

SUPERIOR REAL ESTATE SCHOOL 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. Which type of lien typically has first priority over others?**
 - A. Mortgage lien
 - B. Purchase money lien
 - C. Ad valorem real estate tax lien
 - D. Federal income tax lien

- 2. What characteristic of land underlies the doctrine of specific performance?**
 - A. Indestructibility
 - B. Uniqueness
 - C. Immobility
 - D. Permanence of Investment

- 3. Which entity does NOT need a firm license in North Carolina?**
 - A. A national franchise licensed in multiple states
 - B. A general partnership consisting of two individuals
 - C. A sole proprietorship using a tradename or DBA
 - D. A corporation approved by the NC Secretary of State

- 4. If a building is valued at \$215,000 and contains four apartments renting for \$470 each per month with a net operating income of 65%, what is the capitalization rate?**
 - A. 3.7%
 - B. 6.8%
 - C. 10.5%
 - D. 14.2%

- 5. What requirement must be fulfilled to obtain homeowners insurance and qualify as an "insured" under the policy?**
 - A. The insured must be the owner of the property
 - B. The property must be the primary residence of the insured
 - C. The insured must have an insurable interest in the property
 - D. Only the owner of a property can be the "insured" under a homeowners policy

- 6. Which of the following is NOT considered exempt from licensure in real estate?**
- A. The general partners of a partnership
 - B. The managers of an LLC
 - C. The officers, directors and W2 salaried employees of a corporation
 - D. A sole proprietor and their W2 salaried employees
- 7. What is the primary role of the North Carolina Real Estate Commission (NCREC)?**
- A. To assess property values
 - B. To regulate the ethical conduct of real estate professionals
 - C. To provide legal advice in real estate transactions
 - D. To enforce building codes
- 8. The doctrine of "constructive eviction" requires the lessor to maintain the property in a "fit and habitable" condition. Which areas of the property does this cover?**
- A. Common hallway leading to the apartment units only
 - B. Parking lot only
 - C. Both common hallway and parking lot
 - D. Neither common hallway nor parking lot
- 9. How long does a broker or provisional broker have to report a conviction of DWI?**
- A. 30 days
 - B. 60 days
 - C. 90 days
 - D. Immediately
- 10. In real estate, what does the term 'escrow' refer to?**
- A. A process of transferring the title
 - B. Holding of funds or documents by a third party
 - C. A type of insurance for properties
 - D. A legal document for property transaction

Answers

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

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Explanations

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1. Which type of lien typically has first priority over others?

- A. Mortgage lien
- B. Purchase money lien
- C. Ad valorem real estate tax lien**
- D. Federal income tax lien

The type of lien that typically has first priority over others is the ad valorem real estate tax lien. This precedence is grounded in the principle that government entities need to collect taxes to fund public services, and therefore, they are given priority to ensure that these critical revenues are secured. When it comes to liens attached to a property, ad valorem real estate tax liens are placed first among them. This means that if a property owner defaults, any lender or other creditor subsequent to the tax lien will not be able to recover their funds until the tax obligation is satisfied. This priority is codified in law to ensure that municipal revenues are upheld, thus maximizing the government's ability to provide services funded by property taxes. While mortgage liens, purchase money liens, and federal income tax liens exist, they do not take precedence over ad valorem tax liens when it comes to claims against the property. This priority structure is critical knowledge for anyone studying real estate as it affects the financing and purchasing decisions related to property ownership.

2. What characteristic of land underlies the doctrine of specific performance?

- A. Indestructibility
- B. Uniqueness**
- C. Immobility
- D. Permanence of Investment

The correct characteristic of land that underlies the doctrine of specific performance is uniqueness. This doctrine is based on the principle that every parcel of real estate is considered unique, meaning that no two properties are exactly alike in terms of location, features, and other attributes. When a buyer enters into a contract to purchase a specific piece of land, they are not just buying a general commodity; they are seeking that particular property because of its distinctive qualities. If the seller fails to fulfill their contractual obligations, the buyer may seek specific performance to compel the seller to complete the sale, as monetary damages may not adequately compensate for the loss of that unique property. This principle highlights the appreciation for the individual nature of real estate as opposed to personal property, where substitutes might be more readily available. In real estate transactions, the uniqueness of land is a critical factor that differentiates it from other types of contracts and reinforces the application of specific performance in real estate law.

