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Real Estate Essentials
Chapter 5 and 6

Name _____

Please select only ONE from each of the following questions.

1. Unless some other written agreement has been made, the broker will usually receive the sales commission when
 - a. the purchaser takes possession of the property.
 - b. the seller lists the property with the broker.
 - c. the transaction is closed.
 - d. an offer is procured from a ready, willing and able buyer.

2. Which of the following is NOT a reason a listing agreement may be terminated?
 - a. Sale of the property
 - b. Death of the salesperson
 - c. Agreement of the parties
 - d. Destruction of the premises

3. Which of the following is NOT required of a broker in order for that broker to collect a commission on the sale of a property? That he or she
 - a. had a valid real estate broker's license.
 - b. was a procuring cause.
 - c. was employed to perform certain activities.
 - d. belonged to a real estate board.

4. The type of listing agreement that provides the least protection for the listing broker is the
 - a. exclusive-right-to-sell listing.
 - b. exclusive-agency listing.
 - c. open listing.
 - d. net listing.

5. Which of the following is NOT a type of listing contract?
 - a. Open listing.
 - b. Exclusive agency.
 - c. Exclusive right-to-sell.
 - d. MLS contract.

6. In some states the following type of listing is prohibited:
 - a. Exclusive-right-to-sell
 - b. Net listing
 - c. Buyer Agency Agreement
 - d. Open Listing

7. A broker who represents a seller under an exclusive listing receives two offers for the property at the same time, one from one of his salespeople and one from a salesperson of a cooperating broker. What should the broker do?
 - a. Submit the offer from his salesperson first
 - b. Submit the offer from the other salesperson first
 - c. Submit the higher offer first
 - d. Submit both offers at the same time

8. W is a salesperson working for Broker V. W sells a \$150,000 home. The listed commission is 6.5 percent of the selling price. Out of this amount, 5% is payable to the referral network that referred the buyer, 35 percent goes to the listing broker, and 60 percent belongs to the cooperating broker. Broker V and W agreed that W would receive 55 percent of any commission that he generated for the office. For this transaction, W is entitled to receive
 - a. \$2,632.50
 - b. \$3,217.50
 - c. \$3,412.50
 - d. \$5,850.00

9. A broker's salesperson lists a unit for sale in a condominium building. The salesperson in this transaction
 - a. has a direct contractual relationship with the owners of the unit.
 - b. acts on behalf of the broker.
 - c. acts on behalf of the condominium association.
 - d. must find a buyer for the unit to obtain a share of the commission.

10. Under an exclusive agency listing, the listing broker would NOT be entitled to a commission if
 - a. the broker sells the property herself.
 - b. the property is sold through another broker.
 - c. the property is sold through the multiple-listing service.
 - d. the seller sells the property to a neighbor across the street who has her property listed with another broker.

11. The broker enters into a listing agreement with a seller in which the seller will receive \$12,000 from the sale of a lot and the broker will receive any sale proceeds over this amount. This type of listing is a(n)
 - a. gross listing.
 - b. legal and ethical way to ensure that the broker is compensated.
 - c. exclusive agency.
 - d. net listing.

12. Under which of the following listing agreements can the owner of listed property sell the property on his or her own without having to pay the listing broker a commission?
 - a. Exclusive-right-to-sell listing
 - b. Exclusive-agency listing
 - c. Open listing
 - d. Both exclusive-agency listing and open listing

13. A licensed salesperson may receive compensation or commission from
 - a. only the employing broker.
 - b. from the principal.
 - c. from any broker.
 - d. from a landlord.

14. In a typical agency relationship between the broker and the client, the broker's commission is determined by
 - a. state law.
 - b. the local real estate board.
 - c. mutual agreement.
 - d. minimums based on the property type.

15. A property owner signed a 90-day listing agreement with a broker. The owner was killed in an accident before the listing expired. Now the listing is
 - a. binding on the owner's spouse for the remainder of the 90 days.
 - b. still in effect as the owner's intention was clearly defined.
 - c. binding only if the broker can produce offers to purchase the property.
 - d. terminated automatically upon the death of the principal.

