

NEW MEXICO BROKER STATE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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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.

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!

Questions

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- 1. What type of gross lease offers full services including utilities and maintenance?**
 - A. Full service
 - B. Modified gross
 - C. Percentage rent
 - D. Net lease
- 2. Individuals practicing real estate in New Mexico without a license are guilty of what type of crime?**
 - A. Third-degree felony
 - B. Second-degree misdemeanor
 - C. Fourth-degree felony
 - D. First-degree infraction
- 3. In the context of commercial real estate, what does TIM stand for?**
 - A. Tax, Insurance, Maintenance
 - B. Term, Interest, Management
 - C. Transfer, Investment, Mortgage
 - D. Title, Inclusion, Maintenance
- 4. New fees may be levied if the fund's balance is under what amount?**
 - A. \$100,000
 - B. \$150,000
 - C. \$200,000
 - D. \$50,000
- 5. What is a mechanic's lien primarily used for in New Mexico?**
 - A. For claiming ownership of a vehicle
 - B. A legal claim when payment for labor or materials is not received
 - C. A means of enforcing contract terms
 - D. To file grievances against contractors

- 6. What is one of the requirements for the installation of a new liquid waste system?**
- A. Home inspection by the local fire department
 - B. Compliance with local zoning laws
 - C. After obtaining a permit
 - D. A report from a licensed contractor
- 7. Which of the following best describes undue influence?**
- A. Using financial leverage to persuade
 - B. Persuasion that overcomes free will and judgment
 - C. Threats that coerce agreement
 - D. Convincing through logical arguments
- 8. What is the purpose of an estoppel certificate?**
- A. It verifies that the property is free of leases
 - B. It stops a party from disavowing agreed-upon lease terms
 - C. It outlines the conditions for tenant eviction
 - D. It confirms the amount of rent a tenant owes
- 9. Which term describes a professional who manages rental properties for a fee?**
- A. Real estate agent
 - B. Property consultant
 - C. Property manager
 - D. Real estate investor
- 10. According to law, property owners must provide lessees with notification of which of the following?**
- A. Lease amount
 - B. Address of the property
 - C. Name, telephone number, and address of the party managing the property
 - D. Type of lease agreement

Answers

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

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Explanations

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1. What type of gross lease offers full services including utilities and maintenance?

- A. Full service**
- B. Modified gross
- C. Percentage rent
- D. Net lease

A full service gross lease is designed to provide tenants with a comprehensive range of services bundled into the lease agreement. This type of lease typically includes all operating expenses such as property taxes, insurance, maintenance, and utilities, ensuring that tenants have a predictable cost structure without having to manage various separate expenses. In this arrangement, the landlord takes on the responsibility for most property-related costs, which can be particularly appealing to tenants who prefer a simpler budgeting process and do not want to deal with the administration of utility bills or maintenance upkeep. This makes the full service gross lease a convenient choice for many businesses, especially those looking for office space where operational distractions should be minimized. While other types of leases, like modified gross, percentage rent, or net leases, do not generally include all expenses or shift some costs to the tenant, the full service gross lease remains distinctly advantageous by encompassing a broader range of services. This creates a more straightforward and manageable rental experience for tenants.

2. Individuals practicing real estate in New Mexico without a license are guilty of what type of crime?

- A. Third-degree felony
- B. Second-degree misdemeanor
- C. Fourth-degree felony**
- D. First-degree infraction

In New Mexico, individuals who engage in real estate activities without a proper license are committing a fourth-degree felony. This classification indicates the seriousness with which the state views unlicensed real estate practice, reinforcing the necessity of obtaining appropriate licensure to protect consumers and maintain ethical standards within the industry. A fourth-degree felony typically carries significant penalties, including potential jail time and fines, which serve as a deterrent to unlicensed practices. The legal framework surrounding real estate licensure is designed to ensure that all practitioners have met the necessary educational requirements, understand state laws, and adhere to professional conduct, thereby safeguarding the interests of the public when engaging in real estate transactions. Understanding the implications of practicing without a license emphasizes the importance of compliance with licensing laws in New Mexico, which further supports the integrity of the real estate profession.

