NORTH CAROLINA BROKER RECIPROCAL PRACTICE EXAM (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. Which statement regarding the statute of frauds is false?

A. All contracts must have sufficient consideration

B. Actions for specific performance cannot succeed for personal services

C. Actions based on contracts can be pursued indefinitely

D. All contracts must be in writing

2. Which type of foreclosure proceeding is handled as a civil lawsuit and conducted under the auspices of a court?

A. Judicial foreclosure

B. Non-judicial foreclosure

C. Replevin

D. Deed in lieu of foreclosure

3. A non-conforming loan exceeds what amount?

A. 250,000

B. 450,000

C. 548,250

D. 750,000

4. Which of the following is NOT typically considered when determining the market value of a property?

A. Location

B. Condition

C. Owner's Personal Reasons

D. Comparable Sales

5. Which sections are contiguous to Section number 13?

A. Sections 10, 20, 12, and 25

B. Sections 11, 24, 12, and 14

C. Sections 22, 19, 13, and 15

D. Sections 11, 13, 15, and 18

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6. What term describes a clause that allows a lender to demand full payment upon the sale of a property?

A. Default clause

B. Alienation

C. Acceleration

D. Due-on-sale

7. In real estate terms, what does a patent refer to?

A. A private grant of land

B. A sovereign grant

C. A type of land lease

D. A temporary usage permit

8. What type of deed conveys ownership from a seller to a buyer without warranty against encumbrances?

A. General Warranty Deed

B. Special Warranty Deed

C. Quitclaim Deed

D. Trust Deed

9. Which formula is used for estimating value using the cost approach?

A. Cost to replace + land cost = value

B. Cost to reproduce - depreciation + land value = value

C. Replacement cost - economic obsolescence = value

D. Land value + improvements = total value

10. Who prepares a report of an individual's credit history used in loan applications?

A. Credit union

B. Credit bureau

C. Mortgage broker

D. Debt recovery agency

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Answers

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

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Explanations

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1. Which statement regarding the statute of frauds is false?

A. All contracts must have sufficient consideration

B. Actions for specific performance cannot succeed for personal services

C. Actions based on contracts can be pursued indefinitely

D. All contracts must be in writing

The statement regarding the statute of frauds that is false is that actions based on contracts can be pursued indefinitely. Under the statute of frauds, certain contracts must be in writing to be enforceable, which includes those related to real estate, contracts that cannot be performed within one year, and agreements involving the sale of goods above a specified value. However, there are also statutes of limitations that apply to contracts, which specify the maximum time period during which legal action can be initiated for breach of contract. These limitations vary by state and the type of contract but generally range from a few years to a decade. This means that parties to a contract do not have unlimited time to bring a lawsuit; instead, they must do so within the time frame established by law. Therefore, the notion that actions based on contracts can be pursued indefinitely is incorrect and does not align with legal principles. In contrast, it's accurate that all contracts need sufficient consideration to be enforceable, actions for specific performance do not apply to personal services due to public policy, and many contracts indeed must be in writing as specified by the statute of frauds.

2. Which type of foreclosure proceeding is handled as a civil lawsuit and conducted under the auspices of a court?

A. Judicial foreclosure

B. Non-judicial foreclosure

C. Replevin

D. Deed in lieu of foreclosure

Judicial foreclosure is the correct answer because this type of foreclosure involves a formal court process. In a judicial foreclosure, the lender files a lawsuit in court to obtain a judgment against the borrower for the outstanding debt secured by the mortgage. This process allows for a legal determination regarding the validity of the foreclosure and provides the borrower with the opportunity to contest the action. The court oversees the proceedings, ensuring that the rights of all parties are addressed in compliance with statutory requirements. In contrast, non-judicial foreclosure does not require court involvement, enabling lenders to foreclose on a property without a lawsuit. The replevin action is a legal process used to recover personal property wrongfully taken or retained. A deed in lieu of foreclosure is an arrangement where a borrower voluntarily transfers the title of the property to the lender to avoid foreclosure, thus bypassing court proceedings entirely. Understanding these distinctions helps clarify why judicial foreclosure specifically is linked to civil lawsuits and court supervision.

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3. A non-conforming loan exceeds what amount?

A. 250,000

B. 450,000

C. 548,250

D. 750,000

A non-conforming loan is one that does not meet the underwriting standards set by government-sponsored enterprises such as Fannie Mae and Freddie Mac. These loans typically have a loan limit higher than that which conforms to those standards. As of the baseline conforming loan limit for 2023, which is set at $548,250 for most areas in the continental United States, any loan amount that exceeds this limit would be considered a non-conforming loan. This threshold can vary slightly by geographic area, with high-cost areas allowing for higher limits. Therefore, the correct answer is tied to the established conforming loan limits, marking anything above $548,250 as non-conforming. Understanding the distinction between conforming and non-conforming loans is essential for anyone working in real estate finance, as it influences the types of loans available to borrowers and the regulations surrounding those loans.

4. Which of the following is NOT typically considered when determining the market value of a property?

A. Location

B. Condition

C. Owner's Personal Reasons

D. Comparable Sales

The determination of a property's market value typically relies on objective factors that influence its worth in the marketplace, such as location, condition, and comparable sales. Each of these elements provides vital information for appraisers and potential buyers about what a property is worth based on market activities. Location plays a crucial role in market value as it affects access to amenities, schools, and overall desirability of the area. The condition of the property directly influences its appeal and functionality, impacting what buyers are willing to pay. Comparable sales are essential in establishing a baseline for market value, as they provide real examples of what similar properties have sold for in the area. In contrast, the owner's personal reasons for selling are subjective and do not reflect the intrinsic value of the property itself. Factors such as emotional attachment or personal circumstances have no bearing on market dynamics or how much the property should be valued in a transaction. Thus, while personal reasons may be significant to the owner, they are irrelevant to the market assessment process.

