

# North Carolina Broker Reciprocal Practice Exam (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. When did the Transfer Disclosure Statement law go into effect?**
  - A. Jan-85**
  - B. Jan-86**
  - C. Jan-87**
  - D. Jan-88**
- 2. What is a key feature of a valid mortgage contract?**
  - A. It must include a witness**
  - B. It requires notarization**
  - C. It must be recorded**
  - D. It must have an interest rate**
- 3. Earthquake zones, flood hazard areas, and fire hazard areas are examples of:**
  - A. Natural Hazard Areas**
  - B. Environmental Risk Zones**
  - C. Liability Insurance Areas**
  - D. Property Assessment Zones**
- 4. Who is permitted to use the county recorder's office and public records without the presence of the recorder's officer?**
  - A. Only licensed real estate agents**
  - B. Government officials only**
  - C. Anyone, as it is open to the public**
  - D. Only property owners**
- 5. What is a credit repository?**
  - A. An organization that monitors stock market performance**
  - B. An organization that gathers financial records of individuals for credit**
  - C. An organization that provides real estate listings**
  - D. An organization that issues insurance policies**

**6. Which type of property state is North Carolina NOT considered to be?**

- A. Community property state**
- B. Separate property state**
- C. Equitable distribution state**
- D. Concurrent ownership state**

**7. What does an agent typically need to carry out financial transactions on behalf of a broker?**

- A. Written consent**
- B. A verbal agreement**
- C. A bonding agreement**
- D. Professional training**

**8. To remove a financing statement from public records, which document should be recorded?**

- A. Cancellation Notice**
- B. Update Statement**
- C. Termination Statement**
- D. Release of Claim**

**9. In a residential lease of over a year, what document is generally not necessary?**

- A. A copy of the property deed**
- B. A written lease agreement**
- C. Signatures from both parties**
- D. A notary seal**

**10. What type of financing involves a lender releasing funds to a developer as each home is built?**

- A. Obligatory**
- B. Construction**
- C. Equity**
- D. Fixed-rate**

## **Answers**

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

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## **Explanations**

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## 1. When did the Transfer Disclosure Statement law go into effect?

- A. Jan-85**
- B. Jan-86**
- C. Jan-87**
- D. Jan-88**

The Transfer Disclosure Statement law became effective in January 1987. This law is significant as it establishes requirements for sellers of residential properties to disclose certain information about the property to potential buyers. The intent is to promote transparency in real estate transactions, helping buyers make informed decisions by providing them with essential details regarding the condition of the property, any known issues, and other relevant factors. This regulations underscore the importance of full disclosure in the process of buying and selling real estate, enhancing consumer protection within the market. Knowing the effective date is crucial for real estate professionals, so they can stay compliant with legal obligations regarding disclosures during transactions.

## 2. What is a key feature of a valid mortgage contract?

- A. It must include a witness**
- B. It requires notarization**
- C. It must be recorded**
- D. It must have an interest rate**

A valid mortgage contract must be recorded to provide public notice of the mortgage and to protect the lender's interests. Recording the mortgage secures the lender's claim against the property and establishes priority over other potential liens or claims that may arise. This means that if the borrower defaults on the loan, the recorded mortgage will allow the lender to initiate foreclosure proceedings with a clear legal basis for their claim. While there are other important elements in a mortgage contract, such as having an interest rate, the act of recording the document is essential for legal enforceability and to establish the lender's rights in the property. Notarization and the presence of witnesses, while helpful for proving the authenticity of a document, are not required for a mortgage to be valid in all jurisdictions, making recording a key feature that distinguishes a valid mortgage from others. Thus, recording is fundamental to ensuring that a mortgage contract effectively serves its purpose in real estate transactions.

**3. Earthquake zones, flood hazard areas, and fire hazard areas are examples of:**

- A. Natural Hazard Areas**
- B. Environmental Risk Zones**
- C. Liability Insurance Areas**
- D. Property Assessment Zones**

Earthquake zones, flood hazard areas, and fire hazard areas are classified as Natural Hazard Areas. These zones are identified based on the natural risks they present to people, property, and the environment. They are significant because they help inform building codes, land use planning, and insurance requirements. Understanding these areas allows property owners, developers, and policymakers to take preventive measures to mitigate risks associated with natural disasters. For example, construction in flood hazard areas might require elevated structures to minimize flood damage, while earthquake zones may impose stricter building standards to improve resilience against seismic activity. Recognizing these natural hazards is essential for ensuring safety and reducing potential losses from natural disasters. The other options do not accurately capture the essence of these zones. Environmental Risk Zones are broader and may not specifically focus solely on natural disasters. Liability Insurance Areas typically refer to regions where liability risks are assessed for insurance purposes, which is a different context. Property Assessment Zones could relate to property valuation but do not specifically align with the risks posed by natural disasters.

**4. Who is permitted to use the county recorder's office and public records without the presence of the recorder's officer?**

- A. Only licensed real estate agents**
- B. Government officials only**
- C. Anyone, as it is open to the public**
- D. Only property owners**

The correct choice is that anyone is permitted to use the county recorder's office and public records without the presence of the recorder's officer because these records are considered a public resource. Public records are established to be accessible to the general public to promote transparency and accountability in government. This means any individual, regardless of their profession or ownership status, can access these records during normal business hours. This access allows citizens, researchers, and interested parties to obtain a wide range of information related to property ownership, transactions, and other relevant data that is recorded by the county. It is important to understand that the goal of making such records public is to facilitate informed decision-making, ensure the integrity of property titles, and uphold the public's right to know about governmental actions and public assets.

