NORTH CAROLINA 75-HOUR BROKER COURSE PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

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How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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1. **What are the rights and privileges granted with a fee simple estate commonly called?**

   A. The basket of rights

   B. The box of rights

   C. The bundle of rights

   D. The group of rights

2. **What does it mean to "float a loan"?**

   A. To cancel a loan before settlement

   B. To keep an interest rate open until ready to lock it in

   C. To transfer a loan from one property to another

   D. To apply for a loan with no interest

3. **Which of the following accurately describes the role of a broker under dual agency?**

   A. The broker represents only the seller

   B. The broker represents only the buyer

   C. The broker manages all communications between the seller and buyer

   D. The broker advocates for one party over another

4. **When might a builder need an elevation certificate?**

   A. In order to qualify the property for flood insurance

   B. When building a single-family home taller than two stories

   C. When building a skyrise

   D. When building on a slope

5. **What is a "covenant" in the context of property?**

   A. A type of mortgage agreement

   B. A legally binding promise in a deed or lease

   C. A suggestion for property improvements

   D. A requirement for property inspections

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6. What type of lien may provide security for payment, typically used in construction?

A. Tax lien

B. Public lien

C. Mechanic's lien

D. HOA lien

7. After the settlement meeting, what key action still needs to be completed by the closing attorney?

A. Collecting the funds

B. Creating a pre-approval letter

C. Disbursing the funds

D. Preparing the loan documents

8. When is an addendum necessary in the context of real estate?

A. When there are multiple buyers for a property

B. When alterations are needed to the original contract

C. When the property is listed for sale

D. When financing options change

9. How can a real estate broker ensure compliance with North Carolina Real Estate License Law?

A. By developing personal marketing strategies

B. By staying updated on rules and regulations

C. By reducing commission rates

D. By networking with other brokers

10. What financial element reflects both demand and supply in the real estate market context?

A. Agents and clients

B. Properties and buyers

C. Investors and sellers

D. Market trends and conditions

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Answers

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1. C
2. B
3. C
4. A
5. B
6. C
7. C
8. B
9. B
10. B

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Explanations

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1. What are the rights and privileges granted with a fee simple estate commonly called?

A. The basket of rights

B. The box of rights

C. The bundle of rights

D. The group of rights

The rights and privileges associated with a fee simple estate are commonly referred to as the "bundle of rights." This terminology symbolizes that property ownership encompasses various rights that can be individually separated or combined, much like individual items in a bundle. In a fee simple estate, the owner has the complete set of rights to the property, which typically includes the right to use the property, sell it, lease it, give it away, or even pass it on to heirs. This comprehensive ownership is fundamental to real estate and is a significant aspect that sets it apart from lesser interests in property, such as leaseholds or life estates. The choice of the term "bundle" emphasizes the idea that these rights are interconnected yet distinct. The other options, like "basket," "box," or "group," do not accurately capture the concept used in real estate terminology, which has traditionally favored "bundle" to stress the indivisibility and collective nature of ownership rights within a fee simple estate.

2. What does it mean to "float a loan"?

A. To cancel a loan before settlement

B. To keep an interest rate open until ready to lock it in

C. To transfer a loan from one property to another

D. To apply for a loan with no interest

Choosing to "float a loan" refers to the practice of keeping the interest rate on a loan open until the borrower decides to lock it in at a certain rate. This option allows borrowers flexibility in timing their loan closing with respect to market interest rates. If the market rates go down while the loan is floating, the borrower can benefit from a potentially lower rate when they choose to lock in. Conversely, if rates rise, the borrower would lock in at a higher interest rate. This strategy is often employed by borrowers who believe that interest rates may drop in the future or who are not in immediate need of finalizing their interest rate. This concept is crucial for understanding loan mechanics and how market fluctuations can influence personal finance decisions regarding home purchasing or refinancing.

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3. Which of the following accurately describes the role of a broker under dual agency?

