

FL Real Estate Broker Practice

Practice Questions - B

1. The brokerage relationship limited to only nonresidential licensees is
 - a. transition brokerage.
 - b. single agency.
 - c. designated sales associate.
 - d. nonrepresentation.

C

2. If a customer calls on a real estate ad, but the house has been sold, the sales associate should
 - a. say the house was not that great.
 - b. offer to look for similar available homes and call the customer back.
 - c. refer to his fallback list so he can set an appointment to show other homes.
 - d. try to get an appointment without telling the customer that the house was sold.

C

3. A brokers may make appraisals in a non–federally related transaction only if
 - a. the appraisal is used to confirm a sales price in the broker’s contract.
 - b. listing the subject property.
 - c. prepared according to USPAP requirements.
 - d. the broker is also a certified appraiser.

C

4. In an exclusive agency listing agreement,
 - a. several brokers are employed to sell the property, and only the selling broker gets paid.
 - b. one broker lists the property and is not paid if the owner sells it.
 - c. one broker lists the property and is paid no matter who sells the property.
 - d. several brokers list the property and all are paid when it is sold.

B

5. Operating expenses are composed of reserves for replacements, fixed expenses, and
 - a. debt-service expenses.
 - b. management expenses.
 - c. variable expenses.
 - d. property taxes.

C

6. Which statement about holding an open house on a property is NOT correct?
- a. It is a good method of finding prospective buyers.
 - b. The sales associate should prepare a brochure or flyer for prospective buyers.
 - c. Fair Housing Laws required that an additional list of properties for sale by other brokerages should be prepared and ready if this home does not meet the prospect's needs.
 - d. The licensee must immediately give any visitors who are prospective buyers either a single agent notice or a transaction broker notice.

C

7. Which is NOT considered a phase of an economic cycle?
- a. Foreclosures
 - b. Contraction
 - c. Expansion
 - d. Recovery

A

8. A valid six-month lease need NOT
- a. be in writing and signed.
 - b. include a legal description of the property.
 - c. have the term of occupancy.
 - d. have competent parties.

A

9. A sales associate who fails to prepare a comparative market analysis and suggests an improperly low listing price might be violating a duty of (select the best answer)
- a. Fair Housing Law.
 - b. Civil Rights Act.
 - c. providing disclosure.
 - d. using skill, care, and diligence.

D

10. A buyer makes a preclosing walk-through inspection. The purpose is NOT to determine whether
- a. the property is ready for possession.
 - b. any personal property the seller is required to leave remains on the property.
 - c. any required maintenance and repairs agreed up on have been completed.
 - d. he or she wants to buy the property.

D

11. What type of education must be completed during the initial sales associate's license period?

- a. Continuing education
- b. Post-licensing education
- c. Pre-licensing education
- d. College education

B

12. To qualify for a real estate broker's license, an applicant must have been registered as an active sales associate during the past five years for a minimum of:

- a. 24 months under one actively licensed broker
- b. 24 months under one or more actively licensed brokers
- c. 12 months under 1 or more actively licensed brokers
- d. 6 months under 1 actively licensed broker

B

13. How many hours of post license education are required to renew a brokers license?

- a. 14
- b. 60
- c. 45
- d. 63

B

14. The agreement the state of Florida has with some other states that recognize the similarity in education and experience required of licensees is called:

- a. reciprocity
- b. mutual recognition
- c. cooperative licensure
- d. intrastate licensing

B

15. FREC's ability to impose disciplinary actions against licensees is known as what type of power?

- a. Administrative
- b. Judicial
- c. Legislative
- d. Quasi-judicial

D

16. Which statute requires a purchase and sale contract to be in writing to be enforceable?

- a. Chapter 475
- b. Chapter 120
- c. Statute of Limitations
- d. Statute of Frauds

D

17. This approach is usually the most applicable method for sales associates to help price a listing.

- a. Comparable Market Analysis
- b. Inspection
- c. Appraisal
- d. Tax assessed value

A

18. In investment terminology, this type of expense does not change with occupancy levels; examples include property taxes and hazard insurance.

