

North Carolina Broker Reciprocal Practice Exam (Sample)

Study Guide



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Questions

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- 1. How is a mobile home handled by a real estate licensee in North Carolina?**
 - A. It must be registered without a time limit**
 - B. It does not need to be registered at all**
 - C. It must have a title and be registered for more than a year**
 - D. It can be sold if it has been registered for at least 3 months**
- 2. Which of the following is an essential duty of the Real Estate Commissioner?**
 - A. Setting commission fees for agents**
 - B. Investigating claims against real estate agents**
 - C. Evaluating property taxes**
 - D. Setting zoning regulations**
- 3. What is required for a deed to be considered valid?**
 - A. Signature of both parties**
 - B. Witness signatures**
 - C. Notarization**
 - D. Only grantor's signature**
- 4. Who typically pays for real estate taxes, hazard insurance, and mortgage insurance?**
 - A. The buyer**
 - B. Escrow disbursement**
 - C. The seller**
 - D. The lender**
- 5. Which legal document commonly outlines the terms of an escrow arrangement?**
 - A. Listing Agreement**
 - B. Escrow Agreement**
 - C. Purchase Agreement**
 - D. Title Report**

- 6. Which element is not typically found in a contract for the sale of land?**
- A. Oral agreement**
 - B. Written agreement**
 - C. Signatures of parties**
 - D. Designated purchase price**
- 7. What is a detailed map showing the boundaries of individual parcels, streets, easements, and other associated data called?**
- A. Survey**
 - B. Blueprint**
 - C. Site Plan**
 - D. Plat**
- 8. What is the most common title for someone who negotiates and transacts the sale of real estate?**
- A. Real Estate Consultant**
 - B. Real Estate Broker**
 - C. Real Estate Agent**
 - D. Property Manager**
- 9. What is the duration of the right to foreclose a trust deed under a trustee's power of sale?**
- A. 1 year**
 - B. Forever**
 - C. Never**
 - D. Until repaid**
- 10. The right to occupy a property for a specified time without interference is referred to as?**
- A. Fee Simple**
 - B. Leasehold**
 - C. Easement**
 - D. Right of Entry**

Answers

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

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Explanations

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1. How is a mobile home handled by a real estate licensee in North Carolina?

- A. It must be registered without a time limit**
- B. It does not need to be registered at all**
- C. It must have a title and be registered for more than a year**
- D. It can be sold if it has been registered for at least 3 months**

In North Carolina, a mobile home is classified as personal property unless it's permanently affixed to real estate. Therefore, it must be registered with the Department of Motor Vehicles. The correct handling of a mobile home involves ensuring that it is registered in accordance with the state's regulations, which do not impose a time limit on its registration status. This means that as long as the mobile home continues to exist as personal property, it remains subject to registration without a required renewal period, providing clarity regarding ownership and legality. Licensees must ensure compliance with these requirements to facilitate any transactions involving mobile homes, ensuring that their status as registered property is current and recognized by the legal authorities. Understanding this allows real estate professionals to navigate the complexities of mobile home transactions effectively, ensuring their clients are fully informed about the registration needs in North Carolina.

2. Which of the following is an essential duty of the Real Estate Commissioner?

- A. Setting commission fees for agents**
- B. Investigating claims against real estate agents**
- C. Evaluating property taxes**
- D. Setting zoning regulations**

The essential duty of the Real Estate Commissioner includes investigating claims against real estate agents. This responsibility is crucial to maintaining the integrity of the real estate profession and ensuring that agents adhere to ethical and legal standards. When complaints or claims arise, the Real Estate Commissioner is tasked with thoroughly reviewing these issues to determine if there has been a violation of laws or regulations governing real estate practice. This investigative role helps protect the public and uphold trust in the real estate industry. In contrast, setting commission fees is typically not a function of the Real Estate Commissioner, as commissions are usually determined by individual agents and brokers based on market conditions and agreements with clients. Evaluating property taxes falls under the jurisdiction of tax assessors or similar officials rather than the Real Estate Commissioner, and zoning regulations are typically established by local governmental bodies, not by the Commissioner. Therefore, investigating claims is the primary duty that aligns with the responsibilities of the Real Estate Commissioner in overseeing real estate practices.

