

## Mid Term ECC On-Line Practices - Rooks

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1. Liability insurance that protects the agent and broker from catastrophic lawsuits brought by the public is called:
  - a. Errors and Deletion insurance.
  - b. Errors and Omission insurance.
  - c. Accidental Overdose insurance.
  - d. Double Indemnity insurance.
  
2. With what type of commission plan does a broker not charge a fee, but a commission based on a percentage of the selling price?
  - a. Straight commission plan
  - b. 100% commission plan.
  - c. Negative commission plan.
  - d. None of the above.
  
3. How many brokers can a salesperson work for at a time?
  - a. Only one.
  - b. Two.
  - c. No limit, if properly disclosed to all employing brokers.
  - d. It depends on how many sales he or she makes per year.
  
4. Which of the following is TRUE concerning the employment relationship between the broker and salesperson?
  - a. A salesperson actively involved in real estate activities must be employed by a licensed broker.
  - b. The DRE considers a salesperson an employee of the broker, even if he or she is an independent contractor, for the administration of the real estate broker law.
  - c. The broker must carry worker's compensation insurance for his or her salespeople.
  - d. All of the above.
  
5. Rules and policies governing a brokerage staff's relationships inside and outside the office are usually found in the:
  - a. Independent Contractor Agreement.
  - b. Transaction Checklist.
  - c. Office Policy Manual.
  - d. None of the above.
  
6. A publication or website that lists telephone numbers by addresses rather than names is called a:
  - a. cold call directory.
  - b. multiple listing directory.
  - c. reverse directory.
  - d. none of the above.
  
7. When a listing agreement is signed, all commissions are:
  - a. non-negotiable.
  - b. negotiable between seller and listing broker.
  - c. decided when a buyer makes a legitimate offer.
  - d. paid in advance by the seller.

8. A legal “artificial being” conducting business under a chartered name is a:
- sole proprietorship.
  - partnership.
  - corporation.
  - none of the above.
9. An “open house” is a planned period of time during which a property for sale:
- is held open for public viewing.
  - can be shown only to licensed brokers.
  - is withheld from placement with a multiple listing service.
  - none of the above.
10. A company that agrees to purchase a property at a given price if it doesn’t sell for more during the listing period is offering a:
- pocket listing.
  - guaranteed sales plan.
  - dual agency.
  - none of the above.
11. Which of the following is TRUE concerning real estate advertising?
- Maintaining a company website is rarely worth the time, effort or money.
  - Yellow page directories are a not a cost effective method of advertising.
  - The most favored advertising media is the newspaper.
  - All of the above.
12. A time-tested method used in writing real estate ads is a formula known by the acronym (initials):
- ABBA.
  - AIDA.
  - AWOL.
  - AKKA.
13. Which of the following is the best way to keep track of the ads that bring in phone inquiries?
- Ad call log book
  - Company phone bill
  - Reverse directory
  - Phone answering machine
14. If any financing term is mentioned in an ad, the FTC requires the ad also mention the:
- annual percentage rate (APR).
  - semi-annual percentage rate (APR).
  - phone number of the Real Estate Commissioner.
  - all of the above.
15. Which of the following statements is NOT TRUE concerning listings in California?
- Listing agreements must be in writing.
  - A listing is considered an employment contract between principal and agent/broker.
  - Listing agreements are also referred to as purchase contracts.
  - A listing agent is bound by the laws of agency.