3. In the context of commercial real estate, what does TIM stand for?

- A. Tax, Insurance, Maintenance
- B. Term, Interest, Management
- C. Transfer, Investment, Mortgage
- D. Title, Inclusion, Maintenance

*In the context of commercial real estate, TIM stands for Tax, Insurance, and Maintenance. This acronym is commonly used to refer to the typical costs associated with operating and managing a commercial property. Understanding each component helps highlight its relevance: - **Tax** represents the property taxes that owners must pay to local governments, which can significantly impact the overall expense of owning and managing a property. - **Insurance** speaks to the need for property insurance, which protects the owner against potential losses due to damage to the property or liability claims. Adequate insurance coverage is crucial for safeguarding investments. - **Maintenance** refers to the ongoing costs required to keep the property in good condition. This includes repairs, upkeep, and other routine services essential for retaining tenant satisfaction and ensuring the property's longevity. Recognizing this acronym and its significance is vital for anyone involved in commercial real estate, as it encapsulates key financial responsibilities associated with property management.*

4. New fees may be levied if the fund's balance is under what amount?

- A. \$100,000
- B. \$150,000
- C. \$200,000
- D. \$50,000

The correct answer reflects the regulatory framework related to the real estate recovery fund in New Mexico. According to New Mexico's Real Estate License Law, when the balance of the recovery fund falls below a specific threshold, in this case, \$150,000, it triggers the need for new fees to be implemented. This is designed to ensure that the fund remains solvent and can continue to provide protection to consumers who may suffer losses due to the actions of real estate licensees. Maintaining a certain balance in the recovery fund is crucial for consumer protection, as it allows for compensation claims resulting from improper real estate practices. When the fund's balance is below the threshold, it can compromise the fund's ability to meet its obligations, hence the decision to levy new fees to replenish it. The specified amount of \$150,000 serves as a regulatory benchmark to prevent the fund from dropping to a critically low level, establishing a proactive measure for consumer protection within the real estate market.

5. What is a mechanic's lien primarily used for in New Mexico?

- A. For claiming ownership of a vehicle
- B. A legal claim when payment for labor or materials is not received**
- C. A means of enforcing contract terms
- D. To file grievances against contractors

A mechanic's lien is primarily employed as a legal claim to secure payment for labor or materials provided in the construction or improvement of real property. In New Mexico, this mechanism allows contractors, subcontractors, and material suppliers to assert their right to collect payment when they have not been compensated for their work. The lien attaches to the property that was improved, ensuring that the payment obligation is prioritized in the event of a sale or refinance. This legal tool is essential in the construction industry because it provides a level of protection for those who contribute their services and materials, ensuring they can recover debts owed to them. The process involves filing a lien notice with the county clerk where the property is located, which serves as a public record of the claim. This can create an urgent incentive for property owners to settle outstanding payments to avoid potential foreclosure on the property due to the lien. The other options do not accurately represent the function of a mechanic's lien. For instance, claiming ownership of a vehicle relates to a different area of law, while enforcing contract terms and filing grievances against contractors do not specifically connect to the payment claims that mechanic's liens are designed to facilitate. Thus, option B accurately describes the primary purpose of a mechanic's lien in New Mexico.

6. What is one of the requirements for the installation of a new liquid waste system?

- A. Home inspection by the local fire department
- B. Compliance with local zoning laws
- C. After obtaining a permit**
- D. A report from a licensed contractor

The requirement for the installation of a new liquid waste system involves obtaining a permit before any work can commence. This is crucial as permits ensure that the proposed system complies with local health, safety, and environmental standards, as well as being in accordance with state laws. Establishing a permit process allows regulatory authorities to review the plans, assess the site conditions, and ensure that the installation meets all necessary codes and requirements. Having a permit is a foundational step in the process, and without it, installation would be unauthorized and could lead to penalties or the need to dismantle an improperly installed system. This emphasis on obtaining proper permits before installation serves to protect both public health and the environment, thereby ensuring that homes and businesses have safe and effective waste disposal systems.