3. What is required for a deed to be considered valid?

- A. Signature of both parties**
- B. Witness signatures**
- C. Notarization**
- D. Only grantor's signature**

For a deed to be considered valid, it is crucial that it includes the signature of the grantor, who is the person conveying the property. The grantor's signature is the primary requirement that signifies their intention to transfer ownership. This element is essential because it serves as evidence of the grantor's willingness to execute the deed and convey the property to the grantee, thus making it legally binding. While having the signatures of both parties, witness signatures, and notarization can enhance the credibility of the deed and may be required for certain types of transactions or in specific jurisdictions, they are not universally required for the deed to be valid. The law primarily mandates that the grantor's signature be present. This means that even a deed that is signed solely by the grantor can be deemed valid provided it meets other statutory requirements, such as being in writing and legally describing the property involved.

4. Who typically pays for real estate taxes, hazard insurance, and mortgage insurance?

- A. The buyer**
- B. Escrow disbursement**
- C. The seller**
- D. The lender**

In real estate transactions, it is common for the buyer to pay for real estate taxes, hazard insurance, and mortgage insurance, although these costs can sometimes be negotiated differently depending on the specifics of the deal. When the buyer sets up an escrow account, the expenses for real estate taxes and insurance premiums may be managed through this account. Escrow disbursement refers to the arrangement where funds are held by a third party and disbursed as necessary to cover these expenses on behalf of the buyer. This process ensures that payments are made on time and that the buyer remains compliant with their obligations, such as ensuring hazard insurance is in place and real estate taxes are paid to avoid penalties. In doing so, the escrow account simplifies the payment process, as it consolidates these costs and allows for budgeting and timely payments, making it easier for buyers to manage their financial obligations associated with property ownership. This highlights the role of escrow in facilitating the payment of applicable costs in real estate transactions.

5. Which legal document commonly outlines the terms of an escrow arrangement?

- A. Listing Agreement**
- B. Escrow Agreement**
- C. Purchase Agreement**
- D. Title Report**

The legal document that commonly outlines the terms of an escrow arrangement is the Escrow Agreement. This document delineates the responsibilities and instructions for the escrow agent, the parties involved, and the conditions under which the escrow funds or documents will be released. In essence, the Escrow Agreement serves to protect all parties involved by ensuring that the conditions agreed upon in a real estate transaction are meticulously followed. It provides clarity on what is to be held in escrow, such as funds, documents, or agreements, and details the process for releasing these items once the specified conditions are met, ultimately facilitating a smooth transaction. The other options, while related to real estate transactions, do not specifically detail the terms of an escrow arrangement. The Listing Agreement pertains to the agreement between a seller and a broker to sell a property, the Purchase Agreement outlines the terms between buyer and seller regarding the sale of a property, and the Title Report provides information on the ownership and any liens or encumbrances on a property, but none of these documents govern the specifics of escrow arrangements like the Escrow Agreement does.

6. Which element is not typically found in a contract for the sale of land?

- A. Oral agreement**
- B. Written agreement**
- C. Signatures of parties**
- D. Designated purchase price**

A contract for the sale of land typically requires a written agreement to ensure that it is enforceable under the Statute of Frauds, which mandates that certain contracts, including those for the sale of real estate, must be in writing to be valid. In contrast, oral agreements, while they might establish some form of intention or agreement, generally do not fulfill the legal requirements necessary for a binding contract in real estate transactions. Thus, the absence of an oral agreement aligns with the standard practice of having formal written contracts that include necessary elements like signatures of the parties involved and a designated purchase price, which help define the terms and protect the interests of all parties in the transaction.

7. What is a detailed map showing the boundaries of individual parcels, streets, easements, and other associated data called?