3. Which entity does NOT need a firm license in North Carolina?

- A. A national franchise licensed in multiple states
- B. A general partnership consisting of two individuals
- C. A sole proprietorship using a tradename or DBA**
- D. A corporation approved by the NC Secretary of State

In North Carolina, a sole proprietorship operating under a tradename or "doing business as" (DBA) does not require a firm license. This is because a sole proprietorship is not considered a distinct legal entity separate from the owner; rather, it is an extension of the individual. Therefore, when an individual runs their business under their own name or a DBA, they are not subject to the same licensing requirements that apply to firms or corporations. They can conduct real estate activities without needing to obtain a firm license, making this option the correct choice in the context of the question. In contrast, other entities mentioned, such as corporations, partnerships, and franchises, are classified as separate legal entities that require a firm license to operate legally within the state. This helps ensure that these organizations adhere to the regulatory standards of the real estate industry in North Carolina.

4. If a building is valued at \$215,000 and contains four apartments renting for \$470 each per month with a net operating income of 65%, what is the capitalization rate?

- A. 3.7%
- B. 6.8%**
- C. 10.5%
- D. 14.2%

To determine the capitalization rate, you start by finding the net operating income (NOI) and then divide that amount by the property value. First, calculate the total monthly income generated by the four apartments. Each apartment rents for \$470 per month, so the monthly rental income for all four apartments combined is: $\$470 \times 4 = \$1,880$. Next, to find the annual rental income, multiply the monthly income by 12: $\$1,880 \times 12 = \$22,560$. Now, to determine the net operating income, apply the percentage of net operating income given in the question. The building has a net operating income of 65% of the total annual rental income. Therefore, calculate the NOI as follows: $\text{NOI} = \text{Total Annual Rental Income} \times \text{Net Operating Income Percentage}$ $\text{NOI} = \$22,560 \times 0.65 = \$14,664$. The capitalization rate is calculated using the formula: $\text{Capitalization Rate} = \text{Net Operating Income} / \text{Property Value}$. Substituting in the values we have: $\text{Capitalization Rate} = \$14,664 / \$215,000$. Calculating this gives: $\text{Capitalization Rate} = 0.0683$ or 6.83%. When rounded to one decimal place

5. What requirement must be fulfilled to obtain homeowners insurance and qualify as an "insured" under the policy?

- A. The insured must be the owner of the property
- B. The property must be the primary residence of the insured
- C. The insured must have an insurable interest in the property**
- D. Only the owner of a property can be the "insured" under a homeowners policy

To qualify as an "insured" under a homeowners insurance policy, an individual must have an insurable interest in the property. This means that the person must stand to suffer a financial loss if the property is damaged or destroyed. Insurable interest is a foundational principle in insurance, ensuring that the policyholder has a legitimate risk that justifies the insurance coverage. For example, a homeowner who fully owns their house clearly has an insurable interest, as the value of that property contributes directly to their personal financial stability. Similarly, a person who is a co-owner, or perhaps has invested in the property, also possesses an insurable interest that entitles them to coverage. While ownership or primary residence status can be factors in qualifying for a policy, they don't establish the basis for insurable interest. Therefore, having an insurable interest is essential for being named as an "insured," as it directly relates to the financial responsibilities and potential losses the individual faces regarding the property.

6. Which of the following is NOT considered exempt from licensure in real estate?

- A. The general partners of a partnership
- B. The managers of an LLC
- C. The officers, directors and W2 salaried employees of a corporation

D. A sole proprietor and their W2 salaried employees

In the context of real estate licensure, understanding who is exempt is crucial. Each of the groups mentioned in the options traditionally operates under certain legal frameworks that allow them to engage in real estate activities without needing a license. A sole proprietor and their W2 salaried employees typically do not fall into the category of exemptions. While the sole proprietor may handle real estate transactions for their own properties, their employees do not have the same level of exemption. They must possess a real estate license if they engage in activities that require licensure, such as negotiating the sale of real estate or soliciting clients. On the other hand, general partners of a partnership, managers of an LLC, and officers, and directors of a corporation typically do not need licenses when acting on behalf of their respective entities, as they are considered to be acting on behalf of the partnership or corporation for its best interest. This distinction is important as it separates individual actions from entity actions within real estate transactions. The licensed exemption is designed to facilitate business operations without imposing unnecessary barriers in those specific roles. Therefore, the answer highlighting that a sole proprietor and their W2 salaried employees do not have this exemption reflects a clear understanding of licensure requirements in real estate practices.