16. A broker hires sales associates with an agreement to split the commission between the broker - 45%, the listing salesperson - 30%, and the selling salesperson. If the broker's share is \$2,430, the property sold for \$90,000, and the listing salesperson's share was \$1,620, what was the selling sales associate's share?
 - a. \$2,700
 - b. \$1,800
 - c. \$1,350
 - d. \$1,295

17. The salesperson received \$2,800 commission on her 35% share of the total commission on the sale of a property that sold for \$160,000. What was the commission rate?
 - a. 10%
 - b. 5%
 - c. 7%
 - d. 4.5%

18. A seller refused to pay a commission to the broker even though there was a valid listing agreement and the broker procured a buyer for the property. What can the broker do?
 - a. Sue the seller in court for the commission
 - b. File a lien on the seller's property for the amount of the commission
 - c. Obtain an injunction to stop the transaction until the commission is paid
 - d. Collect the commission from the buyer

19. Under an exclusive buyer agency agreement, the real estate broker would NOT be entitled to a commission
 - a. if the broker sells the buyer a listing from another firm.
 - b. if the property is a FISBO.
 - c. if the buyer finds a suitable property without the broker.
 - d. if the buyer cancels the agreement of sale.

20. Before signing a buyer agency agreement, a licensee would NOT
 - a. explain forms of agency available.
 - b. obtain financial information from the buyer.
 - c. inform the buyer of the charges or compensation for services.
 - d. describe specific services to be provided.

21. A parcel of vacant land 80 feet wide and 200 feet deep was sold for \$200 per front foot. How much money would a salesperson receive for her 60 percent share in the 10 percent commission?
 - a. \$640
 - b. \$960
 - c. \$1,600
 - d. \$2,400

22. There is a spectacular house that a salesperson from Firm A has been trying for several weeks to list for sale. The owners have been interviewing salespeople from different firms. They tell A's salesperson that Firm B will charge 2% less commission for selling the house. What should A's salesperson say to the owner to get the listing?
 - a. Salespeople will not show Firm B's listings because of their commission fees.
 - b. Most brokers in the area charge a standard rate of commission, including Firm A.
 - c. Firm B cannot provide good services because they charge less.
 - d. Firm A provides excellent services to market their sellers' properties.

23. A real estate salesperson who is an independent contractor receives
 - a. a monthly salary or hourly wage.
 - b. company-provided health insurance.
 - c. company-provided automobile.
 - d. negotiated commissions on transactions.

24. The seller wants to net \$65,000 on the sale of his house after paying the broker a fee of 6%. How much must the gross selling price be?
- \$69,149
 - \$68,093
 - \$67,035
 - \$66,091
25. Which of the following is NOT prohibited under the antitrust laws?
- Property management companies standardizing management fees
 - Brokers allocating markets based on the value of homes
 - Real estate companies agreeing NOT to cooperate with a broker because of the fees that broker charges
 - A broker deciding whether to join a MLS
26. The listing and selling brokers agree to split a 7% commission fifty-fifty on a \$96,900 sale. The listing broker gives the listing salesperson 30% of his commission and the selling broker gives the selling salesperson 35% of his commission. How much does the selling salesperson earn from the sale?
- \$1,139.78
 - \$1,174.78
 - \$971.95
 - \$1,187.03
27. An owner lists her property for sale with a broker. Another broker, however, finds a buyer for the house. The listing broker did not receive a commission from the sale. The type of listing contract between the owner and the broker could have been a(n)
- exclusive-right-to-sell.
 - exclusive agency.
 - open listing.
 - multiple listing.
28. A salesperson may advertise a property for sale only if he or she
- personally listed the property.
 - uses the employing broker's name in the advertisement.
 - personally pays for the advertisement.
 - is a member of the local real estate board.
29. If a seller needs to net \$50,000 after the sale, how much must the real estate sell for if the selling costs include a 7% commission and \$1,200 in other expenses?
- \$54,700.00
 - \$54,963.44
 - \$55,053.76
 - \$55,633.25

