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Maryland Real Estate Salesperson Examination

Real Estate Maryland-Real-Estate-Salesperson

Version Demo

Total Demo Questions: 22

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QUESTION NO: 1

In the conveyance of real property after death, what takes precedent over any terms specified in the deceased person's will?

- A. Heirs' wishes
- B. Intestate
- C. Nothing
- D. Operation of law

ANSWER: D

Explanation:

Operation of law is correct because some ownership interests in real property transfer automatically when an owner dies, independently of the probate process and without requiring a provision in the decedent's will. The most important Maryland example is a joint tenancy with right of survivorship: the deceased joint tenant's interest is extinguished at death, and the surviving joint tenant or tenants hold the property. Likewise, property held by spouses as tenants by the entirety ordinarily passes to the surviving spouse by survivorship. Because the decedent no longer has an interest that can pass through the estate, a contrary attempted gift of that interest in a will cannot control the transfer.

Maryland recognizes survivorship as an incident of properly created joint tenancies and tenancies by the entirety. The relevant title evidence and the form of co-ownership determine whether this automatic transfer applies. A will does control real property that remains solely owned by the decedent and is part of the probate estate, subject to estate administration and applicable statutory rights. However, where title passes automatically at death, operation of law takes priority over testamentary language. See the Maryland Code provisions concerning joint tenancies and survivorship at [Maryland Estates and Trusts § 3-107](#) and the Maryland Register of Wills' [Estate Administration Guide](#).

QUESTION NO: 2

A buyer is grateful to a Maryland salesperson for helping locate a home and offers to pay the salesperson a separate \$500 bonus at settlement. The salesperson is affiliated with the listing broker's firm but has no independent broker's license. How should the payment be handled?

- A. The salesperson may accept the bonus directly if it is disclosed on the settlement statement.
- B. The salesperson may accept the bonus directly if the seller consents in writing.
- C. The payment must be made through the salesperson's supervising broker.
- D. The salesperson may accept the bonus directly if it is less than the commission earned.

ANSWER: C

Explanation:

The payment must be made through the salesperson's supervising broker. A Maryland salesperson performs licensed activities under a broker's supervision and may not accept compensation for those activities directly from a client or customer. The broker may receive compensation and compensate the affiliated salesperson under their agreement.

Direct payment from the buyer would bypass the broker's required supervisory and compensation structure. The buyer's appreciation does not change the salesperson's licensing status or authorize an independent payment arrangement.

QUESTION NO: 3

What is real estate, plus all of the interests, benefits, and rights included in ownership, also known as?

- A. Estate

- B. Land
- C. Personal property
- D. Real property

ANSWER: D

Explanation:

Real property is the correct term because it includes both the physical real estate and the legal bundle of rights that accompanies ownership. Real estate generally means land and its permanent natural or artificial attachments, such as buildings, fixtures, and improvements. When the owner's associated rights, interests, and benefits are included, the subject is real property. These ownership rights commonly include the rights of possession, control, enjoyment, exclusion of others, and disposition or transfer. The bundle of rights is significant because ownership is not limited to the physical land or structure; it also encompasses the legally recognized ways in which an owner may use, control, occupy, lease, sell, or otherwise transfer the property, subject to applicable laws and private restrictions. This distinction is a foundational concept in real-estate licensing education and property law. Maryland's Real Estate Commission oversees salesperson licensing and precursing education, which includes the legal concepts needed to understand property ownership. See the [Maryland Real Estate Commission](#) and the National Association of REALTORS®' overview of [real property and personal property](#).

QUESTION NO: 4

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 ensure sellers disclose known lead-based paint and lead-based paint hazards to a buyer

ANSWER: D

Explanation:

To ensure sellers disclose known lead-based paint and lead-based paint hazards to a buyer is correct because federal law requires specific lead disclosures in most sales or leases of residential housing built before 1978. A real estate licensee is not expected to determine that lead is present, perform an inspection, or arrange for removal. Instead, the licensee must ensure that the seller fulfills the federally required disclosure process before the buyer becomes obligated under the contract. This includes providing any available records or reports concerning known lead-based paint or hazards, furnishing the EPA's lead-hazard information pamphlet, and ensuring the parties complete the required Lead Warning Statement and acknowledgments. Buyers must also receive the required opportunity to conduct a lead-based-paint inspection or risk assessment, unless that opportunity is properly waived. Licensees have an affirmative compliance role under the federal rule: they must inform the seller of these obligations and make sure the seller completes the disclosure requirements. The applicable federal rule is administered by EPA and HUD and is commonly called the Residential Lead-Based Paint Hazard Reduction Act disclosure rule. See the [EPA real-estate disclosure requirements](#) and [HUD lead disclosure guidance](#).

