would not take as a factual representation.

Phrases like "best views," "dream home," or "finest neighborhood" are considered puffing, not misrepresentation.

Maryland's pre-licensing course distinguishes puffery (legally permissible) from misrepresentation, which involves false statements of material fact that can lead to disciplinary action or liability.

Reference (Maryland Source):

- Maryland 60-Hour Principles and Practices Course, Ethical Conduct and Misrepresentation section.
- Maryland Business Occupations and Professions Article §17-322 (Grounds for Disciplinary Action).

### **NEW QUESTION: 13**

A buyer can submit the earnest-money deposit in the form of \_\_\_\_\_.

- A. A personal check
- B. A post-dated check
- C. A promissory note
- D. Verbal assurance

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed

Maryland license law allows the earnest-money deposit (good-faith deposit) to be paid in cash, certified funds, or personal check, provided the terms are disclosed in the sales contract. A post-dated check or promissory note is not considered "good funds" unless all parties agree in writing. Verbal assurances never satisfy the deposit requirement. The broker must promptly deposit the funds in a designated trust (escrow) account.

### **NEW QUESTION: 14**

When assigning a contract, what should the assignor ensure is permitted in the purchase contract?

- A. Acceleration
- B. A due-on-sale clause
- C. Assignability
- D. Termination

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

A contract assignment occurs when a buyer (the assignor) transfers his or her contractual rights to another party (the assignee) before closing.

However, this is only allowed if the original purchase contract permits assignment-that is, if it includes an assignability clause or does not prohibit assignment.

If the contract specifically states "non-assignable" or "assignment requires seller consent," the assignor must comply with those terms.

This concept appears in the Contracts and Transaction Procedures section of the course.

Reference (Maryland Source):

- Maryland 60-Hour Principles and Practices Course, Real Estate Contracts and Assignments section.
- Maryland Contract Law Principles (General Common Law on Assignability).

### **NEW QUESTION: 15**

Which type of antitrust violation involves two or more businesses conspiring against another business?

- A.** Group boycotting
- B.** Market allocation
- C.** Price fixing
- D.** Tie-in arrangement

**Answer: A (LEAVE A REPLY)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

A group boycott occurs when two or more competitors conspire to refuse to deal with another firm or individual, thereby attempting to eliminate competition.

This is a violation of the Sherman Antitrust Act and the Clayton Act, both covered in the "Ethics and Antitrust" section of the Maryland pre-licensing course.

Examples include two brokerages agreeing not to cooperate with a third brokerage or to exclude another licensee from access to listings.

Maryland law and the National Association of REALTORS® Code of Ethics prohibit any conduct that restricts trade or limits consumer choice.

Reference (Maryland Source):

- Maryland 60-Hour Principles and Practices Course, Fair Housing and Ethics / Antitrust section.
- Sherman Antitrust Act (15 U.S.C. §1).
- Clayton Antitrust Act (15 U.S.C. §12-27).

### **NEW QUESTION: 16**

What is the primary purpose of property taxes in a local community?

- A.** It's used to build high-end housing.
- B.** It's used to build new shopping malls.
- C.** It's used to determine property tax increases.
- D.** It's used to fund essential services and public works.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

Property taxes are levied by local governments to generate revenue that funds essential community services such as public education, police and fire protection, road maintenance, sanitation, and other municipal infrastructure projects. The Maryland course stresses that these taxes are a key component of a stable community and ensure that property owners contribute proportionally to maintaining public amenities.

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#### **NEW QUESTION: 17**

Shelly buys Mark's house, which is still in an option period with Monique. Monique decides to exercise her option after Shelly moves in. What will happen?

- A. Mark will have to refund Monique's option fee.
- B. Nothing will happen, as long as Shelly has a fully executed sales contract with Mark.
- C. Shelly and Mark must form a new option agreement.
- D. Shelly will have to sell the house to Monique.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

An option contract gives the optionee (Monique) the exclusive right to purchase a property within a specified period and under specific terms, but not the obligation to do so.

When properly executed and supported by consideration (the option fee), the option is a binding contract on the property owner (Mark) and any subsequent owners who take title with constructive notice of the existing option.