16. How many copies of a listing agreement must be provided to a couple who is considered "one legal entity?"
- None
  - One
  - Two
  - Three
17. To earn a commission, a broker must produce a buyer who is:
- ready, willing, and able.
  - interested, sincere, and literate.
  - realistic, reliable, and ready.
  - flexible, cooperative, and genuine.
18. What type of listing is considered the least desirable?
- Exclusive listing
  - Open listing
  - Multiple listing
  - None of the above.
19. A MLS and its cooperating brokers are denied access to a listing by the seller, and only the listing agent or member of his or her firm are given permission to show and present offers on a property. This is called a(n):
- proprietary listing.
  - limited exclusive.
  - office exclusive.
  - none of the above.
20. When researching a listing, which of the following agencies can provide technical data on a property?
- City or county planning departments
  - Engineering departments
  - Bureaus of assessment
  - All of the above.
21. The purpose of a lock box is to:
- store keys to the property for agent access.
  - store sensitive documents in broker's office.
  - protect "for sale" signs from being tampered with.
  - none of the above.
22. The Real Estate Commissioner requires that all agreements prepared by salespeople:
- be approved by the IRS.
  - be approved by their designated broker or sales manager.
  - be approved within a reasonable time.
  - both b and c are correct.
23. In a listing agreement, which instructions are given the most consideration (take precedence)?
- Handwritten instructions
  - Preprinted instructions
  - Oral instructions
  - None of the above

24. To earn the commission guaranteed by a safety clause, the original listing broker must provide the seller with a list of prospects who were shown or made offers on the property within:
- 24 hours of the expiration of the original listing.
  - 48 hours of the expiration of the original listing.
  - 3 calendar days of the expiration of the original listing.
  - 10 calendar days of the expiration of the original listing.
25. Copies of the listing agreement must be given to the signing parties:
- at the time signatures are obtained.
  - within 3 days of signing.
  - within 30 days of signing.
  - none of the above.
26. Which of the following listing forms does a buyer NOT receive a copy of?
- Residential listing agreement
  - Seller's advisory
  - Estimated seller's proceeds
  - All of the above
27. A Disclosure Regarding Real Estate Agency Relationships should be signed:
- after taking a listing, but before an offer is presented.
  - only after an offer to purchase is presented.
  - before any contract is entered into.
  - only if the seller is desperate to sell.
28. In reference to Competitive Market Analysis (CMA), which of the following statements is NOT true?
- Real estate licensees are allowed to create CMAs.
  - Only licensed appraisers are qualified to create CMAs.
  - CMAs should only include properties comparable to the subject property.
  - CMA properties listed as For Sale Now often reflect inflated asking prices.
29. When selling an older home, disclosure must be made to the buyer of any repairs made within the last:
- three days.
  - three months.
  - three years.
  - none of the above.
30. The loss of value due to factors within a structure is called:
- functional obsolescence.
  - economic obsolescence.
  - social obsolescence.
  - all of the above.
31. When selling real estate, the least effective form of communication is:
- direct contact (face-to-face).
  - by letter (one way).
  - by telephone (two way).
  - none of the above.

32. An incoming call register is a useful tool for:
- record keeping.
  - controlling ad revenue and expenses.
  - following up on inquiries.
  - all of the above.
33. When a phone caller inquires about a property that's no longer available, a switch sheet allows an agent to:
- quickly reference similar properties.
  - confuse the caller with too many alternatives.
  - legally use the bait and switch technique.
  - pre-qualify the caller before showing other properties.
34. The three C's of credit include character, capacity and:
- capital.
  - cooperation.
  - collateral.
  - citizenship.
35. When attempting to persuade a buyer to make an offer, all of the following are acceptable closing techniques, with the exception of the:
- want technique.
  - positive choice technique.
  - intimidation technique.
  - opportunity lost technique.
36. The California Residential Purchase Agreement and Joint Escrow Instructions form is:
- the most commonly used purchase contract in California.
  - also referred to as the "deposit receipt."
  - both a and b are correct.
  - neither a nor b are correct.
37. If there is a contradiction in the purchase agreement form:
- the handwritten or typed-in words supersede the printed words.
  - the printed words supersede the written or typed-in words.
  - the form is considered void.
  - the Real Estate Commissioner must decide which takes precedence.
38. In a purchase contract, which of the following is usually considered a financing contingency?
- Obtaining the deposit.
  - Obtaining the down payment.
  - Obtaining closing costs.
  - None of the above are financing contingencies.
39. The sum of money agreed to in advance and stated in the contract that will be paid for not fulfilling a clause or condition in the contract is a provision called:
- gross breach of contract provision
  - liquidated damage provision.
  - punitive retaliation provision
  - none of the above.

