

Nova Scotia Association of Realtors (NSAR) Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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. Which principle would guide evaluating converting a single-family home to a duplex for value?**
 - A. Chance**
 - B. Highest and Best Use**
 - C. Progression**
 - D. Conformity**

- 2. Which principle expresses that a value today is only valid today?**
 - A. Chance**
 - B. Consistent Use**
 - C. Conformity**
 - D. Highest and Best Use**

- 3. Mortgage Priority determines which mortgage is paid first when multiple mortgages exist.**
 - A. The 1st priority mortgage gets paid first**
 - B. Mortgages with higher interest rates get paid first**
 - C. Open mortgages are paid first**
 - D. The smallest loan is paid first**

- 4. Which term describes the perception of value held by buyers and sellers?**
 - A. Subjective Value**
 - B. Objective Value**
 - C. Market Value**
 - D. Recovery Value**

- 5. The Income Approach involves which process?**
 - A. A detailed analysis of the property's income and expenses and then a comparison to similar properties to determine how much income to property could be expected to generate**
 - B. The Direct Comparison Approach**
 - C. The Cost Approach**
 - D. The Principle of Anticipation**

- 6. Which components make up the three tiers of the Canadian real estate professional trade organization?**
- A. Canadian Real Estate Association (CREA), Provincial/Territorial associations, and real estate boards (localized)**
 - B. Canadian Real Estate Association (CREA), National Licensing Authority, and Mortgage Boards**
 - C. Provincial Real Estate Councils, City Boards, and Financial Authorities**
 - D. Canadian Real Estate Association (CREA), Local Brokerage Alliances, and Insurance Boards**
- 7. Which principle states that buyers purchase the present worth of future benefits?**
- A. The Principle of Anticipation**
 - B. The Principle of Balance**
 - C. The Direct Comparison Approach**
 - D. The Income Approach**
- 8. Which principle explains that buyers compare alternative properties to determine the best value?**
- A. The Principle of Substitution**
 - B. The Principle of Supply and Demand**
 - C. The Principle of Surplus Productivity**
 - D. Comparative Market Analysis (CMA)**
- 9. Which principle states that value is linked to the best use and market conditions rather than cost alone?**
- A. Consistent Use**
 - B. Contribution**
 - C. Highest and Best Use**
 - D. Chance**
- 10. What activities is CREA responsible for?**
- A. National Activities, International Activities and trademarks (MLS and Realtor)**
 - B. Provincial regulatory standards**
 - C. Local board arbitration**
 - D. MLS only**

Answers

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

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Explanations

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1. Which principle would guide evaluating converting a single-family home to a duplex for value?

A. Chance

B. Highest and Best Use

C. Progression

D. Conformity

Evaluating the most profitable use of a property is guided by the Highest and Best Use principle. This means identifying a use that is legally permissible, physically possible, financially feasible, and yields the maximum value for the property as it exists today. For converting a single-family home to a duplex, you'd examine whether zoning and building codes allow multifamily units, whether the structure and site can practically support two units, and whether the costs of conversion plus ongoing maintenance can be recovered through higher value or rental income. If the duplex use meets these four tests and offers the greatest value compared with keeping it as a single-family or pursuing another use, it is the highest and best use. Other concepts like chance (luck), progression (value changes based on neighboring properties), and conformity (value in harmony with surrounding uses) influence value but do not determine the optimal use by themselves.

2. Which principle expresses that a value today is only valid today?

A. Chance

B. Consistent Use

C. Conformity

D. Highest and Best Use

Value is a snapshot in time, shaped by current market conditions and the unpredictable events that can occur after that moment. The idea here is that the value you determine today is contingent on factors like demand, financing costs, and local conditions, which can change suddenly. That element of unpredictability—chance—means the stated value is only guaranteed for today; if conditions shift, the value can be different tomorrow. That's why chance is the best fit: it directly accounts for the uncertain, day-to-day factors that can alter value after the appraisal date. The other options address different aspects of value—how it should align with the market (conformity), the best legal use of the property (highest and best use), or consistency in applying methods (consistent use)—but none speak to the time-sensitive, uncertain nature of value as clearly.

3. Mortgage Priority determines which mortgage is paid first when multiple mortgages exist.

A. The 1st priority mortgage gets paid first

B. Mortgages with higher interest rates get paid first

C. Open mortgages are paid first

D. The smallest loan is paid first

Mortgage priority is about the order in which liens on a property are satisfied from sale proceeds. When there are multiple mortgages, the lender whose loan was registered first holds the highest priority and is paid first from what's available. The order is set by the date of registration, not by how high the interest rate is, how large or small the loan is, or whether a mortgage is "open." So the first mortgage in time gets paid before the others, followed by the next in line, and so on—unless there are other liens (like government taxes) that take precedence. This ensures a clear, predictable sequence for repaying lenders from the property's sale or foreclosure proceeds.

4. Which term describes the perception of value held by buyers and sellers?

A. Subjective Value

B. Objective Value

C. Market Value

D. Recovery Value

Value in real estate is shaped by how each person sees the property, influenced by their needs, preferences, and personal circumstances. This is why the worth of a property can feel different to different buyers and sellers at the same time. That individual perception is what "subjective value" captures—the idea that value is not fixed or purely objective, but is experienced differently by different people. Understanding this helps explain why market prices vary and why negotiations can lead to a range of offers. In contrast, objective value would be value determined by facts or costs independent of personal feelings, market value refers to the price a willing buyer and seller would agree on in an open market (an average or representative market outcome, not a single person's perception), and recovery value is a term used in insurance to describe value after a loss, which isn't about how buyers or sellers perceive worth.

