

North Carolina 75-Hour Broker Course Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of 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.

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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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 term describes the process of paying down a mortgage over the loan's term?**
 - A. Reduction**
 - B. Amortization**
 - C. Refinancing**
 - D. Equity building**

- 2. What does "escrow" refer to in real estate?**
 - A. A method of financing a property purchase**
 - B. A financial arrangement involving a third party**
 - C. A contract between buyer and seller**
 - D. A type of insurance related to real estate**

- 3. 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 skyscraper**
 - D. When building on a slope**

- 4. What happens if a provisional broker does not complete their licensing requirements within the maximum time allowed?**
 - A. The provisional license is automatically converted to a full license**
 - B. The broker must reapply for a new provisional license**
 - C. The provisional license expires and the broker cannot practice**
 - D. The broker may apply for a temporary extension**

- 5. In real estate, what does alienation refer to?**
 - A. Acquiring property in a foreign country**
 - B. Denying access to one's property**
 - C. Granting access to one's property**
 - D. Transferring ownership of a property**

6. What does "real estate syndication" involve?

- A. Buying properties at auction**
- B. Pooling resources from multiple investors**
- C. Managing real estate for others**
- D. Marketing properties through brokers**

7. What economic principle of value describes when a lower-quality property can diminish the value of a higher-quality property?

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

8. What's the primary difference between reproduction cost and replacement cost?

- A. A replacement cost estimate is only used when a reproduction cost estimate isn't economically viable.**
- B. A reproduction cost estimate includes the structure's physical condition.**
- C. Reproduction cost is estimated using an exact duplicate of the subject property versus a similar property.**
- D. There isn't a significant difference between the two types of cost; they're virtually interchangeable.**

9. How does an appraiser begin an appraisal?

- A. By estimating the value of the land**
- B. By gathering and analyzing data**
- C. By identifying the data needed**
- D. By stating the problem**

10. What documents may clarify the services provided under a limited service agreement?

- A. Contract amendments**
- B. Detailed marketing plans**
- C. Property condition reports**
- D. Written service disclosures**

Answers

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

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Explanations

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1. What term describes the process of paying down a mortgage over the loan's term?

- A. Reduction**
- B. Amortization**
- C. Refinancing**
- D. Equity building**

Amortization is the correct term that refers to the process of paying down a mortgage over the duration of the loan. Specifically, it involves making regular payments that cover both the principal amount borrowed and the interest charged on the loan. Over time, as these payments are made, the proportion of each payment that goes towards the principal increases while the interest component decreases, resulting in gradual reduction of the outstanding balance. This concept is fundamental in mortgage lending, as it defines how the loan is structured and how much of the loan will be paid off over time. Understanding amortization helps borrowers grasp the long-term financial commitment involved in taking a mortgage and aids in budgeting for these payments. The other terms mentioned do not accurately represent this specific process. Reduction generally relates to a decrease in payments or balance but lacks the specific context of structured loan pay down. Refinancing involves replacing an existing loan with a new one typically to secure better terms, and equity building signifies the increase in ownership interest in the property as the mortgage balance is paid down, rather than the payment process itself.

2. What does "escrow" refer to in real estate?

- A. A method of financing a property purchase**
- B. A financial arrangement involving a third party**
- C. A contract between buyer and seller**
- D. A type of insurance related to real estate**

In real estate, "escrow" refers to a financial arrangement involving a third party that holds funds or documents on behalf of the buyer and seller until certain conditions are met. This arrangement helps ensure that both parties fulfill their obligations in the transaction, adding a layer of security and trust. For instance, the buyer deposits their earnest money into an escrow account, where it is securely held until the completion of the sale. Once the sale terms are satisfied, the funds are released to the seller, reinforcing the idea that escrow provides a neutral space for managing funds related to the transaction. This process protects the interests of all involved, ensuring that no party has full control over the funds or documents until both sides have upheld their commitments. Understanding the role of escrow can help real estate professionals navigate transactions smoothly, providing reassurance to clients that their investments are handled securely.

3. 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 skyscraper**
- 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.

4. What happens if a provisional broker does not complete their licensing requirements within the maximum time allowed?

- A. The provisional license is automatically converted to a full license**
- B. The broker must reapply for a new provisional license**
- C. The provisional license expires and the broker cannot practice**
- D. The broker may apply for a temporary extension**

When a provisional broker does not complete their licensing requirements within the maximum time allowed, their provisional license expires. This means that the broker cannot practice real estate until they fulfill the necessary requirements to obtain a full license. The rules for provisional licenses are designed to ensure that brokers complete their education and training within a specific timeframe, and failing to do so indicates that they have not met the essential standards set by the licensing board. Provisional brokers are typically granted a limited timeframe to complete the required coursework and examinations. Once this period lapses without the necessary steps being taken, it results in the expiration of the license rather than a conversion to a full license or the possibility of a temporary extension. This policy emphasizes the importance of adhering to educational and competency requirements vital for practicing in the real estate field.