QUESTION NO: 5

A licensee is preparing a comparative market analysis for a seller. A recently sold comparable property has the same location and size as the subject property but has a newly renovated kitchen, while the subject property has an original kitchen. How should the licensee adjust the comparable's sale price when estimating the subject property's value?

- A. Adjust the comparable's sale price downward.
- B. Adjust the comparable's sale price upward.

- C. Make no adjustment because both properties have kitchens.
- D. Adjust the subject property's expected price upward.

ANSWER: A

Explanation:

The comparable's sale price should be adjusted downward for its superior kitchen. Adjustments in a comparative market analysis are made to the comparable property, not to the subject property. Because the comparable has a feature that makes it more valuable than the subject, its sale price must be reduced to reflect what it likely would have sold for if it had the subject's original kitchen.

Adding value to the comparable would incorrectly make the comparable appear even more valuable. A licensee uses adjusted comparable prices to develop a reasonable price range, but must not represent the comparative market analysis as an appraisal.

QUESTION NO: 6

Before you sign an exclusive right to sell agreement with a seller, what must you do?

- A. Explain the option of the exclusive agency agreement.
- B. List the property.
- C. Market the property.
- D. Provide a pro forma.

ANSWER: A

Explanation:

Explain the option of the exclusive agency agreement. Maryland's real estate licensing regulations require a licensee, before entering an exclusive right-to-sell listing agreement, to explain the alternative of an exclusive agency listing to the prospective seller. This disclosure gives the seller enough information to make an informed choice about the type of representation and compensation arrangement being authorized. In an exclusive right-to-sell arrangement, the broker is ordinarily entitled to the agreed compensation if the property sells during the listing term, regardless of who produces the buyer. An exclusive agency arrangement differs because the seller generally retains the right to sell the property independently without owing the broker a commission, subject to the agreement's terms. Explaining this alternative before signature is therefore a required pre-listing step, not merely a recommended sales practice. The explanation should occur before the seller commits to the exclusive right-to-sell agreement and should be sufficiently clear for the seller to understand the meaningful distinction between the two listing forms. See the Maryland regulation governing listing agreements at [COMAR 09.11.02.03](#) and the Maryland Real Estate Commission's licensing and regulatory information at [Maryland Real Estate Commission](#).

QUESTION NO: 7

How does the income from property taxes benefit the community?

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

ANSWER: D

Explanation:

It's used to fund essential services and public works. In Maryland, real-property taxes are an important local-government revenue source. Counties and municipalities use this revenue to provide services and facilities that benefit the public, including education, public safety, roads and other infrastructure, libraries, parks, sanitation, and general local administration. The exact allocation is determined through the budget process of the relevant county or municipal government, but the central community benefit is the ongoing funding of public functions and capital improvements. Maryland's Department of Assessments and Taxation explains that local governments establish real-property tax rates and collect revenue based on assessed property values, while the Maryland Association of Counties describes property tax as a key source of county funding for public services. This relationship is important in real estate because ownership carries a continuing responsibility to contribute, through property taxes, to the local services and infrastructure that support a community's quality of life and property usability. See the [Maryland Department of Assessments and Taxation property-tax overview](#) and the [Maryland Association of Counties' overview of county revenue sources](#).

QUESTION NO: 8

Property ownership for an **indeterminable** length of time is an example of what form of estate?

- A. Freehold
- B. Homestead
- C. Leasehold
- D. Periodic

ANSWER: A**Explanation:**

Freehold is correct because a freehold estate is an ownership interest in real property that has an uncertain or indeterminable duration. The holder possesses an estate in land rather than merely a temporary contractual right to occupy it. Freehold estates include fee simple estates, which may endure indefinitely and are generally inheritable, and life estates, which endure for the lifetime of a designated person. Although a life estate will eventually end, its precise duration is not fixed by a calendar date at the time it is created; it depends on the relevant person's life. This indeterminate-duration characteristic distinguishes freehold ownership from interests whose ending date or term is ascertainable under a lease. Maryland real-property law recognizes fee simple ownership as an estate of inheritance, reflecting the continuing nature of this principal form of freehold ownership. The Maryland State Department of Assessments and Taxation also identifies fee simple as the basic ownership interest used in real-property assessment and taxation. See [Maryland Code, Real Property § 2-105](#) and the [Maryland Department of Assessments and Taxation real-property information](#).

