



North Carolina Real Estate Commission  
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## North Carolina Real Estate License Examination STATE SECTION STUDY GUIDELINES

These study guidelines are provided to assist license applicants taking only the State section of the North Carolina real estate license examination.

Applicants taking only the State section of the examination are strongly encouraged to take appropriate steps to prepare. Currently, less than 40% of applicants who attempt to pass the examination without participating in a 75-hour Broker Prelicensing course are successful on their first attempt.

An application must be filed with the Commission before an applicant may take the license examination. To access the Commission's online application system, go to the Commission's website ([www.nrec.gov](http://www.nrec.gov)), under "Licensing" select [Apply for Broker License](#).

The passing score for the State section of the license examination is 72.5% (29 of the 40 scored questions answered correctly).

Complete information about the license examination and the licensing process is contained in the Commission's [Real Estate Licensing in North Carolina](#) booklet. The booklet is available on our website ([www.nrec.gov](http://www.nrec.gov)) under the "Licensing" tab. You may also call or email the Commission to request that a paper copy of the booklet be mailed to you.

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## STATE SECTION EXAM PREP OPTIONS

### Option 1: Take the 75-hour *Broker Prelicensing Course*.

The most thorough preparation for the State section of the examination (as well as for the National section) is to take the *75-hour Broker Prelicensing Course* from a Commission-approved North Carolina school. This course is offered ONLY through live classroom instruction in NC.

A [list of approved schools](#), including contact information, is provided on the Commission’s website ([www.ncrec.gov](http://www.ncrec.gov)) under the “Education” tab.

### Option 2: Obtain and independently study books and materials.

#### A. For Coverage of ALL EXAM TOPICS:

There are two Commission-approved Prelicensing course textbooks. Both textbooks provide coverage of all topics tested on both the National and State sections of the license examination. Applicants taking the State section need only study the topics listed in *State Section Content Outline*.

<b>Commission-Approved Prelicensing Course Textbooks (CHOOSE ONE)</b>	
<p><b><i>Modern Real Estate Practice in North Carolina, 9th Edition</i></b></p> <p>Includes <i>NC Real Estate License Law, Commission Rules, and License Law and Rule Comments</i> in appendices.</p>	<p>Published by Kaplan Real Estate Education, 2017 (830 page text).</p> <p>Price: \$52.97. Shipping costs and state sales taxes may also apply.</p> <p>Order online at <a href="http://www.recampus.com">www.recampus.com</a>.</p>
<p><b><i>North Carolina Real Estate Principles and Practices, 7th Edition Revised</i></b></p> <p>Includes <i>NC Real Estate License Law, Commission Rules, and License Law and Rule Comments</i> in appendices.</p>	<p>Published by OnCourse Learning, 2014 (790 page text).</p> <p>Price: \$69.95. Shipping costs and state sales taxes may also apply.</p> <p>Order online at <a href="http://www.oncoursepublishing.com">www.oncoursepublishing.com</a> or by phone (855.733.7239) or email (<a href="mailto:publishingsales@oncoursepublishing.com">publishingsales@oncoursepublishing.com</a>)</p>

**Note:** The two Prelicensing textbooks are the only cited references with coverage of “Basic House Construction.”

- B. For Coverage of ALL State section Exam Topics EXCEPT “Federal Income Taxation of Home Ownership/Sale”, “Basic House Construction” and “Residential Square Footage Guidelines”:

***North Carolina Real Estate Manual*** AND ***North Carolina Real Estate License Law & Commission Rules***. These are the Commission’s primary reference publications for brokers and the text(s) for Postlicensing courses. Although the three (3) topics mentioned above are not addressed, all other topics are covered in substantial depth.

<b>Commission Reference Publications</b>	
<b><i>North Carolina Real Estate Manual, 2017 Edition</i></b> (842 page text).	Two formats are available: <ul style="list-style-type: none"> <li>• Soft cover book: \$49.00</li> <li>• Online subscription: \$20.00</li> </ul> Prices include taxes, shipping and handling. <a href="#">Click here</a> to order online
<b><i>North Carolina Real Estate License Law &amp; Commission Rules</i></b> (Also including the License Law and Rules Comments) <b>July 2017 Edition</b>	Price \$4.00, includes taxes, shipping and handling. <a href="#">Click here</a> to order online

- C. For Coverage of “Residential Square Footage Guidelines” ONLY:

***Residential Square Footage Guidelines*** (published by NC Real Estate Commission).  
[Click here](#) to view or [Click here](#) purchase the *Guidelines* booklet on the Commission’s website.  
Price \$0.65, includes taxes, shipping and handling.

- D. For Coverage of “Federal Income Taxation of Home Ownership/Sale” ONLY:

***IRS Publication 530 – Tax Information for Homeowners*** and ***IRS Publication 523 – Selling Your Home*** available on the IRS website, [www.irs.gov](http://www.irs.gov)

**Option 3: Take a course or use study materials designed for the State section of the license examination.**

Some of the approved real estate schools that offer the Broker Prelicensing course also offer “state exam prep” courses and materials.