- a. Variable
- b. Escalating
- c. Fixed
- d. Prepaid

C

19. A seller's equity is the

- a. property value less mortgage balances.
- b. net proceeds from the sale after paying expenses but not prorations.
- c. net proceeds from the sale after paying expenses and prorations.
- d. total house value.

A

20. Open listings

- a. are limited to one broker.
- b. protect the listing broker if another broker sells the property.
- c. require the owner to notify the broker when the property has been sold.
- d. allow the owner to personally sell the property without paying a commission.

D

21. Under the Americans with Disabilities Act, architectural barriers must be removed to maximize accessibility if it is readily achievable to do so. The purpose of this rule is to:

- a. create equal access and opportunity
- b. control expenses associated with property development
- c. enhance building structures in a way that is not always practical but necessary
- d. to comply with the Civil Rights Act of 1866

A

22. Excel Realty is a transaction broker for buyer Andrew. Andrew wants to purchase a new home so that sales associate takes him to three model centers listed by three competing real estate companies. The sales associate must give the no brokerage relationship notice to

- a. Andrew.
- b. the model home employees at each model center.
- c. no one.
- d. the owner-developer of each new homes subdivision.

B

23. Three components of Real Estate do not include which of the following:

- a. Air
- b. Surface
- c. Subsurface
- d. Reputation

D

24. A tenant at sufferance is one who

- a. Is in the process fulfilling a valid lease term
- b. Has obtained ownership by unlawful possession of the property
- c. Is a beneficiary of a will that inherited the property
- d. Is an unauthorized occupant of property

D

25. Local government exercises its greatest effect on the real estate business by

- a. creating tax shelters for those developing low-income housing.
- b. using zoning, taxation, and the planning process.
- c. providing financing where justified.
- d. supervising contractors and their on-the-job performance.

B

26. A person must hold an active real estate license if, for express or for implied compensation, he or she

- a. manages an apartment building complex on site and for salary only.
- b. advertises a list of available rental properties.

- c. manages condominium rentals for single-unit owners.
- d. rents mobile home lots in a mobile home park.

B

27. The purchase price of a business minus the value of the tangible assets of that business equals the intangible assets of the business, referred to as

- a. personal property.
- b. real property.
- c. common stock.
- d. goodwill.

D

28. Victor represents a motel owner who wishes to list one of his motels for sale. The owner has told Victor that he does not want to sell the motel to any racial minorities.

- a. It would be a violation of the Fair Housing Act to abide by the owner's wishes.
- b. Because this is not a sale of a residential dwelling under the Fair Housing Act, Victor may honor the owner's instructions.
- c. Victor may not refuse to show or sell the motel to a minority buyer; however, the owner may refuse to sell to certain individuals if he sells the property "for sale by owner."
- d. To refuse to sell or lease any real property based on one's race is a violation of the federal Civil Rights Act of 1866.

D

29. Mr. Johnston earned a \$7,500 commission by selling a coin-operated laundry business, which has six more years before the expiration of its present lease. Mr. Johnston

- a. must be registered with the Florida Real Estate Commission as a real estate licensee.
- b. must be registered with the Florida Real Estate Commission as a business broker.
- c. need not be registered with any state agency in the given situation.

d. must be registered with the Florida Retail Commission as a business broker.

A

30. Which individual is NOT exempt from real estate licensure under F.S. 475?

- a. An individual who sells cemetery lots for compensation
- b. A business broker who negotiates leases of business property only
- c. A mortgage broker who deals in personal property only
- d. A court-appointed personal representative liquidating the real property of an estate

B

31. If a contract is written for the sale of a condominium, the sales associate would NOT include in the legal description the

- a. county in which the property is located.
- b. condominium unit and parcel number.
- c. dimensions of the entire building's land parcel.
- d. name of condominium complex.

C

32. Generally speaking, to improve a credit score, a person should NOT

- a. pay bills on time.
- b. pay down outstanding balances.
- c. take on additional credit cards.
- d. avoid new debts of any kind.