Therefore, when Monique exercises her valid option within the option period, Shelly must honor it- the property must be sold to Monique under the agreed terms.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Real Estate Contracts" Module Maryland Contract Law Principles - Option Contracts and Specific Performance.

#### **NEW QUESTION: 18**

What happens when personal property is attached to real property?

- A. It becomes a fixture.
- B. It remains personal property.
- C. It's classified as emblements.
- D. It's considered detached property.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed

When personal property (chattel) is physically attached to real property in such a way that it becomes part of the real estate, it becomes a fixture. Fixtures transfer with the property upon sale unless specifically excluded in the contract. The determination depends on attachment, adaptation, and intent. Maryland's course addresses fixtures under "Real Property and the Law," emphasizing how they affect ownership and conveyance.

### NEW QUESTION: 19

Which of the following is one of your duties as a listing agent?

- A. Disclose material facts to the seller only.
- B. Hold confidential all facts from the buyer, even material facts.
- C. Promote your client's interests throughout the entire transaction.
- D. Secure a profit for your client.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

Under Maryland Agency Law (Business Occupations and Professions Article, Title 17, Subtitle 5), a listing agent represents the seller and owes the seller the fiduciary duties of loyalty, obedience, disclosure, confidentiality, reasonable care, and accounting.

A primary fiduciary obligation is to promote the interests of the client at all times during the transaction, as outlined in the Maryland Real Estate Commission's Agency Disclosure materials. While the listing agent must disclose all material facts to all parties (facts that affect value or desirability), the agent's duty of loyalty and advocacy is owed to the seller client.

Therefore, the correct answer is that a listing agent must promote the client's interests throughout the entire transaction.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Real Estate Brokerage and the Law of Agency" Module Md. Business Occupations and Professions Article, Title 17, §17-532 - Duties of a Licensee Representing a Seller or Landlord.

### NEW QUESTION: 20

The cost approach to finding an appraised value measures which of the following?

- A. The cost to acquire land and construct a reproduction
- B. The cost to acquire land only
- C. The cost to construct a reproduction only

**D.** The expenses the property is expected to produce for the owner

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

The cost approach to appraisal is based on the principle of substitution, which assumes that a buyer will not pay more for a property than it would cost to purchase a similar site and construct a comparable building with equal utility.

The process involves:

Estimating the value of the land as if vacant,

Estimating the current cost to reproduce or replace the improvements,

Subtracting depreciation (physical, functional, or external), and

Adding the land value to the depreciated improvement cost. Thus, the cost approach measures the cost to acquire the land and construct a reproduction or replacement of the improvements-making option A correct.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Real Estate Appraisal and Valuation" Module Uniform Standards of Professional Appraisal Practice (USPAP) - Cost Approach Overview.

### **NEW QUESTION: 21**

What term refers to the profit from the sale of property that is subject to taxation?

**A.** Deferment

**B.** Depreciation

**C.** Equity

**D.** Taxable gains

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed

A real property exchange, often called a 1031 exchange, allows investors to defer paying capital gains taxes when swapping one investment property for another of like kind. However, if the transaction does not meet IRS requirements or if "boot" (cash or non-like-kind property) is received, the gain becomes taxable. The Maryland course identifies taxable gains as the main drawback when the exchange fails to fully qualify for deferral.

### **NEW QUESTION: 22**

What type of property is a condominium?

**A.** A condo always includes landownership.

**B.** A condo has a proprietary lease.

**C.** A condo is a multi-family property.

**D.** A condo is a single-family property.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed

A condominium is a form of ownership, not a type of structure.

It typically consists of multiple units (multi-family or multi-unit buildings) in which each owner holds title to their individual unit and shares ownership of common areas (e.g., hallways, pools, grounds) through the condominium association.

This differs from a cooperative (co-op), where residents hold shares and a proprietary lease.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Forms of Real Estate Ownership" Module Maryland Condominium Act, Real Property Article §11-101 et seq.

### **NEW QUESTION: 23**

What does REO stand for?