***No exam prep courses or materials are specifically approved by or endorsed by the NC Real Estate Commission.***

To get information about preparatory courses or materials, contact the schools directly or go to the website of the North Carolina Real Estate Educators Association ([www.ncreea.com](http://www.ncreea.com)) and click on “Links”.

## STATE SECTION CONTENT OUTLINE (40 SCORED QUESTIONS)

Applicants should study the License Law and relevant Commission Rules as noted for topics in each subject area, as well as the entire *the License Law and Rules Comments*. The number of questions per section are also noted.

N.C. Real Estate License Law and Commission Rules (24 Questions)	
<p>Requirement for Real Estate License (2 Questions)</p> <p>Laws: 93A-1&amp;2</p>	<ul style="list-style-type: none"> <li>• Activities Requiring a License</li> <li>• Exempt Activities</li> <li>• Activities of Unlicensed Assistants</li> </ul>
<p>License Categories and Status (1 Question)</p> <p>Laws: 93A-1; 93A-4(a1) Rules: A.0502; A.0504; Section A.1800</p>	<ul style="list-style-type: none"> <li>• Broker</li> <li>• Provisional Broker</li> <li>• Limited Nonresident Commercial Broker</li> <li>• Firm</li> <li>• Active / Inactive Status</li> </ul>
<p>Broker-in-Charge (1 Question)</p> <p>Laws: 93A-2(a1) &amp; (a2); 93A-4.2 Rules: A.0110; A.0506</p>	<ul style="list-style-type: none"> <li>• Broker-In-Charge Requirements &amp; Responsibilities</li> <li>• Supervision of Provisional Brokers</li> </ul>
<p>North Carolina Real Estate Commission (1 Question)</p> <p>Laws: 93A-3; 93A-6</p>	<ul style="list-style-type: none"> <li>• Purpose</li> <li>• Composition</li> <li>• Powers (including disciplinary powers)</li> </ul>
<p>License Administrative / Maintenance Requirements (2 Questions)</p> <p>Laws: 93A-4(c); 93A-4.1; 93A-4(1) Rules: A.0101; A.0103; A.0113; A.0503; A.0505; A.0507; Section A.1700; Section A.1900</p>	<ul style="list-style-type: none"> <li>• Proof of Licensure</li> <li>• Change of Name / Address</li> <li>• Reporting Criminal Convictions</li> <li>• License Expiration / Renewal / Reinstatement</li> <li>• Continuing Education</li> <li>• Postlicensing Education</li> </ul>
<p>Agency Contracts and Practices (3 Questions)</p> <p>Laws: 93A-6(a)(4) Rules: A.0104</p>	<ul style="list-style-type: none"> <li>• Requirements for Agency Contracts</li> <li>• Oral Buyer / Tenant Agency Contracts</li> <li>• Related Practices of Listing Agents and Agents Working with Buyers</li> </ul>
<p>Agency Disclosure (2 Questions)</p> <p>Laws: 93A-6(a)(4) Rules: A.0104</p>	<ul style="list-style-type: none"> <li>• Providing Agency Brochure</li> <li>• Disclosure of Agency Status by Seller's Agent and Buyer's Agent</li> <li>• First Substantial Contact</li> <li>• Disclosure Exceptions</li> </ul>

<p>Dual and Designated Agency (3 Questions)</p> <p>Laws: 93A-6(a)(4) Rules: A.0104</p>	<ul style="list-style-type: none"> <li>• Disclosure</li> <li>• Authority</li> <li>• Limitations on Agency Duties</li> <li>• Practicing Dual &amp; Designated Agency</li> </ul>
<p>Selected Regulated Practices (3 Questions)</p> <p>Laws: 93A-6(a)(11) &amp; (13) Rules: A.0105; A.0106; A.0108; A.0111, A.0115; A.2200</p>	<ul style="list-style-type: none"> <li>• Advertising</li> <li>• Delivery of Instruments</li> <li>• Retention of Records</li> <li>• Drafting Legal Instruments</li> <li>• Disclosure of Offers</li> <li>• Broker Price Opinions</li> </ul>
<p>Handling &amp; Accounting for Funds (1 Question)</p> <p>Laws: 93A-6(a)(7), (12) &amp; (14); 93A-6 (d) &amp; (g) Rules: A.0116; A.0117; A.0118</p>	<ul style="list-style-type: none"> <li>• Basic Requirements for Trust Accounts and Handling Trust Monies (detailed recordkeeping/ accounting/ disbursement requirements are not tested)</li> </ul>
<p>Brokerage Fees and Compensation (1 Question)</p> <p>Laws: 93A-6(a)(9) Rules: A.0109</p>	<ul style="list-style-type: none"> <li>• Disclosure of Compensation</li> <li>• Compensation of Unlicensed Persons for Brokerage Activities</li> <li>• Commission’s Limited Role Regarding Broker Compensation</li> </ul>
<p>Prohibited Practices (3 Questions)</p> <p>Laws: 93A-6(a)(1), (2), (3), (4), (5), (6), (8), (10), (11) &amp; (15); 93A-6(b), (c), (e) &amp; (f) Rules: A.0504(a); A.0507</p>	<ul style="list-style-type: none"> <li>• Misrepresentation and Omission</li> <li>• Making False Promises</li> <li>• Pursuing Course of Misrepresentation or False Promises</li> <li>• Conflict of Interest</li> <li>• Provisional Broker Compensation</li> <li>• Representing More than One Broker without Consent</li> <li>• Unworthiness and Incompetence</li> <li>• Improper, Fraudulent or Dishonest Dealing</li> <li>• Practicing Law</li> <li>• Violation of Rules</li> <li>• Other Grounds for Disciplinary Action</li> <li>• Injunctive Relief</li> <li>• License Surrender</li> <li>• Imposition of Restrictions on License or Approval</li> <li>• Dishonored Payment of License Fees</li> </ul>
<p>Time Shares (1 Question)</p> <p>Laws: 93A-39 - 42, 44, 45, 51, 54, 56 &amp; 58 Rules: B.0400, B.0500, &amp; B.0600</p>	<ul style="list-style-type: none"> <li>• Registration of Time Share Projects and Licensure of Time Share Salespeople</li> <li>• Definitions, Time Shares Are Real Estate</li> <li>• Public Offering Statement</li> <li>• Purchaser’s Right to Cancel</li> <li>• Commission’s Authority &amp; Disciplinary Action</li> <li>• Criminal Penalty</li> <li>• Registrar and Project Broker</li> <li>• Records</li> <li>• Agency Agreements and Disclosure</li> <li>• Handling and Accounting for Funds</li> </ul>