QUESTION NO: 9

What might you find in the legal description of a deed?

- A. County clerk's name
- B. Metes and bounds property description
- C. Name of developer
- D. Title abstract

ANSWER: B**Explanation:**

Metes and bounds property description is correct because it is a recognized method of providing the legally sufficient description of land conveyed by a deed. A legal description must identify the particular parcel with enough certainty that it can be located on the ground and distinguished from every other parcel. A metes-and-bounds description accomplishes this

by setting out boundary courses, including measured distances and directions, usually beginning at an identifiable point of beginning and proceeding around the parcel to close the boundary. It may also refer to monuments—physical or recorded reference points—such as roads, iron pins, stones, streams, or adjoining property lines. The description may be contained in the deed itself or incorporated by a specific reference to a recorded plat or prior instrument. In Maryland, deeds submitted for recording are subject to statutory requirements, and the land being conveyed must be described sufficiently for the instrument to operate as a conveyance. Metes and bounds is especially common for irregularly shaped parcels or land that is not described by a recorded subdivision lot and block. Its purpose is to define the real property interest being transferred, rather than merely provide background information about people or title records. See the Maryland Code provision governing deed requirements at [Maryland Real Property § 4-101](#) and Maryland's land-records resource at [MDLandRec](#).

QUESTION NO: 10

When a lower-quality property is adjacent to a higher-quality property, it can diminish the value of the higher-quality property. What economic principle of value is this?

- A. Anticipation
- B. Contribution
- C. Progression
- D. Regression

ANSWER: D

Explanation:

Regression is the appraisal principle describing the loss in value that can occur when a superior property is located near inferior properties. Real-property value is influenced not only by a building's own physical features, but also by its surroundings, including the quality, condition, utility, and market appeal of neighboring properties. Thus, when a high-quality home is adjacent to a substantially lower-quality property, buyers may perceive the superior home as less desirable or anticipate reduced enjoyment, resale appeal, or neighborhood conformity. That external influence can restrain the price purchasers are willing to pay for the higher-quality property. This is a recognized application of the principle of regression in real estate valuation and is commonly paired with the related principle of progression, which concerns the favorable effect that superior surrounding properties may have on an inferior property. Appraisers account for these neighborhood and locational influences when analyzing market data and developing an opinion of value. The Appraisal Institute describes appraisal as an opinion of value developed through analysis of relevant market and property characteristics, including location and external influences. See the [Appraisal Institute](#) and Maryland's [Maryland Real Estate Commission](#) for real estate licensing and appraisal-related resources.

QUESTION NO: 11

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: B

Explanation:

A photo of the billiards room that reveals the owner's collection of antique guns should not be published for public viewing. Marketing photographs are broadly distributed through MLS systems, brokerage websites, social-media platforms, and consumer real-estate portals; consequently, they can expose details about a seller's possessions and household security to an unrestricted audience. Visible firearms may identify valuable items, disclose their location in the home, and create a

personal-security risk for the seller and occupants. A licensee should review photographs before publication and avoid disseminating images that reveal private possessions or information that the seller reasonably expects to remain confidential. This approach is consistent with the Maryland licensee duty to protect confidential information obtained in the course of providing real-estate brokerage services. Even where a seller has approved photography generally, prudent professional practice is to specifically identify and remove or retake images containing firearms, valuables, financial records, medications, security information, or other sensitive personal effects before public marketing. Maryland's real-estate regulations address confidentiality obligations for licensees in COMAR 09.11.01.12, available through the [Maryland Division of State Documents](#). The Maryland Real Estate Commission also provides consumer and licensee information at the [Maryland Real Estate Commission](#).

QUESTION NO: 12

How does discrimination still occur, even though it's illegal?

- A. Discrimination is human nature.
- B. Discrimination is often not visible to the public.
- C. Discrimination makes good business sense.
- D. Not all laws make sense.