5. In real estate, what does alienation refer to?

- A. Acquiring property in a foreign country
- B. Denying access to one's property
- C. Granting access to one's property
- D. Transferring ownership of a property**

Alienation in real estate primarily involves the transfer of ownership of property, which encompasses various transactions including sales, gifts, or inheritance. When a property owner engages in alienation, they are relinquishing their rights and interests in that property to another party, effectively changing the ownership status. This concept is critical in real estate as it outlines the legal process by which ownership is conveyed from one individual or entity to another, ensuring proper documentation and adherence to applicable laws. In contrast, the other options do not accurately capture the essence of alienation. Acquiring property in a foreign country relates more to international real estate transactions rather than the concept of alienation, which focuses on transfer. Denying or granting access to one's property pertains to the rights of use and trespass, rather than ownership transfer, which is central to alienation. Understanding this type of transaction is fundamental for real estate professionals as it influences property rights and market activity.

6. What does "real estate syndication" involve?

- A. Buying properties at auction
- B. Pooling resources from multiple investors**
- C. Managing real estate for others
- D. Marketing properties through brokers

Real estate syndication involves pooling resources from multiple investors to purchase, develop, or manage real estate properties. In this arrangement, investors come together to combine their financial resources and share the risks and rewards associated with real estate ventures. This collaboration allows individuals who may not have sufficient capital to invest independently to participate in larger deals, thus benefiting from shared expertise and diversified investments. The process usually includes the establishment of a legal entity or syndicate, where one or more sponsors or syndicators handle the management of the investment, while passive investors contribute capital. This model is often used for commercial real estate projects, multifamily housing, or large redevelopment projects, making it a popular strategy in the real estate market.

7. What economic principle of value describes when a lower-quality property can diminish the value of a higher-quality property?

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

The principle of regression explains how the presence of a lower-quality property can negatively impact the value of a higher-quality property in the vicinity. This principle operates on the logic that when more modest homes or properties are located near higher-value ones, they can cause the overall desirability and market value of the superior properties to decrease. This typically occurs because potential buyers perceive the lower-quality properties as diminishing the appeal of the area, leading to a reduction of demand for the more expensive properties. Understanding regression is vital for real estate professionals, as they must accurately assess the influence of surrounding properties on market values. This principle highlights the importance of location and neighborhood quality in property valuation. Factors considered could include neighborhood safety, amenities, and overall community appeal—all influenced by the presence of both high and low-quality properties.

8. What's the primary difference between reproduction cost and replacement cost?

- A. A replacement cost estimate is only used when a reproduction cost estimate isn't economically viable.**
- B. A reproduction cost estimate includes the structure's physical condition.**
- C. Reproduction cost is estimated using an exact duplicate of the subject property versus a similar property.**
- D. There isn't a significant difference between the two types of cost; they're virtually interchangeable.**

The primary difference between reproduction cost and replacement cost lies in their definitions and the methodologies used to estimate each. Reproduction cost refers to the cost of creating an exact duplicate of the subject property using the same materials and construction techniques as the original. This implies that when assessing reproduction cost, one is looking at how much it would take to build an identical structure, taking into account the original specifications and characteristics. In contrast, replacement cost focuses on the cost to construct a property that serves the same purpose as the original but may use modern materials and techniques. This means that the replacement might not be an exact duplicate but rather a structure that provides comparable functionality without having to replicate the exact specifications of the original. This distinction is crucial in appraisal and insurance practices, as understanding whether one is estimating the cost of an identical property or a similar property designed to fulfill the same need can affect valuation approaches and financial considerations. While other options reference different aspects of cost estimation, they do not accurately capture the core difference regarding the duplication of materials and exactness applied in the definitions of reproduction versus replacement cost.

9. How does an appraiser begin an appraisal?

- A. By estimating the value of the land**
- B. By gathering and analyzing data**
- C. By identifying the data needed**
- D. By stating the problem**

An appraiser begins an appraisal by stating the problem, as this step sets the foundation for the entire appraisal process. Clearly defining the problem involves identifying the purpose of the appraisal, the property being appraised, and the scope of work involved. This step is crucial because it helps the appraiser understand what specific data and analysis will be necessary to arrive at an accurate value. Stating the problem ensures that the appraiser is aligned with the client's needs and expectations, as well as with any regulatory or ethical standards that may apply. This foreground context allows the appraiser to focus their efforts on the relevant characteristics of the property, ensuring that the subsequent data gathering and analysis are targeted and effective. In contrast, estimating the value of the land, gathering and analyzing data, and identifying the data needed are all important aspects of the appraisal process that follow after the problem has been clearly stated. Without a well-defined problem, these subsequent steps might lack direction and coherence, which could lead to inaccuracies in the appraisal's outcome.

10. What documents may clarify the services provided under a limited service agreement?

- A. Contract amendments**
- B. Detailed marketing plans**
- C. Property condition reports**
- D. Written service disclosures**

Choosing written service disclosures as the correct response highlights the importance of clear communication in real estate transactions, particularly under limited service agreements. Written service disclosures are designed to provide essential information to clients about the specific services that will be offered, the limitations of those services, and the responsibilities of both the broker and the client. This transparency is vital as it sets expectations and can help prevent misunderstandings and disputes down the line. In contrast, while contract amendments, detailed marketing plans, and property condition reports serve important roles in real estate transactions, they do not specifically cater to clarifying the services provided under a limited service agreement. Contract amendments typically involve changes to existing contracts but do not explicitly outline services. Detailed marketing plans focus more on strategies for selling or promoting a property rather than clarifying service offerings. Property condition reports detail the state of a property but do not pertain to the nature of services provided by a broker. Therefore, written service disclosures are the most relevant documents in this context, as they directly address the specific terms and scope of services under limited service agreements.

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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