

ANSWER KEY: DIAGNOSTIC TEST

1. (3) *B* is not entitled to any compensation, as she was responsible for breaching the contract. *C* cannot deduct commission because the sale did not close. (97)
2. (3) Brokers are responsible for submitting all offers to clients. (97)
3. (2) The broker owes loyalty to the client as part of the fiduciary responsibilities. The broker should encourage the buyer to make his or her highest and best offer. (95)
4. (3) A broker is prohibited by most state laws from advertising listed property without using the name of the brokerage in the ad. Agents likewise are prohibited from running blind ads whether they are the listing agent or willing to pay for the ad. The only exception is if the agent desires to advertise the sale of his or her own property. Normally these sales don't involve the brokerage; they resemble for-sale-by-owner transactions. (97)
5. (3) The salesperson works on behalf of the broker but is not necessarily a party to the contracts prepared by him. While the listing contract is taken by the salesperson, the contract is between the doctor and the broker. Unless there is an agreement to the contrary, listings are considered the property of the broker. (98)
6. (1) A special agent has a specific responsibility as compared to a general agent who has greater responsibilities such as a property manager. A universal agent has newly unlimited authority. (96)
7. (2) The blind ad was discussed in Question 4. (97)
8. (3) A salesperson may work under a broker as either an employee or an independent contractor. (98)
9. (2) The listing broker is the agent of the seller. (95)
10. (2) The broker would not be responsible for disclosing something that he would have no way of knowing. (96)
11. (3) Commission is based on the selling. $\$90,000 \times 7\% (0.07) = \$6,300$. (96)
12. (4) A transactional broker is also referred to as a nonagent whose job is to help the parties with the paperwork and procedure required to complete the transaction. (97)
13. (3) Accountability is part of the fiduciary relationship. (96)
14. (3) The listing contract creates an agency relationship and thus a fiduciary duty to the seller. (96)
15. (3) The listing broker is responsible for marketing the property. The broker would not have the authority to respond to an offer for the client or to offer legal advice. (96)
16. (1) The broker must present all offers simultaneously. The broker does not have the right to withhold offers from the seller. (97)
17. (2) A salesperson is an agent of the broker and may not accept real-estate-related compensation from anyone except his or her broker. (98)
18. (3) The commission is negotiable. A buyer's broker could suggest that the client offer the lowest price a seller might accept. (96)
19. (4) The broker has a fiduciary duty to work in the best interest of his or her client. (95)
20. (1) Blind ads are prohibited. A salesperson may receive a commission only from the broker for whom she is working. (97-98)
21. (3) The incorrect answers reflect the authority of a universal agent. (96)

22. (1) A broker may not give legal advice nor bind a seller to an offer. A title company licensed by the state insurance commission or an attorney or a title insurance abstractor would do the title search. (96)
23. (4) Commissions are negotiable. A rate approved by more than one broker would be a violation of antitrust law. (97-98)
24. (3) The commission is earned when a full-price cash offer consistent with the terms in the listing is presented to the seller. The commission is received at the closing. (96)
25. (1) Commissions must be shared on a broker-to-broker basis. (96)
26. (1) Brokers are required to set up a trust account for earnest money payments unless otherwise agreed to by the buyer and seller. (97)
27. (4) The salesperson is required to give all earnest money to her broker. The listing broker is responsible for holding the earnest money in his trust account. (97)
28. (1) A broker cannot control salespeople's working conditions as in an employer-employee relationship. An agent is not required to follow illegal instructions such as discrimination. (98)
29. (2) Negotiating commissions on the basis of the board rate would be an example of violating antitrust laws dealing with price-fixing. The broker's name must be included in an ad but it is not necessary to include the name of the salesperson. It is perfectly legal for the broker to advertise a free market analysis as a means of soliciting listings. (98)
30. (1) The listing broker must treat the customer fairly, but is required to get the seller the highest price possible. (95)
31. (4) Neither compensation nor a written agreement is necessary to create agency. Delegated authority and consent to act are the only two things necessary to create agency. (95)
32. (3) In states that allow appointed agency, a designated broker appoints agents to singularly represent either buyers or sellers. An appointed agent is authorized to represent either the seller or a buyer to the exclusion of everyone else in the office. Consensual dual agency takes place when the appointed agent simultaneously represents both the buyer and seller in the same transaction. (96)
33. (2) E-Sign requires consumers to provide electronic consent if they wish to substitute electronic documents for written documents. (98-99)
34. (2) Real estate licensees are considered telemarketers under the Federal Telemarketing Law. (99-100)
35. (3) The Federal Telemarketing Law allows agents to make follow-up calls to previous customers or clients within 18 months of the previous sale involving the agent. (99-100)
36. (2) Internet Data Exchange provides members of the Multiple Listing Service with the opportunity to display all of the MLS listings on their own Web sites. Yahoo and Google are search engines to which agents may submit their Web sites. The Multiple Listing Services is a group of member brokers who agree to share their listings with each other. (100)

TEST SCORE

LAWS OF AGENCY			
Rating	Range	Your Score	
Good = 80% to 100%	29-36	Total Number	36
Fair = 70% to 79%	25-28	Total Wrong	-
Needs improvement = Lower than 70%	24 or less	Total Right	-

Passing Requirement: 25 or Better

ANSWER KEY: MATCHING QUIZ

1. M	6. S	11. L	16. C
2. G	7. I	12. J	17. D
3. A	8. F	13. H	18. O
4. T	9. N	14. B	19. Q
5. E	10. K	15. R	20. P