5. The Income Approach involves which process?

- A. A detailed analysis of the property's income and expenses and then a comparison to similar properties to determine how much income to property could be expected to generate**
- B. The Direct Comparison Approach**
- C. The Cost Approach**
- D. The Principle of Anticipation**

The Income Approach centers on the property's ability to generate cash flow. It starts with a detailed analysis of all potential income and operating expenses to determine net operating income (NOI). This NOI is then converted into an estimated value by applying a capitalization rate or discount rate, using market data to choose appropriate rates. The idea is to anchor value in the expected income the property can produce, informed by what similar properties in the market are able to generate. This is precisely the process described: a thorough review of income and expenses to project the income the property could reasonably generate, followed by using market comparables to validate and translate that income into value. The other appraisal approaches (sales comparison and cost) estimate value through different methods, while the Principle of Anticipation underlies the concept that value arises from expected benefits, which the Income Approach translates into a value figure through anticipated income.

6. Which components make up the three tiers of the Canadian real estate professional trade organization?

- A. Canadian Real Estate Association (CREA), Provincial/Territorial associations, and real estate boards (localized)**
- B. Canadian Real Estate Association (CREA), National Licensing Authority, and Mortgage Boards**
- C. Provincial Real Estate Councils, City Boards, and Financial Authorities**
- D. Canadian Real Estate Association (CREA), Local Brokerage Alliances, and Insurance Boards**

The arrangement is CREA at the national level, provincial/territorial associations in the middle, and local real estate boards at the bottom. CREA represents REALTORS across Canada and sets national standards and advocacy. Provincial or territorial associations coordinate licensing, education, and provincial-level support for members. Local real estate boards operate within specific communities, providing MLS services, local market data, and member services to REALTORS in that area. The other options mix in bodies that aren't part of the standard three-tier structure—such as a national licensing authority, mortgage or insurance boards, or city-specific entities—so they don't fit the established framework.

7. Which principle states that buyers purchase the present worth of future benefits?

- A. The Principle of Anticipation**
- B. The Principle of Balance**
- C. The Direct Comparison Approach**
- D. The Income Approach**

Value is driven by the expectation of future benefits, so buyers today pay for the present worth of what those benefits will bring in the future. This idea is the Principle of Anticipation. In real estate, the future benefits can be rental income, enjoyment, or potential appreciation, and investors convert that expected future stream into a lump-sum value today. The Direct Comparison Approach relies on prices of similar recent sales to estimate value, which is a method rather than a principle about future benefits. The Income Approach is another valuation method that uses income streams to arrive at value, not the fundamental idea about present worth of future benefits. The Balance concept relates to harmony in use or design, not to how value reflects anticipated future benefits.

8. Which principle explains that buyers compare alternative properties to determine the best value?

- A. The Principle of Substitution**
- B. The Principle of Supply and Demand**
- C. The Principle of Surplus Productivity**
- D. Comparative Market Analysis (CMA)**

Buyers compare similar properties to determine value because of the Principle of Substitution. When two homes are alike in essential features and desirability, a buyer looks for the one that offers the greatest value for the money. If one property is priced higher, the buyer will gravitate toward the substitute that provides the same satisfaction at a lower price, which helps keep prices in line with what buyers are willing to pay for comparable alternatives. Comparative Market Analysis (CMA) is a practical tool real estate professionals use to estimate value by examining recently sold similar properties; it relies on the substitution idea—value is grounded in the cost of the closest substitute. The other concepts describe broader market dynamics or production efficiency and don't explain the specific behavior of evaluating substitutes in the buying decision.

9. Which principle states that value is linked to the best use and market conditions rather than cost alone?

- A. Consistent Use**
- B. Contribution**
- C. Highest and Best Use**
- D. Chance**

Value is driven by the use that best fits a property's location and market conditions, not by how much it cost to build or acquire. The Highest and Best Use principle asks us to identify the legally permissible, physically possible, financially feasible use that would yield the greatest net value under current market conditions. In practice, this means evaluating what the property can realistically be used for and which use would produce the highest return, rather than assuming the most expensive or most recent project should dominate value. For example, a downtown parcel with strong demand for offices and apartments may be worth more as a mixed-use high-rise than as a single-family home, even if that latter option costs less to develop. Other concepts like Consistent Use or Contribution don't focus on selecting the use that maximizes value under market conditions, and Chance isn't a recognized principle in this context.

10. What activities is CREA responsible for?

- A. National Activities, International Activities and trademarks (MLS and Realtor)**
- B. Provincial regulatory standards**
- C. Local board arbitration**
- D. MLS only**

CREA operates at the national level, coordinating activities across Canada and with international partners, and it protects and manages its trademarks, including the MLS brand and the Realtor name. This is why handling national activities, international activities, and trademarks best fits CREA's role. Provincial regulatory standards come from provincial regulators, and local board arbitration is handled by local boards, not CREA.

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://novascotiansar.examzify.com>

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

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