40. If the property is occupied by a tenant, the seller has the option of:
- indicating that the tenant is to remain in possession.
  - making the agreement contingent upon reaching an agreement tenant possession.
  - canceling the sales agreement if no agreement is reached with the buyer.
  - all of the above.
41. Which of the following is TRUE concerning wood destroying pest inspections?
- Termite clearance and inspection costs are mandated by law.
  - Section A1 indicates actual termite infestation.
  - Section A1 indicates existing conditions that may lead to termite infestation.
  - In Southern California, the buyer always pays for both Section 1A and 1B.
42. The seller must provide the buyer with a Lead-Based Paint Notice, along with the purchase contract, if the residential property was constructed:
- prior to 1978.
  - after 1978.
  - prior to 1988.
  - all of the above.
43. The Disclosure Regarding Real Estate Agency Relationships must be provided:
- by the buyer's agent to the buyer before making an offer.
  - by the seller's agent to the seller before writing up a listing agreement.
  - by the agent representing both buyer and seller in a dual agency before any contract is entered into.
  - all of the above.
44. Before making an offer, which of the following forms should be provided to the buyer detailing the total cost of the purchase, including monthly payments?
- Buyer's Inspection Advisory
  - Estimated Buyer's Costs
  - Buyer's Affidavit
  - None of the above
45. The Contingency for Sale or Purchase of the Property form indicates whether a condition of the sale depends on:
- the sale of the buyer's property.
  - the seller's purchase of a replacement property.
  - both a and b are correct.
  - either a nor b is correct.
46. The Cooperating Broker Compensation Agreement and Escrow Instructions form is an agreement between the listing broker and the selling broker, determining the commission split that will be paid to the:
- selling broker.
  - listing broker.
  - escrow company.
  - none of the above.
47. If there are more than two counter offers, it would be advisable to:
- find a less demanding buyer.
  - start from scratch and rewrite the contract.
  - bring in an arbitrator.
  - highlight the latest changes and continue to make counter offers.

48. Failure of a buyer to fulfill the terms in the Notice to Buyer to Perform gives the seller the right to:

- a. cancel the escrow within 24 hours if other terms are not specified.
- b. charge the buyer a daily fine until contingencies are removed.
- c. lower the listing agent's commission.
- d. all of the above.

49. If the buyer and/or seller decline to have a professional inspection in order to reduce potential liability, it's in the broker's best interest to:

- a. pass the sale on to another broker.
- b. have the parties sign a waiver acknowledging their refusal.
- c. get the inspection secretly and pay for it out of the buyer's trust account.
- d. forge the parties' signatures on a waiver.

50. Which of the following is true concerning mortgages in California?

- a. Mortgages are rarely used in California.
- b. The term mortgage is often used to refer to deeds of trust.
- c. Both a and b are correct.
- d. Neither a nor b is correct.

51. In a trust deed, the party who is borrowing money is called the:

- a. trustor.
- b. trustee.
- c. beneficiary.
- d. none of the above.

52. The annual percentage rate (APR) is:

- a. the amount financed plus interest rate, points, and loan fees.
- b. the actual cost of borrowing money.
- c. expressed as a percentage.
- d. all of the above.

53. Which of the following is NOT an institutional lender?

- a. Savings bank
- b. Private lender
- c. Commercial bank
- d. Life insurance company

54. An adjustable rate mortgage is also referred to as a(n):

- a. fully amortized fixed rate loan.
- b. variable rate mortgage.
- c. ARM.
- d. both b and c are correct.