C

33. In general, which is NOT a basic component of actively listening to a client?

- a. Hear
- b. See
- c. Understand

d. Advise

D

34. In order to be confident of a prospective buyer's financial qualification, a sales associate should

- a. apply a "2½ times gross income" guideline
- b. apply to national mortgage market guidelines
- c. refer the buyer to a qualified lender for prequalifying or preapproval
- d. apply use Fannie Mae underwriting guidelines

C

35. If a broker gets into a conflict with the seller over the listing contract, the agent should

- a. organize a meeting for the parties to share their views
- b. suppress the conflict by issuing a statement of determination
- c. refer the matter to the broker to resolve according to FREC guidelines
- d. provide advice on each parties right to sue

C

36. The Wilsons have contracted to purchase a home for \$412,000, contingent on the result of the property appraisal. If the appraisal comes in at \$400,000, the contract is

- a. canceled.
- b. invalid.
- c. void.
- d. voidable.

D

37. As a transaction broker, if a prospective buyer asks why the seller is selling, the sales associate

- a. should not disclose the motivation because of the duties of limited confidentiality, unless advised otherwise by the seller.
- b. should tell the buyer a fictitious reason so that it doesn't compromise the seller's position.
- c. can freely disclose the seller's motivation if known.
- d. must withdraw from the transaction.

A

38. When the supply of listed homes increases without a corresponding increase in sales, lower prices result. This is an example of the principal of

- a. substitution.
- b. balance.
- c. supply and demand.
- d. change.

C

39. Federal law requires which of the following concerning Lead-Based Paint Hazards

- a. buyers and sellers must take an 8-hour course and become certified in the hazards before a transaction
- b. transactions concerning property built before 1978 require disclosure and distribution of a related pamphlet
- c. real estate licensees must a bond before working to list or sell properties built after 1978
- d. that a radon gas inspection be made

B

40. The brokerage relationship limited to only nonresidential licensees is

- a. transition brokerage.
- b. single agency.
- c. designated sales associate.

d. nonrepresentation.

C

41. The brokerage relationship notice that act to reduce the duty owed under an existing client relationship is

- a. no brokerage relationship notice.
- b. transaction broker relationship notice.
- c. consent to transition to transaction broker notice.
- d. single agent notice.

B

42. A seller's equity is the

- a. property value less mortgage balances.
- b. net proceeds from the sale after paying expenses but not prorations.
- c. net proceeds from the sale after paying expenses and prorations.
- d. total house value.

A

43. An Open listing

- a. is a listing exclusive to one broker.
- b. protects the listing broker if another broker sells the property.
- c. requires the owner to notify the broker when the property has been sold.
- d. allows the owner to personally sell the property without paying a commission.

D

44. In an exclusive agency listing agreement,

- a. several brokers are employed to sell the property, and only the selling broker gets paid.
- b. one broker lists the property and is not paid if the owner sells it.

- c. one broker lists the property and is paid no matter who sells the property.
- d. several brokers list the property and all are paid when it is sold.

B

45. Operating expenses are composed of reserves for replacements, fixed expenses, and

- a. debt-service expenses.
- b. management expenses.
- c. variable expenses.
- d. property taxes.

C

46. When the Florida Real Estate Commission meets to pass a new rule, which power of the commission is being exercised?

- a. executive
- b. quasi-legislative
- c. quasi-judicial
- d. ministerial

B

47. A real estate license expires (select the most accurate answer):

- a. on the date shown on the license
- b. every 2 years
- c. on the effective date
- d. at the end of 1 year

A

48. If a sales associate fails to complete post license education by his or her expiration date, what will be the status of his or her license?

- a. active
- b. voluntary inactive

- c. involuntary inactive
- d. null and void

D

49. A sales associate may receive compensation from

- a. Any licensed broker
- b. Another sales associate
- c. Directly from an out of state purchaser
- d. The broker under whom he or she is actively licensed

D

50. A licensee assigned by a broker to act as a single agent of a buyer or seller in a nonresidential transaction is titled a

- a. Dual agent
- b. Designated sales associate
- c. Blind agent
- d. broker-associate

B

51. The single agent of the seller must provide what to a potential buyer:

- a. disclosure of material facts affecting the property value.
- b. obedience.
- c. loyalty.
- d. confidentiality.