- A. Real estate office
- B. Real estate-owned
- C. Rental equality ownership
- D. Rental equal opportunity

**Answer: ([SHOW ANSWER](#))**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

REO stands for Real Estate-Owned. This term refers to properties that have gone through the foreclosure process and are now owned by the lender-usually a bank or mortgage company-because the property did not sell at the foreclosure auction.

These properties become part of the lender's real estate inventory and are often sold through REO departments or asset managers. The Maryland pre-licensing course includes REO properties under "Real Estate Brokerage Operations," explaining how real estate professionals handle and market foreclosed or bank-owned properties.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Real Estate Brokerage Operations" Module Federal Housing Administration (FHA) and HUD Foreclosure Sales Guidelines.

### **NEW QUESTION: 24**

Which of these is an example of a lot-and-block description?

- A. 123 Roanoke Street Any Town, ST 98765
- B. "Beginning at the iron pin 30 paces from the center of the brook that runs across the road southwesterly from the dwelling ..."
- C. Lot 6 of Block 3 of the East Subdivision plat as recorded in Map Book 18, Page 11 at the Recorder of Deeds
- D. S ½ SE ¼ NW ¼ Section 2 ...

**Answer: ([SHOW ANSWER](#))**

Comprehensive and Detailed

A lot-and-block legal description identifies land within a recorded subdivision plat, referencing a specific lot number, block number, map book, and page filed with the county recorder. It's the most common method for urban and suburban properties in Maryland.

Choices B and D represent metes-and-bounds and rectangular survey systems, respectively; A is simply a street address.

### **NEW QUESTION: 25**

In terms of encumbrances, what's a license?

- A.** Permission to alter someone's land or property
- B.** Permission to do something on another's land while also possessing an interest or ownership in the land
- C.** Permission without possession, interest, or ownership
- D.** Process by which a non-owner gains possession of a property after a certain amount of time

**Answer: ([SHOW ANSWER](#))**

Comprehensive and Detailed

A license is a personal, revocable privilege to perform some act on another person's land without any possessory right or ownership interest. Unlike an easement, a license does not transfer with the land and can be revoked at any time by the licensor. Examples include permission to hunt, park, or attend an event on private property.

In Maryland's pre-licensing course, this concept is taught under "Interests in Real Estate" as a type of encumbrance that affects property use but not ownership.

### **NEW QUESTION: 26**

In a real estate transaction, what's a real estate licensee's responsibility regarding household lead hazards for homes built before 1978?

- A.** To disclose to buyers that there's lead-based paint in a home
- B.** To instruct the seller to remediate the lead-based paint
- C.** To make sure all lead is removed by a licensed professional
- D.** To remind the sellers to disclose the possible presence of lead-based paint to a buyer

**Answer: ([SHOW ANSWER](#))**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

Under the federal Residential Lead-Based Paint Hazard Reduction Act of 1992 (Title X) and the Maryland Lead Poisoning Prevention Program, sellers and landlords of housing built before 1978 must:

Provide the EPA-approved pamphlet on lead hazards.

Disclose known lead-based paint or hazards and supply any available records.

Allow buyers a 10-day inspection period (unless waived).

A licensee's duty is to ensure that the sellers comply with these disclosure requirements and to remind them to deliver the proper forms and pamphlet.

The licensee is not responsible for testing or remediation but must ensure all disclosures are completed prior to ratification of the contract.

Reference (Maryland Source):

- Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course, Environmental Issues and Disclosures section.
- 42 U.S.C. §4852d (Residential Lead-Based Paint Hazard Reduction Act).
- COMAR 26.16.02 (Maryland Lead Poisoning Prevention Program).

### **NEW QUESTION: 27**

What might explain why a real estate investor didn't have to pay capital gains taxes on the sale of their property?

- A.** He did a tax-deferred exchange.
- B.** He didn't convey the property.
- C.** He didn't file his taxes correctly.
- D.** He didn't sell the property.

**Answer: ([SHOW ANSWER](#))**

Comprehensive and Detailed

A tax-deferred exchange, also known as a 1031 exchange, allows investors to exchange one qualifying investment or business property for another "like-kind" property and defer payment of capital gains taxes until the new property is sold.

This provision falls under Internal Revenue Code §1031.