A. The broker represents only the seller

B. The broker represents only the buyer

C. The broker manages all communications between the seller and buyer

D. The broker advocates for one party over another

The correct answer highlights the unique responsibilities of a broker operating under dual agency, which is when a broker represents both the seller and the buyer in the same transaction. In this situation, the broker's primary role is to facilitate communication between the two parties, ensuring that both are informed while maintaining impartiality. This means managing the flow of information, coordinating discussions, and sometimes bringing both parties together to reach an agreement, all while adhering to legal and ethical standards. It's essential for brokers in dual agency to navigate the complexities involved, as they cannot favor one party over the other or provide exclusive advocacy for either side. This neutrality is crucial to uphold the trust placed in the broker and to comply with agency laws. The other options inaccurately describe the broker's role under dual agency. For instance, representing only the seller or only the buyer contradicts the definition of dual agency. Similarly, advocating for one party over another fundamentally opposes the broker's obligation to remain neutral, as this would create a conflict of interest. Understanding these dynamics is vital for anyone studying real estate agency in a dual representation scenario.

4. When might a builder need an elevation certificate?

A. In order to qualify the property for flood insurance

B. When building a single-family home taller than two stories

C. When building a skyrise

D. When building on a slope

A builder might need an elevation certificate primarily to determine the elevation of a building in relation to the base flood elevation as required by the National Flood Insurance Program (NFIP). This certificate is essential when a property is located in a flood-prone area, as it helps establish whether flood insurance is needed and how much it will cost based on the level of risk. The information provided in the elevation certificate includes details about the building's elevation, which is critical for ensuring compliance with local floodplain management ordinances and for obtaining flood insurance coverage. While the other scenarios may involve considerations related to building height and ground slope, they do not specifically address the need for an elevation certificate in the context of flood insurance, which is the primary reason for requiring this documentation.

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5. What is a "covenant" in the context of property?

A. A type of mortgage agreement

B. A legally binding promise in a deed or lease

C. A suggestion for property improvements

D. A requirement for property inspections

A covenant in the context of property refers to a legally binding promise found in a deed or lease. This promise typically stipulates certain actions that either the property owner or the tenant must perform, or it may restrict certain actions that could be taken concerning the property. Covenants are used to control how property is used and can cover a wide range of issues, including maintenance responsibilities, limitations on building structures, or the types of activities allowed on the property. This definition highlights the role of covenants in property law, where they serve to protect the interests of one party and ensure compliance with agreed-upon terms within the property agreement. Because this promise is enforceable by law, it creates obligations that can have significant implications for property owners and tenants. Understanding the concept of covenants is essential for real estate professionals, as they can affect property values and the rights of individuals involved in property transactions.

6. What type of lien may provide security for payment, typically used in construction?

A. Tax lien

B. Public lien

C. Mechanic's lien

D. HOA lien

A mechanic's lien is a specific type of lien that provides security for payment to contractors, subcontractors, and suppliers in the construction industry. This lien allows those who have performed work or supplied materials for a property to claim a legal right to the property until they receive payment for their services. The purpose of a mechanic's lien is to protect the interests of those in the construction trades by ensuring they can be compensated for their labor and materials. Mechanic's liens are particularly important because they create a legal claim against the property itself. If the property owner fails to pay for the work done, the lien can give the contractor or supplier the right to seek a court judgment to enforce the payment, which could result in a forced sale of the property to settle the debt. In contrast, a tax lien pertains to unpaid taxes, a public lien is a general claim imposed by government entities for obligations, and an HOA lien is related to unpaid dues to homeowners' associations. These other types of liens do not specifically address the payment for labor and materials in construction projects, distinguishing mechanic's liens as the most appropriate answer.

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7. After the settlement meeting, what key action still needs to be completed by the closing attorney?