A

52. Written listing agreements must include a(n)

- a. self-renewing clause.
- b. requirement for the broker to find a purchaser in order to receive a commission.
- c. clause allowing the listing broker to refuse to cooperate with other brokers.
- d. expiration date.

D

53. The Listing Agreement acts primarily to protect the brokerage, even if the sellers

withdraw the listing before the listing protection period is over, by

- a. making the seller liable for commission
- b. declaring the title is marketable
- c. confirming that the property will appraise for the sale price
- d. allowing the buyer to list with other brokerages

A

54. The Florida Association of REALTORS® Exclusive Right of Sale Listing Agreement provides that if the sellers withdraw the listing before the listing protection period is over, the sellers

- a. may be liable for the full commission if they transfer the property during the protection period.
- b. may not legally sell the property during the protection period.
- c. may sell the property and pay no commission to the broker.
- d. may not legally list with another firm during the protection period.

55. Zoning is an example of which government limitation over private property rights?

- a. police power
- b. civil process
- c. judicial power
- d. criminal process

A

56. A valuation estimate based on recent sales of similar properties in the same neighborhood that is most commonly performed by licensed agents for a new listing is called:

- a. appraisal
- b. comparative market analysis (CMA)
- c. tax roll assessment
- d. expert lending evaluation

B

57. Owners that buy income properties as investments and depend on professionals to manage them are known as:

- a. Renters
- b. Leaseholders
- c. Lenders
- d. Absentee Owners and investors

58. The business of property management has grown as a service of real estate primarily because of an increase in _____

- a. absentee owners
- b. mortgage lenders
- c. interest rates
- d. sales associates

A

59. Local government exercises its greatest effect on the real estate business by

- A. creating tax shelters for those developing low-income housing.
- B. using zoning, taxation, and the planning process.
- C. providing financing where justified.
- D. supervising contractors and their on-the-job performance.

B

60. Victor represents a motel owner who wishes to list one of his motels for sale. The owner has told Victor that he does not want to sell the motel to any racial minorities.

- a. It would be a violation of the Fair Housing Act to abide by the owner's wishes.
- b. Because this is not a sale of a residential dwelling under the Fair Housing Act, Victor may honor the owner's instructions.

c. Victor may not refuse to show or sell the motel to a minority buyer; however, the owner may refuse to sell to certain individuals if he sells the property "for sale by owner."

d. To refuse to sell or lease any real property based on one's race is a violation of the federal Civil Rights Act of 1866.

D

61. Mr. Johnston earned a \$7,500 commission by selling a coin-operated laundry business, which has six more years before the expiration of its present lease. Mr. Johnston

a. must be registered with the Florida Real Estate Commission as a real estate licensee.

b. must be registered with the Florida Real Estate Commission as a business broker.

c. need not be registered with any state agency in the given situation.

d. must be registered with the Florida Retail Commission as a business broker.

A

62. Which individual is NOT exempt from real estate licensure under F.S. 475?

a. An individual who sells cemetery lots for compensation

b. A business broker who negotiates leases of business property only

c. A mortgage broker who deals in personal property only

d. A court-appointed personal representative liquidating the real property of an estate

B

63. Generally speaking, to improve a credit score, a person should NOT

a. pay bills on time.

b. pay down outstanding balances.

c. take on additional credit cards.

d. avoid new debts of any kind.

C

64. If a broker gets into a conflict with the seller over the listing contract, the agent should

- a. organize a meeting for the parties to share their views
- b. suppress the conflict by issuing a statement of determination
- c. refer the matter to the broker to resolve according to FREC guidelines
- d. provide advice on each parties right to sue

C

65. Federal law requires which of the following concerning Lead-Based Paint Hazards

- a. buyers and sellers must take an 8-hour course and become certified in the hazards before a transaction
- b. transactions concerning property built before 1978 require disclosure and distribution of a related pamphlet
- c. real estate licensees must a bond before working to list or sell properties built after 1978
- d. that a radon gas inspection be made

B

66. Lenders expect their title to be insured with

- a. a title policy insured for the amount of the loan in the American Land Title Association (ALTA) form.
- b. an abstract of title with a title insurance commitment.
- c. a title policy insured for the purchase price in the ALTA form.
- d. a certificate of title from an attorney.

