

# Brokerage Management

## Workbook and Final Exam

Complete the chapter quizzes and  
the Final Exam with a pen  
Then complete the Mandatory Evaluation.

Scan back to the school

by  
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*A Washington State Approved Real Estate School under R.C.W. 18.85.*

# Chapter 1

## Broker Relationships

List the requirements for being licensed

Real Estate Broker

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Real Estate Managing Broker

6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

11. A broker owes to all parties to whom the broker renders brokerage services duties. If the broker is a listing agent representing the seller, who else would the broker owe the duties listed in the Law of Agency?

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12. If a listing has a pending sale signed by buyer and seller, does the listing agent have a duty to present any other offers that have been written to the seller? \_\_\_\_\_ Review the general duties of a licensee.

13. Let's say, for example, the property has a serious drainage problem that the seller doesn't disclose but the broker lives in the neighborhood and is aware of the problem? Does the agent disclose? \_\_\_\_\_

14. The property has an unusual smell. The broker notices and is concerned about whether the smell could be an environmental issue. Does the broker have to disclose the smell? \_\_\_\_\_ Investigate the source of the smell? \_\_\_\_\_

15. When does the broker have to disclose in writing who the broker represents in a transaction? \_\_\_\_\_

16. The buyer of a property is a famous sports star and asks her broker to keep this confidential. When the house sale is closed, should the broker post on Facebook the name and address of this famous buyer? \_\_\_\_\_

17. You are standing in a strip mall waiting for a potential business owner to arrive to view the property. You are presumed to represent the business owner unless (name one)

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18. Broker Brian lists a house that is a small charmer. The market is hot. Broker Betty, in the same office, has a buyer on that house within days. She writes it up. When should Broker Betty disclose agency?

a.) when she has the buyer sign a broker agency agreement prior to filling out the Purchase and Sale agreement

b.) When she has the buyer sign the Purchase and Sale agreement. She checks the box, "Dual Agent."

19. Who gives the buyer a pamphlet on the Law of Agency?

a.) Broker Betty gives a copy of the Law of Agency Pamphlet to the Buyer at the signing of the purchase and sale agreement.

b.) As an affiliated broker in the same office as Brian, Broker Betty must provide a copy of the Law of Agency Pamphlet at the time the buyer signs a buyer agreement disclosing dual agency.

20. The Designated broker of Apple Realty becomes a dual agent when a listing is sold by an affiliated licensee within the office. When does the listing agent first disclose agency?

a.) Dual agency is disclosed prior to seller signing the listing agreement.

b.) Dual agency is disclosed on the purchase and sale agreement.

## Chapter 2

### Broker Supervision and Liabilities

What are the three factors the IRS will use to determine if real estate agents are “statutory non-employees?”

1. \_\_\_\_\_
  2. \_\_\_\_\_
  3. \_\_\_\_\_
  4. All real estate brokers considered “independent contractors” must pay premiums and receive the benefits of \_\_\_\_\_.
  5. A real estate broker works at a firm as an affiliated broker. This broker is inept and is at a loss for keeping track of transaction details. If that broker makes a gross error that affects the buyer and seller to a great extent, is the Designated Broker of the firm liable for that behavior? \_\_\_\_\_
  6. The Designated Broker turns to you and says, “That broker is a walking lawsuit. He is new in the business and needs oversight.” Do you say, “yes, sure.” Are you certified to manage a new agent?  
\_\_\_\_\_
  7. What is required under License Law, for you to manage another real estate broker?  
\_\_\_\_\_
  8. What license does the Designated broker of a firm hold?  
\_\_\_\_\_
  9. What is required for a broker to run a firm as the Designated Broker. \_\_\_\_\_
  10. A real estate broker is required to submit all transaction documents to the firm within what time frame?  
\_\_\_\_\_
  11. After mutual inspection the buyer is to deliver the Earnest Money to the broker within what time fram according to the state wide forms? \_\_\_\_\_
  12. What is the time limit for the real estate broker to submit the Earnest Money for deposit?  
\_\_\_\_\_
  13. Jane is a new real estate agent. In her first two years she has to participate in all brokerage service contract reviews. What does that mean? \_\_\_\_\_
- A Designated Broker can be so busy. So to alleviate the stress, the Designated Broker decides to delegate some of the details of the job.
14. Who can the Designated broker designate his/her responsibilities? \_\_\_\_\_
  15. Can the Designated Broker just assign some of his/her responsibilities verbally \_\_\_\_\_  
What is an example of three responsibilities that can be delegated?
    16. \_\_\_\_\_
    17. \_\_\_\_\_
    18. \_\_\_\_\_
  19. License law states that firms must have a policy for referring home inspectors. The reason that this was required was to protect the consumer from \_\_\_\_\_

## Chapter 3

### Property Management

1. A person managing property for another under brokerage service contracts must hold what kind of license?  
\_\_\_\_\_
2. When a person lands a property management account, there must be a property management agreement between the owner of the property and the \_\_\_\_\_
3. It is required by law that a property management agreement must include the requirement that an owner receive a summary statements. Does the law specify how often these must be submitted? \_\_\_\_\_
4. The cash flow for the owners of property would be found in a monthly income report. This would evaluate the gross rental income and additional income like parking fees. The vacancy rate would be subtracted to arrive at the Effective Gross Income. If you subtract the operating expenses and the mortgage debt service, the resulting figure would be the \_\_\_\_\_.