30. An employment contract between a buyer and a broker would NOT be called
 - a. an exclusive buyer agency agreement.
 - b. an exclusive agency buyer agency agreement.
 - c. an open buyer agency agreement.
 - d. a net buyer agency agreement.
31. The provision in a listing agreement that gives additional authority to the broker and obligates the broker to distribute the listing to other brokers is a(n)
 - a. joint listing clause.
 - b. multiple listing clause.
 - c. net listing clause.
 - d. open listing clause.
32. Which of the following is NOT a reason that a listing agreement may be terminated?
 - a. By mutual agreement
 - b. By operation of law
 - c. Because the seller can't find another house to buy
 - d. Because of impossibility of performance
33. Salesperson N finally concluded some extremely difficult negotiations that resulted in the sale of a listed parcel of property. For all of her extra efforts, she can legally demand a performance bonus from
 - a. the seller.
 - b. the buyer.
 - c. her broker.
 - d. no one.
34. Which of the following is NOT a typical provision of a listing agreement?
 - a. The price the seller is asking for the property
 - b. The date the broker will schedule an open house
 - c. The commission rate to be paid to the listing broker
 - d. The responsibilities of the broker
35. By executing a listing agreement with a seller, a real estate broker has become
 - a. a procuring cause.
 - b. obligated to open a special trust account.
 - c. an agent of the seller.
 - d. responsible for sharing commissions.

36. Broker P listed the Ks' property for sale under an exclusive-right-to-sell agreement. Today, one of P's salespeople, T, obtained an offer to purchase the property along with a certified check for 5 percent of the purchase price as earnest money. What should T do with the earnest money check?
- Give it to the Ks.
 - Hold it until the closing.
 - Deposit the money in his trust account.
 - Give the money to P for deposit in his trust account.
37. Broker W took a listing on a property and shortly thereafter discovered that her client had been previously declared incompetent by the court. The listing now is
- binding as the broker was acting in good faith.
 - still valid.
 - the basis for commission if the broker produces a buyer.
 - void.
38. A property owner lists his property for sale with a broker. During the negotiations, the owner told the broker that the owner wanted \$138,000 for the property, and anything above that amount the broker could keep as his commission. The listing with this type of provisions is known as the
- gross listing.
 - net listing.
 - open listing.
 - non-exclusive listing.
39. A building sold for \$157,000. The broker charged a 6 percent commission and divided it as follows: 10 percent to the salesperson who took the listing; one-half of the balance to the salesperson who made the sale; and the remainder to the broker. What was the listing salesperson's commission?
- \$239
 - \$942
 - \$1,570
 - \$4,239
40. A broker lists a property for sale at \$100,000 with a 5 percent commission, and he later obtains a verbal offer to purchase the property from a prospective buyer. The seller indicates to the broker that the offer would be acceptable if it were submitted in writing. Before it can be put in writing, the buyer backs out and revokes the verbal offer. In this situation, the broker would be entitled to
- a commission of \$5,000.
 - only a partial commission.
 - no commission.
 - the normal rate of commission.

41. Two different brokerage companies claimed they were entitled to a commission from the sale of a property that was listed by one of the firms under an open listing agreement. The broker who is entitled to the commission is the one who
- listed the property.
 - advertised the property.
 - obtained the first offer.
 - was the procuring cause of the sale.
42. An owner who is interested in selling his house is usually concerned about how much money he can get when it sells. A competitive market analysis may help the seller determine a realistic listing price. Which of the following is true?
- A competitive market analysis is the same as an appraisal.
 - A broker, not a salesperson, is permitted to prepare a competitive market analysis.
 - A competitive market analysis is prepared by a certified real estate appraiser.
 - A competitive market analysis contains a compilation of other similar properties that have sold.
43. A real estate broker was responsible for a chain of events that resulted in the sale of one of his client's properties. This is referred to as a
- pro forma.
 - procuring cause.
 - private offering.
 - proffered offer.
44. A listing contract in which the broker's commission is contingent on the broker being able to produce a buyer before the property is sold by the owner or another broker is called a(n)
- open listing.
 - net listing.
 - exclusive-right-to-sell listing.
 - exclusive-agency listing.
45. The type of listing agreement that provides for the payment of a commission to the broker even though the owner makes the sale without the aid of the broker is called a(n)
- exclusive-right-to-sell listing.
 - open listing.
 - exclusive-agency listing.
 - option listing.
46. The amount of commission due to a salesperson is determined by
- state law.
 - the local real estate board.
 - mutual agreement.
 - court decree.

47. Broker J was accused of violating antitrust laws. She was probably accused of
- a. not having an equal housing opportunity sign in her office window.
 - b. undisclosed dual agencies.
 - c. allocation of customers or price fixing.
 - d. dealing in unlicensed exchange services.