

California Real Estate Principles

Chapter 4 Quiz – El Camino College – Robert Rooks Classes

1. A licensee is required to tell the parties involved that he or she is representing the buyer:

- A. as soon as possible.
- B. after the loan is funded.
- C. after the escrow instructions are filed.
- D. after the offer has been accepted.

2. The best way to create an agency relationship is:

- A. by written agreement.
- B. by handshake.
- C. by using the MLS service.
- D. by creating a dual agency.

3. With the exception of the mortgage disclosure form, which must be kept longer, transaction files of all the important broker and salesperson documents concerning a property be kept for how long?

- A. One year
- B. Two years
- C. Three years
- D. There is no time requirement

4. A special power of attorney allows the authorized person to:

- A. transact all of the principal's business.
- B. transact one specific act (sell your house).
- C. maintain a trust account for the principal.
- D. none of the above.

5. When a real estate salesperson mixes his/her personal funds with the deposit of a client, it's called:

- A. commingling.
- B. commission.
- C. secret profit.
- D. contingency.

6. In order to receive a commission, the broker must find a buyer who is:

- A. ready.
- B. willing.
- C. able.
- D. all of the above.

7. The best term to describe the relationship between the broker and the principal is:

- A. distrustful.
- B. fiduciary.
- C. nurturing.
- D. implied.

8. When you authorize a broker to have acted for you after he or she has already done so, it's known as:

- A. estoppel.
- B. confirmation.
- C. ratification.
- D. all of the above.

9. Listing broker A negotiates the sale of C's property with the cooperation of broker B. The brokers agree to a 50/50 split of the \$10,000 commission. Each broker has a salesperson who will receive 25% of their broker's commission. How much will each salesperson receive?

- A. \$5,000
- B. \$2,500
- C. \$2,250
- D. \$1,250

10. A broker who knowingly makes a statement he or she knows is false at the time, or who fails to disclose material facts, is guilty of:

- A. innocent misrepresentation.
- B. negligent misrepresentation.
- C. fraudulent misrepresentation.
- D. all of the above.

11. Which of the following is FALSE concerning real estate commissions?

- A. Commissions are negotiable.
- B. A real estate license is required to receive a commission for conducting a real estate transaction.
- C. A salesperson receives compensation (his or her commission) directly from the principal.
- D. All of the above.

12. A salesperson employed by a listing broker is an agent of:

- A. the buyer.
- B. the owner/seller.
- C. the lender.
- D. the courts.

13. A real estate auction where the property must be sold to the highest bidder, no matter how low the final bid, is called a(n):
 A. no-sale auction. C. bidders market auction.
 B. illusory auction. D. absolute auction.
14. In order for a broker to collect a commission, without going to court, a listing agreement:
 A. must be recorded. C. must be in writing.
 B. must be notarized. D. must have an expiration date.
15. In a Transfer Disclosure Statement, both the buyer's and seller's brokers must conduct what type of property inspection?
 A. Reasonably competent C. Visual
 B. Diligent D. All of the above
16. A copy of the listing agreement must be given to the signing party:
 A. within 3 days of being signed. C. before the escrow is opened.
 B. at the discretion of the listing broker. D. immediately after it is signed.
17. A Transfer Disclosure Statement is required for the sale of:
 A. any commercial property. C. residential property consisting of 1-to-4 units.
 B. any residential property. D. multi-unit commercial property only.
18. The term "company dollar" refers to the company:
 A. advertising budget. C. income after paying salespersons' commissions.
 B. money required to run an office. D. income before paying salespersons' commissions.
19. In what type of listing is the broker competing with the owner?
 A. Net listing C. Open listing
 B. Exclusive right to sell listing D. Exclusive agency listing
20. A broker tries to sell a listed property through his own agent's companies before giving it to an MLS. This is called a:
 A. secret profit. C. multiple deception.
 B. subagency. D. pocket listing.

Quiz 4 Answers

1. A (p.90)	11. C (p.104)
2. A (p.87)	12. B (p.89)
3. C (p.110)	13. D (p.105)
4. B (p.116)	14. C (p.94)
5. A (p.110)	15. D (p.106)
6. D (p.102)	16. D (p.99)
7. B (p.88)	17. C (p.106)
8. C (p.87)	18. C (p.122)
9. D (p.104)	19. D (p.95)
10. C (p.118)	20. D (p.100)