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5. Which sections are contiguous to Section number 13?

A. Sections 10, 20, 12, and 25

B. Sections 11, 24, 12, and 14

C. Sections 22, 19, 13, and 15

D. Sections 11, 13, 15, and 18

To determine which sections are contiguous to Section number 13, one must understand how sections are typically arranged in a grid-like pattern, especially in land descriptions. Contiguous sections are those that share a common boundary with the given section. Section 13 is located in a specific arrangement where it shares boundaries with the sections above, below, and on either side. The correct answer identifies Sections 11 and 14 as directly adjacent to Section 13, where Section 11 is located directly to the north and Section 14 to the south. Additionally, Section 12, which is directly to the east of Section 13, contributes to the continuity of adjacent sections. The inclusion of Section 24 reflects the broader arrangement, further supporting the relationship of these sections extending outwards in the grid. Recognizing this configuration is crucial in understanding land descriptions, property surveys, and real estate transactions, as it clarifies how properties are laid out and the relationships between them. Each of these sections shares a border with Section 13, making them contiguous.

6. What term describes a clause that allows a lender to demand full payment upon the sale of a property?

A. Default clause

B. Alienation

C. Acceleration

D. Due-on-sale

The term that describes a clause allowing a lender to demand full payment upon the sale of a property is "due-on-sale." This clause, also known as a "due-on-sale" clause, enables the lender to call the entire loan balance when the property is sold or transferred to another party. This is important for lenders as it protects their interests by ensuring they can collect the full amount owed if the property changes hands, especially if the loan has favorable terms that could lead to a loss in value for the lender if it were to remain with a new owner. The due-on-sale clause is particularly relevant in real estate transactions as it can impact the buyer's ability to assume an existing mortgage under its original terms. If a property is sold, and there is a due-on-sale clause in the mortgage, the lender has the right to require that the entire mortgage be paid off at closing, which can affect the financing options available to the buyer. In contrast, the other terms do not apply in this context. A default clause generally pertains to circumstances under which the borrower has failed to meet the mortgage obligations. Alienation, while relevant to the transfer of property, refers more broadly to the act of transferring property rights rather than the lender's specific rights regarding loan

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7. In real estate terms, what does a patent refer to?

A. A private grant of land

B. A sovereign grant

C. A type of land lease

D. A temporary usage permit

In real estate, a patent refers to a sovereign grant, which is the official and formal act of a government transferring ownership of land or property to an individual or entity. This type of grant typically indicates that title to land is being given in a legally recognized manner, solidifying ownership. The process often serves as a transition from public land to private ownership, thus playing a critical role in land distribution and ownership rights. The distinction of a patent as a sovereign grant is significant, as it implies the involvement of the government in the process, making it a formal legal document that establishes and recognizes the ownership rights of the grantee. This is foundational in real estate, as it ensures clarity in property ownership and the rights of the owner.

8. What type of deed conveys ownership from a seller to a buyer without warranty against encumbrances?

A. General Warranty Deed

B. Special Warranty Deed

C. Quitclaim Deed

D. Trust Deed

A quitclaim deed is specifically designed to convey whatever interest the grantor has in the property without offering any warranties or guarantees regarding the extent of that interest. This means that the grantor does not assure the grantee that the title is clear or free of encumbrances such as liens, mortgages, or easements. The grantor is essentially saying, "I hand over my rights in this property to you, but I make no promises about those rights." This type of deed is often used in situations where the parties know each other well, such as transfers between family members, or in situations where the grantee is willing to accept the risk associated with potential title issues. Since no warranties are involved, the quitclaim deed is a straightforward mechanism to transfer property without the complexities and liabilities associated with warranties found in other types of deeds.

9. Which formula is used for estimating value using the cost approach?

A. Cost to replace + land cost = value

B. Cost to reproduce - depreciation + land value = value

C. Replacement cost - economic obsolescence = value

D. Land value + improvements = total value

The formula used for estimating value using the cost approach focuses on determining the value of a property based on the cost to reproduce or replace the structure, while also considering the depreciation that may have occurred over time. In this context, the cost to reproduce refers to the current costs associated with constructing a building that is identical or substantially equivalent to the existing structure. By subtracting depreciation, which accounts for factors like physical wear and tear, functional obsolescence, and external economic conditions that affect the property's market value, and then adding the land value, this formula arrives at a more accurate estimate of the property's overall value. Essentially, it reflects the principle that the value of a property can also be seen as the sum of the land value and the cost of the improvements made, adjusted for any loss in value due to depreciation. This approach is particularly useful for new constructions where the cost of building is readily available and where the land and property improvements are distinctively defined. It is a common valuation method used by appraisers and real estate professionals when assessing properties that are not easily compared to others in the market.

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10. Who prepares a report of an individual's credit history used in loan applications?

A. Credit union

B. Credit bureau

C. Mortgage broker

D. Debt recovery agency

The correct answer is the credit bureau because credit bureaus are specialized organizations that collect and maintain individuals' credit information. They gather data from various financial institutions about how individuals manage their debts, including their payment history, amounts owed, the types of credit being used, and the length of credit history. This compiled information is then used to generate credit reports, which lenders consider when evaluating loan applications. A credit report includes vital details that inform lenders about an individual's creditworthiness, helping them assess the risk of lending money. Therefore, the role of the credit bureau is central to the process of preparing these reports, ensuring that lenders have the necessary information to make informed decisions about loan applications. Other entities like credit unions, mortgage brokers, or debt recovery agencies do not have the primary function of creating credit history reports; rather, they often utilize the reports generated by credit bureaus in their respective processes.

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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.

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

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