55. The Federal Home Mortgage Corporation (FHLMC) is commonly known as:

- a. Freddie Mac.
- b. Fannie Mae.
- c. Frannie Mac.
- d. None of the above.

56. Which of the following government organizations makes direct loans?

- a. FHA
- b. VA
- c. Cal-Vet
- d. None of the above

57. The processing of the paperwork and money involved in a real estate transaction by a neutral third party is referred to as:

- a. usury.
- b. escrow.
- c. pre-qualifying.
- d. none of the above.

58. If a conflict arises between escrow instructions and the deposit receipt (purchase contract), which document will usually prevail?

- a. The latest signed document.
- b. The earliest signed document.
- c. The least complicated document.
- d. None of the above.

59. Escrow is not officially closed until:

- a. all the conditions of escrow have been completed.
- b. the buyer's remaining money is received.
- c. the documents are recorded.
- d. all of the above.

60. Escrow companies use a base month of:

- a. 28 days.
- b. 30 days.
- c. 31 days.
- d. any of the above.

61. The California Standard Form Fire Insurance Policy insures against:

- a. fire and lightning.
- b. fire and flood.
- c. fire and earthquake.
- d. all of the above.

62. The Real Estate Settlement Procedures Act (RESPA) covers the sale of:

- a. 16 or more units.
- b. one-to-four residential units.
- c. income producing property.
- d. none of the above.

63. Real property taxes are:

- a. determined according to the value of the real property.
- b. ad valorem taxes.
- c. paid annually or semi-annually.
- d. all of the above.

64. The rollback of California Property tax to 1% of the selling price, plus 2% cumulative interest every year thereafter, was mandated by:
- Proposition 11.
  - Proposition 13.
  - Proposition 58.
  - All of the above.
65. On owner-occupied property, the Homeowner's Property Tax Exemption is the first:
- \$7,000 of assessed value.
  - \$17,000 of assessed value.
  - \$77,000 of assessed value.
  - none of the above.
66. Which of the following property is NOT tax exempt in California?
- National and state parks.
  - Property owned by non-profit organizations.
  - Residential property.
  - None of the above are tax exempt.
67. Mello-Roos liens are municipal bonds issued to fund:
- federal lending organizations.
  - local streets and sewers.
  - local political campaigns.
  - all of the above.
68. The Documentary Transfer Tax is computed at:
- 55 cents for each \$100.
  - 55 cents for each \$200.
  - 55 cents for each \$500.
  - 55 dollars for every \$500.
69. For income tax purposes, the straight-line depreciation schedule for RESIDENTIAL property is a minimum of:
- 27.5 years.
  - 39 years.
  - 55 years.
  - none of the above.
70. The source of most long-term financing for regional malls is:
- life insurance companies.
  - commercial banks.
  - savings banks.
  - private lenders.
71. "Scheduled income" is the gross income a property is capable of producing:
- if there were no vacancies.
  - without deductions for expenses.
  - both a and b are correct.
  - neither a nor b is correct.

72. The form of income most commonly used in direct capitalization is:

- a. effective gross income.
- b. net operating income.
- c. potential gross income.
- d. none of the above.

73. An item that has a life span less than the expected life of the property is called a:

- a. temporary fixture.
- b. short-lived component.
- c. fixed expense.
- d. none of the above.

74. The higher the gross multiplier:

- a. the higher the price.
- b. the lower the price.
- c. the lower the commission.
- d. none of the above.

75. A limited partner in a real estate syndicate who invests \$10,000 risks losing:

- a. half the investment (\$5,000).
- b. only \$10,000.
- c. all of his or her assets.
- d. none of the above.

76. Which of the following is NOT true concerning REITS in California?

- a. A REIT is a real estate investment company.
- b. A REIT sells ownership shares.
- c. REITs are the most typical form of syndication organization.
- d. REITs are illegal in California.

77. The sale or lease of a business enterprise or opportunity and its goodwill is known as a:

- a. business opportunity.
- b. goodwill sale.
- c. land sale.
- d. none of the above.