## 5. What is a credit repository?

- A. An organization that monitors stock market performance**
- B. An organization that gathers financial records of individuals for credit**
- C. An organization that provides real estate listings**
- D. An organization that issues insurance policies**

A credit repository is an organization that collects and maintains financial records concerning individuals, which are then used to assess creditworthiness. These repositories compile various data points, such as payment history, account balances, and credit inquiries from lenders, to create a comprehensive picture of an individual's credit profile. This information is crucial for lenders when making decisions about granting credit, loans, or mortgages, as it helps them evaluate the risk associated with lending to a specific individual. The importance of a credit repository lies in its role in the broader financial ecosystem, ensuring that lenders have access to reliable information that reflects a borrower's financial behavior. This helps to facilitate responsible lending practices and financial management. Furthermore, these repositories typically provide consumers with access to their credit reports, allowing them to monitor their credit status and correct any inaccuracies that may arise.

## 6. Which type of property state is North Carolina NOT considered to be?

- A. Community property state**
- B. Separate property state**
- C. Equitable distribution state**
- D. Concurrent ownership state**

North Carolina is not considered a community property state. In a community property state, any property acquired during the marriage is owned equally by both spouses, regardless of who purchased the property. This concept means that assets are typically divided equally in the event of a divorce. However, North Carolina does not follow this community property system. Instead, it abides by the principle of equitable distribution, which states that marital property is divided fairly, but not necessarily equally, upon divorce. This system considers various factors including the duration of the marriage and the financial circumstances of each party, allowing for a more tailored approach to property division. While North Carolina recognizes separate property, which is owned by one spouse and is not subject to division in a divorce, it also employs concurrent ownership principles where multiple parties may hold an interest in the same property. Thus, the definition of property ownership in North Carolina aligns with equitable distribution and concurrent ownership, making community property an accurate choice for identification as the type of property state it is NOT.

**7. What does an agent typically need to carry out financial transactions on behalf of a broker?**

- A. Written consent**
- B. A verbal agreement**
- C. A bonding agreement**
- D. Professional training**

An agent typically needs to carry out financial transactions on behalf of a broker only with written consent from the broker. This requirement is essential as it provides a clear and formal authorization for the agent to act on behalf of the broker, ensuring that all financial dealings are legitimate and documented. Written consent serves as a safeguard for both parties, outlining the scope of authority and responsibilities, and helps prevent misunderstandings that may arise from verbal agreements, which can be ambiguous and difficult to enforce. Additionally, while professional training and bonding agreements may be important in the realm of real estate, they do not specifically empower an agent to conduct financial transactions without having the explicit authorization that written consent provides. The written consent establishes a legal framework that is necessary for any financial dealings undertaken by the agent on behalf of the broker.

**8. To remove a financing statement from public records, which document should be recorded?**

- A. Cancellation Notice**
- B. Update Statement**
- C. Termination Statement**
- D. Release of Claim**

To remove a financing statement from public records, the appropriate document that should be recorded is a termination statement. A termination statement serves the purpose of officially indicating that a secured party no longer has a security interest in the collateral that was previously covered by the financing statement. This document effectively cancels the effect of the original financing statement, ensuring that the collateral is no longer encumbered. Filing a termination statement is an important step in real estate and business transactions, as it aids in maintaining accurate records and protecting the interests of parties involved. Without such a declaration, the original financing statement would remain in effect, potentially creating confusion or complications for future transactions concerning the property or collateral. Other options, while they may have relevance in different contexts, do not specifically serve the function of removing a financing statement from public records in the way that a termination statement does. For example, a cancellation notice may imply the intent to end a security interest but does not have the legal standing required for removal like a termination statement does.

**9. In a residential lease of over a year, what document is generally not necessary?**

- A. A copy of the property deed**
- B. A written lease agreement**
- C. Signatures from both parties**
- D. A notary seal**

In the context of a residential lease that lasts more than a year, a notary seal is generally not a necessary requirement. The key aspect of lease agreements for residential properties is that they must often be in writing to be enforceable, particularly if the lease is for a duration longer than one year as per the Statute of Frauds. While a written lease agreement is indeed required, and signatures from both parties are important to demonstrate mutual consent and agreement to the terms, the involvement of a notary public is not typically mandated for leases in residential real estate transactions. Notary seals are often associated with documents that require legal verification and may be more relevant in certain transactions involving deeds, wills, or other legal instruments, rather than residential leases. Therefore, while a notary might serve a function in some contexts, it is not a standard requirement for the validity of a residential lease agreement exceeding one year.

**10. What type of financing involves a lender releasing funds to a developer as each home is built?**

- A. Obligatory**
- B. Construction**
- C. Equity**
- D. Fixed-rate**

The correct answer is construction financing. This type of financing is specifically designed for the building of homes or commercial properties, releasing funds to the developer incrementally as construction progresses. This aligns with the need for capital as each part of the project reaches certain milestones, enabling developers to manage cash flow effectively and ensure that they have the necessary funds at each phase of the construction process. This type of financing reduces risk for both the lender and the developer, as the lender can assess the progress of the construction and ensure that funds are only provided for completed work. It is structured to address the unique financial requirements of construction projects, which typically do not fit traditional mortgage models that fund the entire loan amount upfront. In contrast, the other options relate to different financing structures. Obligatory financing does not accurately describe how construction funds are released as it isn't a standard term in real estate financing. Equity financing pertains to funding through the sale of shares or ownership interests and does not involve a lender releasing funds. Fixed-rate financing refers to loans with an interest rate that remains constant over the life of the loan, which is not specific to the construction process.

# 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](mailto:hello@examzify.com).**

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

**<https://ncbrokerreciprocal.examzify.com>**

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

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