A

67. The annual interest rate cap on an FHA adjustable-rate loan is

- a. 5 percent.
- b. 3 percent.
- c. 2 percent.
- d. 1 percent.

D

68. An owner paid \$38,000 to put in a swimming pool and an appraiser values the pool the same year at \$14,000. This demonstrates the principal of

- a. balance.
- b. highest and best use.
- c. contribution.
- d. conformity.

C

69. Unlicensed personal assistants may perform any of the activities shown below EXCEPT

- a. negotiating a commission split with a cooperating broker.
- b. schedule appointments for a licensee to show listed properties.
- c. be at an open house to hand out brochures.
- d. receive, record, and deposit earnest money deposits.

A

70. A listed home was the site of a homicide three years earlier. What disclosure to buyers is required by Florida Statute 760?

- a. Neither the licensee nor the seller is legally required to disclose the homicide.
- b. The licensee is required to disclose the homicide; the seller is not required to make a disclosure.
- c. Both the licensee and the seller are required to disclose the homicide.
- d. The licensee may not accept the listing before obtaining the police report detailing the facts of the case.

71. Federal savings associations that are members of the Federal Home Loan Bank System are regulated by the

- a. Federal Reserve System
- b. Division of Real Estate
- c. Department of Business
- d. Florida Real Estate Commission

A

72. Which statement does NOT describe a typical planned unit development (PUD)?

- a. A section of land determined fertile for farming
- b. Characteristic to a PUD is a mix of zoning types.
- c. Dwelling units are typically placed together
- d. Most PUDs include a mixture of residential, shopping, and professional areas

A

73. With respect to real estate, the statute of frauds outlines the

- a. time period for which a contract is enforceable
- b. essential components of a contract
- c. requirement that contracts must be in writing to be valid
- d. remedies available upon breach of contract

C

74. If a seller refuses to pay a broker her sales commission after the residential property is sold, the broker may

- a. file a suit in the courts for her commission.
- b. file a vendor's lien on the owner's property.
- c. refuse to permit the closing to occur.
- d. keep the binder deposit as just compensation.

A

75. The act of creating smaller parcels of land from a large parcel is the process of

- a. a thoroughfare study
- b. a subdivision
- c. a geological mineral and dissection test
- d. a land-use study

B

76. Rights under a contract that have been transferred to another is best described as

- a. Subrogation
- b. Assignment
- c. Repudiation
- d. Fulfillment

B

77. To be enforceable, a lease longer than 1 year:

- a. can be oral if witnessed by 2 people
- b. does not have to conform to the Statute of Frauds
- c. must be in writing, per the Statute of Frauds
- d. Does not have to be witnessed

C

78. The duties of a real estate licensee, owed to a buyer or seller who engages the real estate licensee as a single agent, include all EXCEPT

- a. dealing honestly and fairly.
- b. limited confidentiality, unless waived in writing by a party.
- c. presenting all offers and counteroffers in a timely manner, unless previously directed otherwise in writing.
- d. loyalty.

B

79. A transaction broker does NOT have which duty?

- a. Duty of using skill, care, and diligence in the transaction.
- b. Duty of accounting for all funds
- c. Duty to disclose all known facts that materially affect the value of residential real property and are not readily observable to the buyer
- d. Full fiduciary duties to both the buyer and the seller

D

80. Which of the following relationships is supportive rather than adversarial?

- a. arms length
- b. buyer beware

- c. caveat emptor
- d. fiduciary

D

81. Discrimination based on religion is prohibited by the:

- a. Civil Rights Act of 1866
- b. Civil Rights Act of 1968
- c. Civil Rights Act of 1964
- d. Fair Housing Amendments of 1988

B

82. Three components of Real Estate do not include which of the following:

- a. Air
- b. Surface
- c. Subsurface
- d. Reputation

D

83. A licensee that fails to renew when required to do so will have his or her license placed on which status?

- a. Inactive
- b. Null and Void
- c. Expired
- d. Involuntary inactive

D

84. The Division of Real Estate (DRE) is an administrative part of the Department of:

- a. State
- b. Commerce
- c. Banking
- d. Business and Professional Regulation

D

85. A sales associate is of what relationship to his or her broker?

- a. An affiliate
- b. A client
- c. A partner
- d. A subagent

D

86. The type of knowledge that relates to prospecting for listings is called

- a. marketing knowledge.
- b. product knowledge.
- c. technical knowledge.
- d. time management.