7. Which of the following best describes undue influence?

- A. Using financial leverage to persuade
- B. Persuasion that overcomes free will and judgment**
- C. Threats that coerce agreement
- D. Convincing through logical arguments

Undue influence is best described as a form of persuasion that overcomes an individual's free will and judgment. This concept is critical in real estate transactions and contracts, particularly when determining the validity of agreements made under pressure or manipulation. When one party exerts an excessive amount of influence over another, often due to a relationship of trust or dependence, the affected individual may not be able to exercise their own free will in making decisions. This can lead to agreements or decisions that do not truly reflect the individual's intentions or interests. In the context of other options, financial leverage, coercive threats, and logical arguments entail different dynamics that do not fully encapsulate the complexities of undue influence. Financial leverage may suggest a power imbalance, but it does not inherently mean that free will is overridden. Coercion through threats indicates a situation of duress rather than the subtler manipulation implied by undue influence. Similarly, making convincing arguments relies on rational discourse rather than overpowering someone's judgment or will. Thus, the essence of undue influence remains the undermining of a person's ability to make independent, informed decisions.

8. What is the purpose of an estoppel certificate?

- A. It verifies that the property is free of leases
- B. It stops a party from disavowing agreed-upon lease terms**
- C. It outlines the conditions for tenant eviction
- D. It confirms the amount of rent a tenant owes

An estoppel certificate serves a vital role in real estate transactions, particularly in clarifying the understanding between parties regarding lease agreements. This document is used to confirm the terms of a lease and prevent any party, usually the tenant, from later denying those agreed-upon terms, thereby "stopping" them from contesting what was previously established. For instance, if a tenant provides an estoppel certificate that confirms their understanding of the lease terms—such as the rent amount, the duration of the lease, and any other obligations—this can be crucial for landlords or any potential buyers or lenders dealing with the property. It provides assurance that the tenant cannot subsequently claim that different terms were in effect or that they were unaware of certain conditions. The other options describe concepts that are not the primary function of an estoppel certificate. For example, verifying that property is free of leases or outlining eviction procedures relates to property status and landlord-tenant relations but does not encapsulate the essence of what an estoppel certificate ensures. Similarly, while confirming rent owed could be part of a broader financial agreement or dialogue, it is not the primary purpose of an estoppel certificate, which focuses on affirming the existing lease terms to prevent future disputes.

9. Which term describes a professional who manages rental properties for a fee?

- A. Real estate agent
- B. Property consultant
- C. Property manager**
- D. Real estate investor

The term that describes a professional who manages rental properties for a fee is property manager. This role involves overseeing the day-to-day operations of rental properties, ensuring that they are well-maintained, managing tenant relationships, and handling financial aspects such as rent collection and budgeting. Property managers typically work on behalf of property owners, allowing owners to invest in real estate without the burden of managing the properties themselves. In contrast, a real estate agent primarily focuses on helping clients buy, sell, or lease properties and does not have the specific responsibility of managing rental properties. A property consultant provides advice on property investment decisions and strategies but does not typically manage properties directly. A real estate investor is someone who purchases properties with the intention of earning a return on investment, rather than managing those properties professionally. Thus, the role of a property manager is distinct and essential within the real estate industry.

10. According to law, property owners must provide lessees with notification of which of the following?

- A. Lease amount
- B. Address of the property
- C. Name, telephone number, and address of the party managing the property**
- D. Type of lease agreement

Property owners are required by law to inform lessees about the name, telephone number, and address of the party managing the property. This requirement is in place to ensure that tenants have a clear point of contact for any inquiries, maintenance issues, or disputes that may arise during the lease term. Having this information readily available is essential for effective communication and helps to maintain a transparent landlord-tenant relationship. While other factors like the lease amount, property address, and type of lease agreement are important components of a lease, they do not carry the same legal obligation for notification as the management details do. Providing the contact information of the property manager is critical, as it facilitates the lessee's ability to communicate effectively regarding the property.

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://nmbroker.examzify.com>

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

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