

NORTH CAROLINA BROKER RECIPROCAL PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

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THE FULL VERSION STUDY GUIDE**

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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. A tenant in a strip mall pays a rental fee that includes all property maintenance charges, utilities, and cleaning services. What is this type of lease called?**
 - A. Net lease
 - B. Gross lease
 - C. Percentage lease
 - D. Variable lease
- 2. Which of the following describes a less-than-freehold estate?**
 - A. Life estate
 - B. Fee simple estate
 - C. An estate for years
 - D. Joint tenancy estate
- 3. In what circumstance are trust deeds said to be outlawed?**
 - A. Within five years of the transaction
 - B. Only in commercial sales
 - C. Never
 - D. During economic downturns
- 4. What term is used to describe liabilities, including long-term and short-term debt?**
 - A. Financial Assets
 - B. Financial Obligations
 - C. Debt Instruments
 - D. Capital Expenditures
- 5. How long is the validity period of the Real Estate Commissioner's Subdivision Final Public Report?**
 - A. 3 years
 - B. 5 years
 - C. 7 years
 - D. 10 years

- 6. Which term refers to a property interest that ends upon the occurrence of a specified event?**
- A. Fee Simple Subject to Condition Subsequent
 - B. Life Estate
 - C. Fee Simple Defeasible
 - D. Fee Simple Absolute
- 7. Which of the following is a common contingency regarding financing in real estate?**
- A. Earnest money deposit
 - B. Approval for financing
 - C. Title insurance
 - D. Home appraisal
- 8. Which factor is NOT relevant when determining property appraisals?**
- A. Location
 - B. Time on market
 - C. Property condition
 - D. Type of mortgage
- 9. What is a conduit in real estate terminology?**
- A. A type of mortgage
 - B. A legal document
 - C. A metal pipe
 - D. A type of real estate investment
- 10. Which of the following can be considered as consideration in a transaction?**
- A. Only money
 - B. Services, money, and covenants
 - C. Legal documents
 - D. Property deeds

Answers

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

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Explanations

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1. A tenant in a strip mall pays a rental fee that includes all property maintenance charges, utilities, and cleaning services. What is this type of lease called?

- A. Net lease**
- B. Gross lease
- C. Percentage lease
- D. Variable lease

The correct answer is a gross lease. In this type of lease, the tenant pays a single fee that encompasses all expenses associated with the property, including maintenance charges, utilities, and cleaning services. This structure provides tenants with predictability in their rental costs, as they do not have to worry about fluctuating operational expenses. A net lease, on the other hand, typically requires the tenant to pay for some or all operating expenses in addition to the base rental rate. This could include property taxes, insurance, and maintenance costs, which is not applicable in this scenario. A percentage lease involves the tenant paying a base rent plus additional costs calculated as a percentage of their sales revenue, often utilized in retail environments, but that does not apply to this situation either. A variable lease generally refers to rental agreements that may fluctuate over the lease term based on certain conditions or metrics, which doesn't match the steady payment structure described. Thus, the description of a lease where the tenant pays a rental fee that includes all these expenses aligns perfectly with the definition of a gross lease.

2. Which of the following describes a less-than-freehold estate?

- A. Life estate
- B. Fee simple estate
- C. An estate for years**
- D. Joint tenancy estate

A less-than-freehold estate refers to an interest in real property that is limited in duration, meaning it is not considered a complete and permanent ownership of the property. An estate for years fits this definition as it involves a lease agreement that grants a tenant the right to occupy and use the property for a specified term, which can be measured in days, months, or years. The key characteristics of a less-than-freehold estate are that the tenant does not own the property outright and their interest in the property is temporary. In contrast, other choices, like a life estate, fee simple estate, and joint tenancy estate, represent forms of freehold estates which are more permanent in nature and involve ownership that can last indefinitely, either for the lifetime of an individual or potentially forever under certain conditions. Thus, the estate for years is the correct answer as it exemplifies a limited period of possession, characteristic of less-than-freehold estates.

3. In what circumstance are trust deeds said to be outlawed?

- A. Within five years of the transaction
- B. Only in commercial sales
- C. Never**
- D. During economic downturns

Trust deeds, which are used in real estate transactions as a method of securing a loan, are not subject to a statute of limitations that would render them "outlawed" or unenforceable after a certain period, such as five years. Instead, they remain valid as long as the underlying loan or obligation they secure is active. In many jurisdictions, including North Carolina, trust deeds do not have a finite lifespan in the way some contracts might, and they continue to hold legal weight unless satisfied or canceled. This means that the trust deeds themselves cannot be considered outlawed due to the passage of time or economic conditions. The lack of a stipulation regarding their expiration or un-enforceability under these scenarios underscores their ongoing legitimacy in property transactions. Therefore, the assertion that trust deeds are never outlawed is the correct understanding of their legal status in real estate practices.

4. What term is used to describe liabilities, including long-term and short-term debt?

- A. Financial Assets
- B. Financial Obligations**
- C. Debt Instruments
- D. Capital Expenditures

The term used to describe liabilities, including both long-term and short-term debt, is "Financial Obligations." This term encompasses all forms of debt that a business or individual is required to settle in the future, reflecting the company's financial liabilities. Financial obligations can include various forms of loans, payables, and other debts, emphasizing the responsibilities owed to creditors. Understanding why this term is appropriate involves recognizing that 'Financial Obligations' specifically highlights the nature of liabilities, encompassing both the short-term responsibilities that are due within a year and long-term debts that extend beyond one year. The other terms do not accurately capture this concept: 'Financial Assets' refer to resources owned by an entity that provide future economic benefits, while 'Debt Instruments' specifically denote formal agreements for borrowing that may not cover all liabilities comprehensively. 'Capital Expenditures' relate to long-term investments in physical assets, not the obligations or debts incurred.