In the Maryland pre-licensing curriculum, this is explained under the "Real Estate Financing and Investment" section to show how investors legally postpone capital gains recognition by following IRS guidelines.

### **NEW QUESTION: 28**

What is the term used when a local government changes the zoning of a property to reduce the allowed density of development?

- A.** Bulk zoning
- B.** Density-reduction zoning
- C.** Downzoning
- D.** Reduction zoning

**Answer: ([SHOW ANSWER](#))**

Comprehensive and Detailed

Downzoning occurs when a local government changes zoning classifications to reduce the density or intensity of land use, such as rezoning an area from multifamily to single-family residential.

It can limit development potential and may lower market value but is typically done to control growth, preserve open space, or maintain community character.

The Maryland course explains downzoning under local land-use authority topics governed by county and municipal zoning ordinances.

**NEW QUESTION: 29**

How does the income from property taxes benefit the community?

- A. It's used to build high-end housing.
- B. It's used to build new shopping malls.
- C. It's used to determine property tax increases.
- D. It's used to fund essential services and public works.

**Answer: D (LEAVE A REPLY)**

Comprehensive and Detailed

Property taxes collected by local jurisdictions in Maryland support essential public services such as schools, police and fire departments, infrastructure maintenance, libraries, and sanitation. The revenue forms the primary funding source for county and municipal budgets. These taxes do not automatically determine future tax rates; rather, they sustain ongoing community operations and improvements.

**NEW QUESTION: 30**

If a consumer wants to file a deceptive ad complaint, which entity should be contacted?

- A. The BBB
- B. The Department of Justice
- C. The FBI
- D. The local police department

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

The Better Business Bureau (BBB) accepts complaints related to false, misleading, or deceptive advertising practices and can investigate, mediate, or forward concerns to regulatory agencies.

The Maryland pre-licensing course advises licensees that maintaining truthful and transparent advertising is an ethical and legal requirement under both Maryland Real Estate Commission regulations and the Federal Trade Commission (FTC) rules.

Consumers may also contact the Maryland Real Estate Commission (MREC) for license law violations, but general deceptive ad complaints typically begin with the BBB.

Reference (Maryland Source):

- Maryland 60-Hour Principles and Practices Course, Ethical Advertising and Consumer Protection section.
- COMAR 09.11.02.01 - Ethical Standards of Advertising.
- Federal Trade Commission Act, 15 U.S.C. §45.

**NEW QUESTION: 31**

A landlord locks a tenant out and requires the tenant to pay past-due rent before regaining access to the unit. This is considered:

- A. Constructive eviction

- B. Illegal
- C. Personal possession lien process
- D. Termination

**Answer: B (LEAVE A REPLY)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

Maryland law prohibits self-help eviction, which occurs when a landlord takes direct action-such as locking out a tenant or removing their belongings-without a court order.

Only a sheriff or court-appointed officer may evict a tenant following a court judgment for possession.

A landlord who locks out a tenant to recover rent is acting illegally, even if rent is overdue.

This topic is addressed in the Leasing and Property Management module of the pre-licensing course.

Reference (Maryland Source):

- Maryland 60-Hour Principles and Practices Course, Landlord-Tenant Law section.
- Real Property Article §8-216 - Prohibited Acts of Landlord (Self-Help Eviction).

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### **NEW QUESTION: 32**

Google and "If This, Then That" alerts can assist you with which of the following?

- A. Guaranteeing that the property owner receives all rental income
- B. Monitoring your online listings for rental scams
- C. Posting your online listings for rent
- D. Removing your listings from a rental website

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

The Property Management section of the Maryland pre-licensing course teaches that licensees must monitor their listings for fraudulent online activity, such as rental scams where criminals copy legitimate ads and re-post them with false contact details.

Setting up automated alerts through tools like Google Alerts or If This, Then That (IFTTT) can help licensees detect unauthorized use of their listings or identifying information.

These monitoring tools allow quick corrective action and protect both the brokerage and the public from scams.

Reference (Maryland Source):

- Maryland 60-Hour Principles and Practices Course, Property Management and Advertising Compliance section.
- Maryland Code of Ethics, COMAR 09.11.02.01-.02.