78. A Notice to Creditors of bulk Sale must be filed:

- a. 3 days before the sale is consummated.
- b. 10 days before the sale is consummated.
- c. 12 days before the sale is consummated.
- d. 30 days before the sale is consummated.

79. An "encumbrancer" has an interest in a property by value of having:

- a. Placed a lien on a property.
- b. Acquired an easement against the property.
- c. Imposed restrictions against the property.
- d. All of the above.

80. Under a "Covenant Not to Compete," a seller usually agrees not to open a competing business:
- for a period of time.
  - within a specified geographical area.
  - both a and b are correct.
  - neither a nor b is correct.
81. To secure an endorsement as a real property securities dealer:
- a broker's license is required.
  - a notary public license is required.
  - a law degree is required.
  - all of the above.
82. The escrow holder is an agent for:
- the seller only.
  - the buyer only.
  - both the seller and buyer.
  - none of the above.
83. To be classified as a mobile home (manufactured housing), a vehicle must be:
- 15 feet wide.
  - 8 feet wide.
  - 32 feet long.
  - both b and c are correct.
84. A tenant's right to occupy real estate during the specified term of a lease is a:
- less-than-freehold estate.
  - freehold estate.
  - non-binding estate.
  - none of the above.
85. The state law that prohibits steering and blockbusting is:
- the Unruh Civil Rights Act.
  - the Redlining Prohibition Act.
  - the Federal Civil Rights Act.
  - none of the above.
86. The Federal Civil Rights Act of 1968 was based on the Supreme Court case of:
- Jones v. Jones.
  - Jones v. Smith.
  - Jones v. Mayer.
  - none of the above.
87. The basic type of income producing properties includes:
- office buildings.
  - retail property.
  - industrial property.
  - all of the above.

88. If an owner does not reside on the property, a resident or onsite manager is required for:
- one-to-four units.
  - 10 units or more.
  - 16 units or more.
  - none of the above.
89. Common interest developments are governed by members of:
- homeowner's associations.
  - property management associations.
  - the State Board of Equalization.
  - none of the above.
90. The designation CPM stands for:
- Classified Personnel Manager.
  - Certified Property Manager.
  - California Property Maintenance.
  - none of the above.
91. In California, a real estate assistant:
- is not required to be licensed.
  - is required to have a salesperson's license.
  - is required to have a broker's license.
  - must be bonded and fingerprinted.
92. A real estate assistant may work:
- full time.
  - part time.
  - on call.
  - any of the above.
93. All the documents a brokerage generates for a single completed transaction are kept in:
- the broker's PDA.
  - a master transaction file.
  - the assistant's home.
  - none of the above.
94. Real estate assistants who choose to become notary publics must:
- also have a broker's license.
  - maintain an official record called a notary journal.
  - use an official seal of notary.
  - both b and c are correct.
95. Any person advertising or participating in real estate transactions involving others must be:
- licensed.
  - bonded.
  - a citizen.
  - all of the above.

96. The DRE salesperson's exam:

- a. takes three hours and fifteen minutes.
- b. has 150 questions.
- c. requires a score of 70% to pass.
- d. all of the above.

97. To qualify for a broker's license, a four year degree is equal to:

- a. 1 year of experience.
- b. 2 years of experience.
- c. 4 years of experience.
- d. none of the above.

98. The Continuing Education (CE) requirement to renew a license is:

- a. 10 hours every 2 years.
- b. 20 hours every 4 years.
- c. 45 hours every 4 years.
- d. none of the above.

99. The Real Estate Commissioner is:

- a. elected by the voters.
- b. appointed by the governor.
- c. appointed by the state attorney general.
- d. none of the above.

100. The total liability of the recovery fund in any one transaction is:

- a. \$200.
- b. \$2,000.
- c. \$20,000.
- d. \$200,000.