A

87. Production decreases during

- a. recession periods.
- b. long-term cyclic changes.
- c. expansion period.
- d. contraction periods.

D

88. A sales associate employs a licensed personal assistant. The assistant will prepare comparative market analyses (CMAs), design property flyers, hold open houses, and prospect for listing appointments. The assistant will be paid a salary of \$12 per hour and 20 percent of the commissions received by the sales associate. Which method of payment will satisfy all legal requirements?

- a. The associate may pay the salary and must withhold taxes on the salary, but the broker must pay commissions.
- b. The broker must pay both the salary and 20 percent of the commissions, giving the remainder of the commission to the sales associate.
- c. The sales associate need not withhold taxes because the personal assistant is an independent contractor.
- d. It is not legal to pay a personal assistant, whether licensed or unlicensed, a portion of a real estate commission.

A

89. The major reason that listings expire is
- a. property condition.
 - b. poor marketing effort.
 - c. overpricing
 - d. uncooperative owner.

C

90. The Wilsons have contracted to purchase a home for \$412,000, contingent on the property appraising for the offered price. When the appraisal comes in at \$400,000, the contract is
- a. canceled.
 - b. invalid.
 - c. void.
 - d. voidable.

D

91. John is considering the purchase of a new home using an adjustable rate mortgage (ARM). His broker suggests that he get an FHA ARM loan rather than a conventional ARM loan because the FHA ARM has
- a. a shorter term to maturity.
 - b. less paperwork.
 - c. more attractive interest rate caps.
 - d. no mortgage insurance premium.

C

92. A brokerage firm that conspires to fix prices violates
- a. the Fair Housing Act.
 - b. antitrust laws.
 - c. the Equal Competitive Services Act.
 - d. the CAN-SPAM Act.

B

93. A loan officer raises the interest rate because the home is located in a minority area. This illegal practice is called
- a. blockbusting.
 - b. redlining.
 - c. steering.
 - d. failure to disclose under RESPA.

B

94. The sales price of a home is \$185,000, subject to a first mortgage of \$121,300. The seller owes a 6 percent commission to the broker. The seller's equity is
- a. \$29,000.
 - b. \$52,500.

- c. \$63,700.
- d. \$72,600.

C

95. If the sales price of a home is \$198,000, the mortgage balance is \$127,300.00, expenses are \$11,800, and prorations for taxes and interest are \$2,800 (paid in arrears), the seller's net proceeds are
- a. \$28,900.
 - b. \$34,300.
 - c. \$46,000.
 - d. \$56,100.

D

96. A _____ clause, also known as a due-on-sale clause, prevents a borrower from transferring any interest in the mortgaged property without permission of the lender.

- a. Foreclosure
- b. Absolute
- c. Eviction
- d. Alienation

D

97. Generally speaking, a broker:

- a. can use discretion to reject offers on behalf of the principal where no guidance has been provided in advance
- b. can buy the listed property without the consent of the principal
- c. must follow all legal instructions of the principal or withdrawal
- d. may opt to ignore the instructions of a principal when the instructions are not in the best interests of the principal.

C

98. Which statement best describes the sign required for a brokerage office?

- a. only 1 sign per firm is required regardless of the number of offices
- b. each sales associate associated with the firm must have a separate sign that includes his or her full name
- c. every active broker must maintain a sign at each brokerage office or branch office
- d. office signs are permitted but not required by law

C

99. Which is NOT a criteria for evaluating a loan applicant?

- a. Credit History
- b. Income
- c. Other Assets
- d. Familial status

D

100. A Real Estate appraiser's fee for professional service is based on:

- a. a percentage of the property's gross income
- b. a percentage of the fair market value
- c. the time and difficulty of the appraisal
- d. a percentage of property's sales

C