**NEW QUESTION: 33**

A valid deed must contain all of the essential elements, plus which of the following?

- A.** It must be approved by the local judge.
- B.** It must be in nuncupative form.
- C.** It must be in writing.
- D.** It must be sent to all parties via registered mail.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed

Under the Statute of Frauds, all conveyances of real property must be in writing to be enforceable. A valid Maryland deed therefore includes: a competent grantor and identifiable grantee, a granting clause, an adequate legal description, consideration, signature of the grantor, delivery, and acceptance - and it must be in writing. Oral (nuncupative) or judge-approved deeds are not recognized.

**NEW QUESTION: 34**

Which of the following is a method a real estate licensee uses to determine an appropriate listing price range?

- A.** Appraisal
- B.** Comparative market analysis
- C.** Market process
- D.** Proforma

**Answer: B (LEAVE A REPLY)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

Only licensed or certified appraisers may perform an appraisal for a fee in a federally related transaction.

A real estate licensee, however, may prepare a Comparative Market Analysis (CMA) or Broker Price Opinion (BPO) to help a seller decide on a listing price or a buyer to make an offer.

A CMA compares recent sales, active listings, and expired listings of similar properties to estimate a realistic price range.

This procedure is emphasized in the "Appraisal and Valuation" module as a permitted pricing tool for real estate professionals.

Reference (Maryland Source):

- Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course, Valuation and CMA section.
- Business Occupations and Professions Article §17-511 (b).

**NEW QUESTION: 35**

Sandra enters a contract to sell her home to Paul. Under the statute of frauds, the written contract must name the contracting parties, identify the subject matter of the contract, and \_\_\_\_\_.

- A. Achieve a result that is fair to all parties
- B. Be handwritten
- C. Be signed by two or more attorneys
- D. Present the essential terms and conditions of the contract

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed

The Statute of Frauds requires that certain contracts-including those for the sale or transfer of real property-be in writing and include:

The names of the parties,

Identification of the property, and

The essential terms and conditions (such as price and contingencies). This ensures the agreement is legally enforceable in court.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Real Estate Contracts" Module Maryland Courts and Judicial Proceedings Article §5-901 - Statute of Frauds (Real Property).

**NEW QUESTION: 36**

How does the building department ensure that a builder who has obtained a permit builds according to code?

- A. The builder is required to submit to weekly inspections performed by peers in the industry.
- B. The builder signs an affidavit to that effect.
- C. The builder submits a monthly progress report.
- D. The building department sends inspectors to inspect the work.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

Once a building permit is issued, the local building department monitors the construction process through inspections at key stages (foundation, framing, electrical, plumbing, final).

The purpose of these inspections is to ensure that work complies with state and local building codes and safety standards.

Maryland's pre-licensing course explains that certified building inspectors-not peers or the builder-conduct these inspections.

Only after passing all required inspections will the department issue a certificate of occupancy (CO) confirming code compliance and permitting lawful use of the structure.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Land Use Controls and Property Development" Module Maryland Building Performance Standards (COMAR Title 09, Subtitle 12, Chapter 51).

**NEW QUESTION: 37**

Which of the following is true about certain government-backed loan programs, such as VA loans?

- A. Loan terms may be as long as 38 years.
- B. They mirror the requirements for conventional loans.
- C. They're for farm loans only.
- D. They're for rural housing loans only.

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed

The U.S. Department of Agriculture (USDA) Rural Development Loan Program provides financing for low- to moderate-income borrowers in rural areas.

The Maryland course teaches that Section 502 Direct Loans may offer repayment terms of up to 38 years, depending on borrower income and property location.

These loans are designed to promote homeownership in eligible rural communities and may include payment assistance or subsidies to reduce monthly payments.

**NEW QUESTION: 38**

What is the penalty for violating the privacy regulations under the California Consumer Privacy Act (CCPA)?

- A. \$10,000 per violation
- B. \$1,000 per violation
- C. \$25,000 per violation
- D. \$2,500 per violation

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

Under the Maryland Real Estate Brokers Act (Business Occupations and Professions Article, §17-613), it is unlawful for any person to engage in real estate brokerage activities without a valid Maryland license.