ANSWER: B

Explanation:

Discrimination is often not visible to the public. Fair-housing violations can occur through decisions and practices that are difficult for an applicant, customer, or outside observer to detect, rather than through openly stated refusals. For example, an agent's steering, differences in the information or assistance provided to prospective buyers or renters, selective advertising, inconsistent screening standards, or seemingly neutral policies that have a discriminatory effect may conceal unequal treatment. Because these actions can take place in individual conversations, internal business decisions, or patterns of conduct over time, illegality alone does not ensure that discrimination is immediately apparent or reported. Maryland real estate licensees must conduct business consistently and without discrimination based on protected characteristics, and should use objective, documented procedures for services, communications, advertising, and qualification practices. The Maryland Commission on Civil Rights identifies prohibited discriminatory housing practices under state law, while the U.S. Department of Housing and Urban Development explains that the federal Fair Housing Act protects people from discrimination in housing-related transactions. See the [Maryland Commission on Civil Rights enforcement information](#) and [HUD's Fair Housing Act overview](#).

QUESTION NO: 13

Kerry is a real estate licensee who has committed an ethical violation. Which of the following is a true statement about her potential penalties?

- A. Her license will be suspended.
- B. If it is a first-time offense, she will not face any penalties.
- C. She could go to prison.
- D. She could receive a reprimand, be fined, and/or her license could be suspended or revoked.

ANSWER: D

Explanation:

"She could receive a reprimand, be fined, and/or her license could be suspended or revoked." is correct because the Maryland Real Estate Commission has statutory authority to discipline a licensee for conduct that violates the real estate licensing law, regulations, or the Commission's ethical requirements. The available discipline is not limited to one mandatory outcome. Depending on the facts, the seriousness of the conduct, and any relevant disciplinary history, the Commission may

issue a reprimand, impose a civil monetary penalty, suspend the license for a stated period, or revoke the license. These are potential sanctions, which is why the wording “could receive” accurately reflects the Commission's discretionary case-by-case authority. Maryland Business Occupations and Professions § 17-322 specifically authorizes the Commission, after the applicable process, to reprimand a licensee, suspend or revoke a license, and impose a civil penalty for grounds for discipline. The Commission's Code of Ethics is contained in COMAR Title 09, Subtitle 11, Chapter 02, and provides professional standards applicable to Maryland real estate licensees. See [Maryland Business Occupations and Professions § 17-322](#) and [COMAR 09.11.02](#).

QUESTION NO: 14

When prospecting and soliciting for new business, licensees should be familiar with which federal acts?

- A. Do Not Call Implementation Act, CAN-SPAM Act, and Junk Fax Prevention Act
- B. Do Not Call Implementation Act, Sherman Act, and Unfair Trade Practices Act
- C. Human Relations Act, Fair Housing Act, and Americans with Disabilities Act
- D. Sherman Act, Clayton Act, and Unfair Trade Practices Act

ANSWER: A

Explanation:

Do Not Call Implementation Act, CAN-SPAM Act, and Junk Fax Prevention Act is correct because these federal laws directly address the principal communication methods a real estate licensee may use when seeking prospective clients: telephone calls, commercial email, and fax advertising. The national Do Not Call framework requires telemarketers to respect consumer registration choices and imposes operational obligations such as maintaining appropriate call-list compliance procedures. The Federal Trade Commission explains the National Do Not Call Registry and related telemarketing requirements at [FTC Telemarketing Sales Rule guidance](#).

The CAN-SPAM Act establishes standards for commercial email, including accurate transmission information, nondeceptive subject lines, a functioning opt-out method, and prompt honoring of opt-out requests. Real estate marketing emails promoting services or listings can fall within these commercial-message requirements. The Federal Trade Commission's compliance overview is available at [CAN-SPAM Act Compliance Guide](#). The Junk Fax Prevention Act governs unsolicited fax advertisements and requires particular consent or established-business-relationship conditions as well as a compliant opt-out notice. Together, these acts are the core federal solicitation rules relevant to a licensee's prospecting practices.

QUESTION NO: 15

How do you decide which party you represent in a transaction?

- A. It's based on compensation. If the seller is paying you, you work for the seller.
- B. It's based on priority. A seller's duties come before a buyer's duties.
- C. It's based on the **express written agreement** between you and the party whom you represent.
- D. It's based on the **implied** agreement between you and the party whom you represent.