- A. Survey**
- B. Blueprint**
- C. Site Plan**
- D. Plat**

A detailed map that illustrates the boundaries of individual parcels, streets, easements, and other relevant data is referred to as a plat. This type of map provides crucial information regarding land divisions and is often used for legal purposes, such as when subdividing property or recording land ownership. Plats are typically created by surveyors and must adhere to specific legal standards. They facilitate an understanding of how land is organized and can be essential for real estate transactions, zoning processes, and municipal planning. Other options like a survey primarily focus on measuring land and features but do not always provide the extensive layout seen in a plat. Blueprints are generally used in construction and architecture to depict building designs rather than land boundaries. A site plan may show the layout of a property and its improvements but doesn't typically encompass the detailed boundary information of multiple parcels as comprehensively as a plat. Therefore, the plat is the correct term for this specific type of detailed map.

8. What is the most common title for someone who negotiates and transacts the sale of real estate?

- A. Real Estate Consultant**
- B. Real Estate Broker**
- C. Real Estate Agent**
- D. Property Manager**

The most common title for someone who negotiates and transacts the sale of real estate is "Real Estate Agent." This title is widely recognized in the industry and is used to refer to professionals who represent buyers or sellers in real estate transactions. A real estate agent typically works under the supervision of a licensed real estate broker and engages in various activities such as showing properties, negotiating contracts, and facilitating the sale process. While the title "Real Estate Broker" refers to a licensed professional who may own their own brokerage or supervise agents, the term "real estate agent" is more commonly used in conversations and is understood by the general public to encompass all professionals involved in the buying and selling of real estate. This makes "real estate agent" the most straightforward answer when discussing the role of someone involved in real estate transactions. Other titles such as "Real Estate Consultant" and "Property Manager" pertain to specific roles within the real estate industry that do not necessarily focus on the transaction aspect of buying or selling properties. A consultant typically provides expertise and advice, while a property manager oversees rental properties and manages tenant relationships. As a result, these roles do not overlap with the primary responsibility of negotiating sales, distinguishing "real estate agent" as the most fitting choice for

9. What is the duration of the right to foreclose a trust deed under a trustee's power of sale?

- A. 1 year**
- B. Forever**
- C. Never**
- D. Until repaid**

The duration of the right to foreclose a trust deed under a trustee's power of sale is typically limited by the statute of limitations in a given jurisdiction, which allows a lender to initiate foreclosure proceedings if the borrower defaults. In many cases, this timeframe can vary, but the concept that a trust deed can never be foreclosed is not accurate. Instead, it is essential to recognize that a right to foreclose may become unenforceable after a certain period, often around 10 years in many states, and is contingent on the terms set forth in the mortgage or deed of trust, along with applicable state laws governing foreclosures. Understanding this provides insight into the nature and lifecycle of trust deeds and helps clarify that there are definitive terms regarding the enforceability of the right to foreclosure that are tied to specific timelines and legal parameters rather than the absolute terms suggested by the incorrect answer.

10. The right to occupy a property for a specified time without interference is referred to as?

- A. Fee Simple**
- B. Leasehold**
- C. Easement**
- D. Right of Entry**

The correct choice is leasehold, as it refers specifically to the rights granted to a tenant to occupy and use a property for a predetermined period, typically in exchange for rent. Within a leasehold arrangement, the tenant has the right to occupy the property without interference from the landlord, as long as they adhere to the terms set forth in the lease agreement. This relationship is characterized by defined rights and obligations between the landlord and tenant. Fee Simple represents the most complete form of property ownership, but it does not inherently relate to the right to occupy for a specified time or involve a temporary arrangement. An easement, on the other hand, is a right to use another's property for specific purposes, such as access or utility installations, but does not grant ownership or occupancy rights. The right of entry typically refers to the ability of a property owner to enter the premises of a tenant or a property for certain reasons, but again, this is not about granting occupancy rights. Therefore, leasehold is the most appropriate term that aligns with the description of occupying a property for a specified time without interference.