5. How long is the validity period of the Real Estate Commissioner's Subdivision Final Public Report?

- A. 3 years
- B. 5 years**
- C. 7 years
- D. 10 years

The validity period of the Real Estate Commissioner's Subdivision Final Public Report is five years. This specific timeframe is crucial for the protection of buyers in subdivision developments. It ensures that buyers have access to current and accurate information about the subdivision, including details related to the nature of the property, the rights of the owner, and the obligations of the developer. After this five-year period, the information contained in the report may become outdated, and it is the responsibility of the developer to renew the report to reflect any changes. This safeguard supports informed decision-making for potential purchasers.

6. Which term refers to a property interest that ends upon the occurrence of a specified event?

- A. Fee Simple Subject to Condition Subsequent
- B. Life Estate
- C. Fee Simple Defeasible**
- D. Fee Simple Absolute

The term that describes a property interest that terminates upon the occurrence of a specified event is "Fee Simple Defeasible." This type of estate is contingent upon a particular condition or event, meaning if that condition is violated or that event occurs, the property interest can end or revert back to the original grantor or their heirs. For example, in a Fee Simple Defeasible arrangement, a property could be given with the stipulation that it is only to be used for educational purposes. If the property owner decides to use the property for a different purpose, the interest may terminate, allowing the original owner to reclaim the property. In contrast, a Fee Simple Subject to Condition Subsequent also involves conditions, but it requires the grantor to take action to reclaim the property if the condition is violated, making it different from the automatic termination of a Fee Simple Defeasible. A Life Estate is an interest that lasts only for the life of a specified individual and does not relate to conditions for termination. Lastly, a Fee Simple Absolute represents the maximum possible estate in real property, offering complete ownership without conditions.

7. Which of the following is a common contingency regarding financing in real estate?

- A. Earnest money deposit
- B. Approval for financing**
- C. Title insurance
- D. Home appraisal

The correct answer, approval for financing, refers to a crucial contingency often included in real estate transactions. This contingency allows the buyer to secure a loan or mortgage to finance the purchase of the property. It protects the buyer by ensuring that if they cannot obtain the necessary financing, they can back out of the agreement without penalty. This is particularly important in real estate, as most buyers rely on loans to afford property. While earnest money deposits, title insurance, and home appraisals are relevant components of real estate transactions, they do not directly serve the purpose of securing financing. An earnest money deposit is typically a show of good faith from the buyer, title insurance protects against potential title issues, and a home appraisal assesses the property's value but does not guarantee financing. Thus, of all the options listed, approval for financing is the most closely related to a buyer's ability to proceed with a purchase based on their financial capability.

8. Which factor is NOT relevant when determining property appraisals?

- A. Location
- B. Time on market
- C. Property condition
- D. Type of mortgage**

When determining property appraisals, the type of mortgage is not a relevant factor. The appraisal process primarily focuses on the characteristics and condition of the property itself, as well as external factors that influence its value. Location is crucial in appraisals because it affects the demand for the property, accessibility, and local market conditions. Time on the market can also be indicative of how the market perceives the property and its pricing strategy, which can affect value assessments. Property condition directly influences the appraisal by providing insights into how well the property has been maintained and any potential repairs that may be needed. In contrast, the type of mortgage pertains to the financial aspect of purchasing the property rather than its intrinsic value or market factors. Mortgage terms are more about how a buyer will finance the purchase and do not directly impact what the property is worth in the current real estate market. Therefore, this factor is not relevant to the property appraisal process.

9. What is a conduit in real estate terminology?

- A. A type of mortgage
- B. A legal document
- C. A metal pipe**
- D. A type of real estate investment

In real estate terminology, a conduit typically refers to a metal pipe that is used for various purposes, such as running electrical wiring, plumbing, or other mechanical systems. In this context, the term is often associated with the physical infrastructure necessary in real estate development and construction. While it may seem unrelated at first glance, understanding the role of conduits assists professionals in recognizing the foundational elements of buildings and properties they may deal with. The other choices do not accurately describe the term "conduit" in the real estate context. A type of mortgage, a legal document, or a type of investment do not align with the common understanding of physical conduits found in building and property management. Recognizing what a conduit is helps in discussions related to property structure and compliance with safety and building codes, which are critical in real estate transactions and development.

10. Which of the following can be considered as consideration in a transaction?

- A. Only money
- B. Services, money, and covenants**
- C. Legal documents
- D. Property deeds

In a transaction, consideration refers to something of value that is exchanged between parties. It is a critical element for the formation of a valid contract, as it represents the reason a party enters into a contractual agreement. The correct answer includes services, money, and covenants as valid forms of consideration. Money is the most commonly recognized form, but other forms such as services—the act of doing something for someone else—are equally valid. Covenants, which are promises or agreements made as part of a contract, represent an exchange of commitments that can also fulfill the requirement of consideration. This understanding of consideration is foundational in contract law, as it illustrates that it is not limited to just monetary exchanges but can encompass a broad range of commitments or services that hold value to the parties involved. The other options suggest limitations or misrepresentations of what constitutes consideration. For example, stating that consideration is "only money" excludes many legitimate forms of consideration, while legal documents and property deeds, while important in transactions, do not embody the concept of consideration itself. They may pertain to the execution or formalization of agreements but do not inherently carry the value-exchanging essence of consideration in contracts.

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:

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

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