A. Collecting the funds

B. Creating a pre-approval letter

C. Disbursing the funds

D. Preparing the loan documents

The key action that needs to be completed by the closing attorney after the settlement meeting is disbursing the funds. During the closing process, once all parties have signed the necessary documents and the closing statement has been prepared, the attorney is responsible for ensuring that the funds are properly distributed according to the terms of the agreement. This includes paying off any existing mortgages, distributing the proceeds to the seller, and ensuring that all closing costs are covered. Disbursing the funds is a critical step that finalizes the transaction, allowing the buyer to take ownership of the property and ensuring that all parties involved receive their entitled payments. This reinforces the importance of the closing attorney's role in managing the financial aspects of the closing process to ensure everything is handled accurately and in accordance with the law. Understanding this responsibility highlights the attorney's crucial role in facilitating a smooth real estate transaction.

8. When is an addendum necessary in the context of real estate?

A. When there are multiple buyers for a property

B. When alterations are needed to the original contract

C. When the property is listed for sale

D. When financing options change

An addendum is a supplementary document that is added to an existing contract to modify, clarify, or add specific terms or conditions. In the context of real estate, when alterations are needed to the original contract, such as changes in terms, adjustments to timelines, or updates regarding contingencies, an addendum is necessary. This ensures that all parties are in agreement regarding the new terms and that the changes are legally documented. Using an addendum helps to maintain clarity and protect the interests of all parties involved. It serves as a formal record of any modifications made after the original contract has been signed, which can be crucial in avoiding misunderstandings or disputes down the line. This is especially important in real estate transactions where multiple parties are working together and maintaining a clear understanding of the terms is vital. In contrast, situations involving multiple buyers, properties being listed for sale, or changes in financing options may not specifically necessitate an addendum unless those factors require changes to the existing contract's terms.

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9. How can a real estate broker ensure compliance with North Carolina Real Estate License Law?

A. By developing personal marketing strategies

B. By staying updated on rules and regulations

C. By reducing commission rates

D. By networking with other brokers

A real estate broker can ensure compliance with North Carolina Real Estate License Law primarily by staying updated on rules and regulations. The real estate industry is constantly evolving, with changes to laws, regulations, and best practices. By staying informed about these changes, a broker can ensure that they operate within the legal framework and adhere to professional standards. Staying updated on rules and regulations includes regularly reviewing updates from the North Carolina Real Estate Commission, participating in continuing education courses, and engaging with industry publications. This proactive approach helps brokers avoid potential legal issues and ensures they are providing quality service to their clients while upholding ethical standards. Other approaches, such as developing personal marketing strategies, reducing commission rates, or networking with other brokers, may contribute to a broker's success in their business but do not directly relate to ensuring compliance with legal requirements. Compliance is fundamentally about understanding and operating within the law, making knowledge of regulations indispensable.

10. What financial element reflects both demand and supply in the real estate market context?

A. Agents and clients

B. Properties and buyers

C. Investors and sellers

D. Market trends and conditions

The relationship between properties and buyers reflects both demand and supply in the real estate market context because properties represent the supply side of the equation, while buyers represent the demand side. In real estate, the availability of properties (supply) and the interest or need from buyers (demand) must align to facilitate transactions. When the supply of properties meets the demand from buyers, transactions are likely to occur, leading to a balanced market. Conversely, if there are many properties available but few buyers, it may indicate a surplus in supply, which can drive prices down. On the other hand, when demand exceeds supply, it often results in increased prices and competitive bidding among buyers for the limited available properties. The other options indicate participants in the market or general conditions rather than directly correlating both elements of demand and supply. For instance, agents and clients focus more on the transactional relationship rather than the inherent characteristics of supply and demand, while investors and sellers might emphasize financial aspects or motivations without prioritizing the fundamental market dynamics. Market trends and conditions provide insight into the environment but do not directly address how properties and buyers interact in a specific demand-supply context.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://nc75hrbroker.examzify.com

We wish you the very best on your exam journey. You've got this!

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