The Maryland Real Estate Commission (MREC) may impose civil fines for unlicensed activity as follows:

- Up to \$5,000 for a first offense
- Up to \$15,000 for two offenses

Up to \$25,000 for three or more offenses, but no more than \$10,000 per violation Therefore, for multiple offenses, the maximum fine per violation is \$10,000.

**NEW QUESTION: 39**

What are PCBs?

- A. A chemical compound that occurs naturally in the environment
- B. A substance resulting from the decay of uranium
- C. A substance that grows due to moisture problems
- D. Chemical compounds used in cooling and insulating, mainly in electrical transformers

**Answer: ([SHOW ANSWER](#))**

Comprehensive and Detailed

Polychlorinated biphenyls (PCBs) are synthetic chemical compounds formerly used as coolants and insulators in electrical equipment, hydraulic systems, and fluorescent-light ballasts. They are toxic, persistent in the environment, and regulated by the U.S. EPA under the Toxic Substances Control Act (TSCA). Maryland's course covers PCBs among major environmental hazards requiring disclosure or remediation.

**NEW QUESTION: 40**

Octogenarians Gertie and Frank both have advanced Alzheimer's disease and met in Sunset Living, a skilled nursing center for people with advanced Alzheimer's disease, where they're both residents. They fell in love and get hitched, signing a marriage certificate. This is an example of a \_\_\_\_\_ contract.

- A. An executory
- B. An implied
- C. An invalid
- D. A valid

**Answer: ([SHOW ANSWER](#))**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

For any contract to be legally enforceable, the parties must possess legal capacity-they must understand the nature and consequences of the agreement.

Individuals suffering from advanced Alzheimer's disease lack contractual capacity, making the agreement void (invalid) from its inception.

The Contracts module stresses that an invalid or void contract has no legal effect because one or more essential elements-competent parties, lawful objective, consideration, mutual consent, and legal form-are missing.

Reference (Maryland Source):

- Maryland 60-Hour Principles and Practices Course, Elements of a Valid Contract section.
- Maryland Contract Law Principles, General Common Law Doctrine on Capacity.

**NEW QUESTION: 41**

James creates a trust to hold a piece of real estate he owns. He directs a corporate fiduciary to hold title to the real estate and provides instructions for the management, control, and disposition of the real estate upon his death. Given that the trust only holds real estate, James likely set up a(n) \_\_\_\_\_ trust.

- A. Assignable
- B. Land
- C. Tertiary
- D. Testamentary

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

A land trust is a type of living trust in which real property is the only asset placed into the trust. Under a land trust, the trustee (fiduciary) holds legal title to the property, while the beneficiary retains the rights to control, manage, and receive income or proceeds from the property.

The Maryland pre-licensing course explains that land trusts are commonly used for privacy, estate planning, and avoiding probate, since the property is owned and transferred through the trust rather than by individual deed.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Forms of Real Estate Ownership" Module Maryland Trust Act (Estates and Trusts Article, Title 14.5 - Trusts).

### **NEW QUESTION: 42**

What regulation or regulatory authority identifies sites that have hazardous substances, and requires the responsible parties to clean them up?

- A. Comprehensive Environmental Response, Compensation, and Liability Act
- B. Department of Housing and Urban Development
- C. State Department of Environmental Quality
- D. The National Environmental Policy Act

**Answer: (SHOW ANSWER)**

Comprehensive and Detailed Explanation From Exact Extract of Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course:

The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), enacted in 1980 and commonly known as "Superfund," authorizes the Environmental Protection Agency (EPA) to identify and clean up sites contaminated with hazardous substances.

CERCLA also establishes liability for potentially responsible parties (PRPs)-including current and past owners, operators, and those who arranged for disposal of hazardous substances.

Maryland's pre-licensing course covers CERCLA as a federal regulation that affects real estate transactions involving contaminated properties, as buyers and sellers must be aware of any cleanup responsibilities before transfer.

Reference:

Maryland 60-Hour Principles and Practices of Real Estate Pre-Licensing Course - "Environmental Issues and Disclosures" Module Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §9601 et seq.).

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