## Other North Carolina Laws and Practices (11 Questions)

Property Taxation (2 Questions)  NCGS Chapter 105	<ul style="list-style-type: none"> <li>• Legal Requirements and Procedures for Property Taxes and Special Assessments</li> <li>• Excise Tax (No Calculations)</li> </ul>
Sales Contracts and Practices (2 Questions)  Rules: A.0112  NCAR Standard Form 2-T	<ul style="list-style-type: none"> <li>• Basic Concepts and Provisions of the North Carolina Bar Association and North Carolina Association of REALTORS® (NCBA / NCAR) Jointly Approved Off to Purchase and Contract Standard Form 2-T</li> <li>• NC Practices Related to Sales and Sales Contracts</li> </ul>
Closing Procedures (1 Question)	<ul style="list-style-type: none"> <li>• Attorney Supervised Closings</li> <li>• Typical Pre-Closing and Closing Procedures</li> <li>• NC Good Funds Settlement Act</li> <li>• Broker's Responsibility as to Settlement Statements</li> </ul>
Laws Governing Residential Tenancies (2 Questions)	<ul style="list-style-type: none"> <li>• NC Residential Rental Agreements Act</li> <li>• Laws Governing Eviction Procedures</li> <li>• NC Tenant Security Deposit Act</li> <li>• Statute of Frauds (as to Leases)</li> </ul>
Residential Square Footage Guidelines (1 Question)	<ul style="list-style-type: none"> <li>• <i>Residential Square Footage Guidelines</i> published by the NC Real Estate Commission (No calculations)</li> </ul>
Miscellaneous NC Laws and Legal Concepts (3 Questions)  NCGS 47E; NCREC Rules A.0114 & A.0119  G.S. 153A-330 et seq G.S. 136-102.6	<ul style="list-style-type: none"> <li>• Tenancy by the Entirety</li> <li>• Townhouses</li> <li>• NC Residential Property Disclosure Act including Mineral and Oil and Gas Rights Mandatory Disclosure</li> <li>• Laws Regarding Materiality and Disclosure of Death or Serious Illness of Previous Property Occupant and of a Convicted Sex Offender Occupying or Residing Near a Property</li> <li>• Subdivision Regulation, incl. Sale of Lots in Unapproved Subdivision</li> <li>• Disclosure by Developers as to Subdivision Streets</li> <li>• Protective/Restrictive Covenants</li> <li>• On-Site Septic Systems</li> <li>• Broker's Responsibilities Relating to Any of Above</li> </ul>
General Real Estate Topics (5 Questions)	
Basic House Construction (2 Questions)	<ul style="list-style-type: none"> <li>• Wood-Frame Construction Methods and Terminology</li> <li>• Architectural Styles</li> </ul>
Federal Income Taxation of Home Ownership / Sale (1 Question)	<ul style="list-style-type: none"> <li>• Basic Terminology</li> <li>• Homeowner Deductions</li> <li>• Sale of Personal Residence</li> </ul>
Residential Loan Qualification Calculations (1 Question)	<ul style="list-style-type: none"> <li>• Qualifying a Buyer Using Given Income/Expense Ratios</li> </ul>
Comparative Market Analysis (CMA) Calculations (1 Question)	<ul style="list-style-type: none"> <li>• Miscellaneous Calculations Associated with Performing a CMA</li> </ul>