ANSWER: C

Explanation:

It's based on the **express written agreement** between you and the party whom you represent. In Maryland, the agency relationship is established through a written brokerage agreement identifying the licensee's client and the type and scope of representation to be provided. This agreement makes clear whether the brokerage is acting for a seller, a buyer, a landlord, or a tenant, and it supplies the foundation for the fiduciary duties the licensee owes that client, including loyalty, confidentiality, reasonable care, disclosure, and accounting.

The decision about representation therefore must be made by forming the appropriate written agency relationship, rather than by inferring representation from conversations, conduct, or the source of compensation. A broker may receive compensation through arrangements involving another party without that payment changing the identity of the client. Maryland's brokerage-agreement statute requires the agreement to be in writing and addresses its required terms, including the services to be provided and the terms of compensation. The Maryland Real Estate Commission's consumer materials likewise emphasize that agency relationships and the duties owed arise from the brokerage relationship selected by the parties. See Maryland Business Occupations and Professions § 17-530 at [Maryland General Assembly](#) and the [Maryland Real Estate Commission agency disclosure information](#).

QUESTION NO: 16

A licensee is reviewing advertising for a newly listed condominium. Which statement is most likely to violate fair-housing advertising requirements?

- A. Two-bedroom unit with a private balcony
- B. Perfect for couples without children
- C. Convenient access to public transportation
- D. Recently renovated kitchen with energy-efficient appliances

ANSWER: B

Explanation:

"Perfect for couples without children" is most likely to violate fair-housing advertising requirements because it expresses a preference based on familial status. Advertising for housing must focus on the property and its features rather than suggesting that families with children are unwelcome or less desirable occupants.

Descriptions of objective property features, such as accessibility to transit, the number of bedrooms, or a private balcony, are generally permissible when they do not communicate a preference or limitation based on a protected characteristic.

QUESTION NO: 17

When must informed consent for dual agency be obtained?

- A. As the situation arises
- B. At the time when the licensee and customer have entered into an agent/client relationship
- C. In the first face-to-face meeting with a potential client
- D. Prior to entering into a contract for a specific transaction.

ANSWER: D

Explanation:

"Prior to entering into a contract for a specific transaction." is correct because Maryland requires transaction-specific, written informed consent before a licensee may function as a dual agent in that transaction. Dual agency occurs when the same brokerage representation arrangement involves both the buyer and seller, creating duties to parties whose interests may differ. The consent requirement is not satisfied merely by giving a general early agency disclosure; each party must receive the prescribed dual-agency information and provide informed written consent for the particular transaction. Critically, Maryland law sets the outside deadline as before the parties enter into the contract of sale. Obtaining consent at that stage ensures that both parties understand the agency relationship, the limits on the licensee's ability to advocate confidentially for either side, and the nature of the broker's role before becoming contractually bound. The Maryland Real Estate Brokers Act addresses a broker's authority to act as a dual agent and requires written consent from each client before the parties execute a contract of sale. See [Maryland Business Occupations and Professions § 17-530](#). The Maryland Real Estate

Commission also publishes the required [Consent for Dual Agency form](#), which documents this informed consent for the identified transaction.

QUESTION NO: 18

At the end of this month, Evy will have been paying rent on her ground lease for 15 years. She's decided to give 30 days' notice to the landowner that she plans to buy out the lease. What type of ground lease does Evy have?

- A. Irredeemable ground lease
- B. Irregular ground lease
- C. Redeemable ground lease
- D. Regular ground lease

ANSWER: C

Explanation:

Redeemable ground lease is correct because Maryland law gives a leasehold tenant the right to redeem, or permanently buy out, a redeemable ground rent. Redemption ends the obligation to make future ground-rent payments and converts the tenant's interest into fee-simple ownership, subject to completing the required statutory process and payment of the redemption amount. The facts specifically describe Evy's intent to exercise that right: she has paid ground rent for 15 years and is providing 30 days' advance notice to the ground-rent holder before redemption. Maryland's ground-rent statute provides that a leasehold tenant may redeem a redeemable ground rent by giving the holder at least one month's written notice and paying the prescribed redemption sum. The 15-year period is also consistent with the traditional rule for redeemable ground rents, under which redemption may occur after the stated period in the lease or after 15 years if no period is stated. This combination of a tenant buyout right and advance written notice identifies the lease as redeemable. See Maryland Real Property Article § 8-110 at [Maryland General Assembly](#) and the Maryland Department of Assessments and Taxation's [Ground Rent Registration](#) information.