7. What is the primary role of the North Carolina Real Estate Commission (NCREC)?

- A. To assess property values
- B. To regulate the ethical conduct of real estate professionals**
- C. To provide legal advice in real estate transactions
- D. To enforce building codes

The primary role of the North Carolina Real Estate Commission (NCREC) is to regulate the ethical conduct of real estate professionals. This regulatory function is crucial for maintaining the integrity of the real estate profession, ensuring that agents and brokers adhere to established standards of practice, and protecting the interests of consumers. The Commission oversees licensing, sets educational requirements, enforces laws, and manages complaints against real estate professionals, which all contribute to fostering a professional environment in the industry. While assessing property values, providing legal advice, and enforcing building codes are important aspects of the real estate landscape, they fall outside the specific authority and mission of the NCREC. The Commission focuses specifically on the behavior and practices of licensed real estate professionals rather than the technical aspects of property valuation or legal frameworks.

8. The doctrine of "constructive eviction" requires the lessor to maintain the property in a "fit and habitable" condition. Which areas of the property does this cover?

- A. Common hallway leading to the apartment units only
- B. Parking lot only
- C. Both common hallway and parking lot**
- D. Neither common hallway nor parking lot

The doctrine of constructive eviction holds that landlords are legally required to maintain their rental properties in a condition that is fit for habitation. This concept includes all areas that contribute to the overall livability of the property, not just the interior spaces. In this case, both the common hallway and the parking lot play essential roles in providing a safe and accessible living environment for tenants. A common hallway is typically a significant aspect of an apartment complex, allowing for entry and exit from units, and it should be maintained to ensure it is safe and clean. Similarly, the parking lot is crucial for tenants' ability to access their vehicles and, therefore, is also part of the overall habitability of the property. Thus, the correct answer recognizes that both the common hallway and the parking lot are included in the landlord's responsibility under the doctrine of constructive eviction. This understanding emphasizes the complete obligation of the lessor to maintain all shared and accessible areas of the property to ensure a fit and habitable living environment.

9. How long does a broker or provisional broker have to report a conviction of DWI?

- A. 30 days
- B. 60 days**
- C. 90 days
- D. Immediately

A broker or provisional broker is required to report a conviction of DWI (Driving While Intoxicated) within 60 days of the conviction. This timeframe is set to ensure that any legal issues that may affect the broker's ability to perform their professional duties are promptly communicated to the relevant regulatory authority. Timely reporting is crucial as it allows for the appropriate measures to be taken regarding the broker's license and professionalism in the real estate field. This requirement reflects the importance of maintaining integrity and ethical standards within the industry. Other response options either propose a shorter or longer reporting period, which do not align with the established regulations governing brokers.

10. In real estate, what does the term 'escrow' refer to?

- A. A process of transferring the title
- B. Holding of funds or documents by a third party**
- C. A type of insurance for properties
- D. A legal document for property transaction

The term 'escrow' refers to the holding of funds or documents by a third party during a real estate transaction. This process is essential because it ensures that all parties involved in the transaction fulfill their obligations before any transfer of ownership or funds takes place. The third party, often an escrow company or a title company, acts as a neutral intermediary who maintains custody of the funds and necessary documents, ensuring that conditions of the sale are met, such as inspections, repairs, or financing approval. Once all stipulated conditions are satisfied, the escrow agent releases the funds to the seller and the title to the buyer. This helps to protect both the buyer and seller by providing assurance that no funds or title will change hands until all agreed-upon terms have been fulfilled, promoting trust and clear communication in the transaction. Other options do not accurately capture the essence of escrow. For example, merely transferring the title, offering a type of insurance, or signing legal documents does not define the role of escrow, which fundamentally revolves around the secure holding and management of assets until contractual obligations are completed.

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://superiorrealestate.examzify.com>

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

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