QUESTION NO: 19

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: C

Explanation:

Lot 6 of Block 3 of the East Subdivision plat as recorded in Map Book 18, Page 11 at the Recorder of Deeds is a lot-and-block, or recorded-plat, legal description. This method identifies a parcel by its lot number and block within a named, recorded subdivision. It also incorporates the recorded plat by citing the map book and page where the subdivision plan is available in the land records. That recorded plat establishes the lot boundaries, dimensions, streets, easements, and other details needed to locate the parcel with legal certainty. In Maryland practice, property descriptions commonly refer to subdivision plats recorded among the county land records; the county recording office maintains the instruments and plats affecting title to real property. A street address may help identify a property for mailing or marketing, but it is not ordinarily sufficient as its legal land description. The Maryland State Archives explains the role of land records and provides access to county land-record information through its resources. For a general overview of the plat-based method of legal description, see [National Association of REALTORS®: lot-and-block survey system](#). Maryland land-record resources are available through the [Maryland Land Records](#) website.

QUESTION NO: 20

How many approaches to value do appraisers generally use?

- A. Four
- B. One
- C. Three
- D. Two

ANSWER: C

Explanation:

Three is correct because real property appraisers generally develop an opinion of value through three recognized approaches: the sales comparison approach, the cost approach, and the income capitalization approach. The sales comparison approach derives an indication of value by analyzing recent sales of comparable properties and making appropriate adjustments for relevant differences. The cost approach begins with the value of the site and adds the current cost to construct the improvements, less accrued depreciation. The income capitalization approach converts a property's anticipated income stream into a value indication and is especially relevant to income-producing real estate. An appraiser determines which approach or approaches are applicable and credible for the particular assignment, property type, intended use, and available data; not every approach will carry equal weight in every appraisal. These three approaches are the standard valuation framework taught in real-estate education and reflected in professional appraisal practice. The Appraisal Foundation's USPAP materials describe the accepted appraisal framework and standards, while Fannie Mae's appraisal guidance discusses the sales comparison, cost, and income approaches in residential appraisal practice. See [The Appraisal Foundation—USPAP](#) and [Fannie Mae Selling Guide: Approaches to Value](#).

QUESTION NO: 21

What's used to calculate the housing debt-to-income ratio and total debt-to-income ratio?

- A. After-tax income
- B. Gross income
- C. Net income
- D. Operating income

ANSWER: B

Explanation:

Gross income is used to calculate both the housing debt-to-income ratio (also called the front-end ratio) and the total debt-to-income ratio (back-end ratio). Gross income means income before deductions for income taxes, Social Security, insurance premiums, retirement contributions, or other payroll withholdings. For a housing ratio, the lender compares the proposed monthly housing payment—generally principal, interest, taxes, insurance, and any applicable association dues—to the borrower's gross monthly income. For the total ratio, the lender adds the proposed housing payment to the borrower's recurring monthly debt obligations and compares that total with gross monthly income. Using a pre-tax income measure gives lenders a standardized basis for assessing repayment capacity across applicants with different withholding choices and tax circumstances. Mortgage underwriting guidance commonly expresses debt-to-income calculations as monthly debt divided by gross monthly income. The Consumer Financial Protection Bureau describes DTI as the percentage of a consumer's monthly income used to pay monthly debt payments, and Fannie Mae's selling guide specifically directs lenders to use the borrower's monthly income when evaluating the DTI ratio. See the [CFPB explanation of debt-to-income ratio](#) and [Fannie Mae's debt-to-income ratio guidance](#).

QUESTION NO: 22

A licensee is preparing an advertisement for apartments in a building that is not qualified housing for older persons. Which advertising statement is most likely to violate fair-housing requirements?

- A. Convenient access to public transportation and neighborhood shops
- B. Ideal for adults without children
- C. Two-bedroom apartments with on-site laundry facilities
- D. Available apartments include balconies and assigned parking

ANSWER: B

Explanation:

“Ideal for adults without children” is most likely to violate fair-housing requirements because it expresses a preference or limitation based on familial status. Familial status protections generally cover households with children under 18 and certain persons who are pregnant or in the process of securing custody of a child.

An advertisement may describe objective property features, such as the number of bedrooms, proximity to transit, or availability of a fenced yard. It should not suggest that families with children are unwelcome. A housing community may lawfully apply certain age-based restrictions only if it meets the requirements for housing for older persons, which the question states this building does not.