5. When a property sells to a new owner, does the new owner has the right to terminate all the leases?  
\_\_\_\_\_

6. There are times that a landlord does not keep the property habitable. When the landlord breaches the lease it is called \_\_\_\_\_

Tenants are usually evicted because of the following:

7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_

10. If William, a property manager who is an affiliate broker in your firm, has permission from the owner to provide landscape services, this needs to be in writing including the fees charged. You are the designated broker of the firm and you find out that the property manager chose a relative to do landscaping for all the properties he managed. You meet with the broker and :

- a.) Review the property management agreement or
- b.) You inquire whether his brother can do landscaping at the firm's office.

11. The property management agreement does not have any clause approving the hiring of a landscaper that is a relative of William, the property manager. You, as the Designated Broker tell the property manager:

- a.) The landscaper better have competitive rates
- b.) It is a conflict of interest to hire a relative without the approval of the owner.

12. The property manager, William, runs advertising online to fill the vacancies for the owner. He uses very catchy headlines that make the phone ring. It comes to your attention as the Designated Broker. Which headlines would violate any laws?

- a \_\_\_ Extra master bedroom perfect for your mother in law
- b \_\_\_ Cute 2 bedroom with spectacular view
- c \_\_\_ Near the heart of town... find your next mate when you live here
- d \_\_\_ This unit is accessible for wheelchairs... .so only disabled people apply
- e \_\_\_ Near schools and transit for commuters
- f \_\_\_ Faces east for those whose religion tell them to avoid west facing units.
- g \_\_\_ Very Christian owner will treat tenants like gold.
- \_\_\_ Accessible unit with ramp and wide doorways.

## Chapter 4 Recruiting and Interviewing

1. A real estate broker with a \_\_\_\_\_ license can open a firm in Washington State.
2. Statistics vary, but, on the average what percent of agents often leave the industry before their first renewal? \_\_\_\_%
3. A study showed that about \_\_\_\_\_% of people making \$75,000 or less live paycheck to paycheck.
4. One way to recruit new prospective agents in the community is \_\_\_\_\_
5. What is one reason why an experienced agent would change firms? \_\_\_\_\_

When interviewing a new agent, by law, questions cannot be asked on a variety of topics. Name five.

6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

Jasper has always loved working on old houses to renovate them. He thought it would be a great idea to get his real estate license so that he is really in tune to the market and can help buyers find fabulous deals. When he is interviewed, you overhear the Branch Manager asking him questions. Why would the following questions make the hair on your neck raise?

11. Jasper, this is a bit late to get into the game of real estate. How old are you? \_\_\_\_\_
12. I see you have a limp, can you tell me why that is and if it will cause a problem? \_\_\_\_\_
13. How many mouths at home are you responsible for feeding? \_\_\_\_\_

14. Jasper, what is your native tongue? Do you think you are proficient speaking English? \_\_\_\_\_
15. Jasper, I am not sure if you are a man or a woman? This may cause a problem in the office. \_\_\_\_\_
16. As the Designated Broker, you feel it is necessary to
- Break into the interview and explain to Jasper that none of the questions apply and tell him about training for the real estate license exam.
  - Congratulate the Branch Manager for being so thorough.
17. After Jasper leaves, you meet with the Branch Manager and discuss the interview. It would be best practice to:
- Require the Branch Manager to take anti discrimination training before conducting any interviews.
  - Tell him that questions about sexual orientation or gender identity are the only inappropriate questions.

## Chapter 5

### Broker Training

When a broker joins a firm, it is important to get them started with an orientation program. What are five topics that should be covered?

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Marshawn is a new broker at Apple Realty. He passed his test and received his license on April 1st. His wife laughs and says, "Honey, this is April's Fools day!" He celebrates his birthday on April 15<sup>th</sup>, tax day. Marjean is the broker that is supposed to mentor him for the first two years.

6. Marjean is great at working with new agents helping to get them orientated and learn the ropes. In order for her to take the responsibility for oversight of Marshawn's work she must:
- have at least 5 years experience in real estate
  - have a managing brokers license.
7. Marjean has been delegated this responsibility by the designated broker of the firm. This delegation must be:
- in writing at the firm
  - signed by Marshawn.
8. Marshawn is so busy after starting his new career that he has not taken any classes. He receives his renewal notice. He is required to take:
- 90 hours of continuing education
  - 120 hours of continuing education
9. Marshawn must renew his real estate license by the required deadline. In his case, his renewal date is:
- Tax day
  - April Fools day
10. Marjean has over 5 years experience in real estate. She is a managing broker. For her renewal she is required to take:
- 30 real estate clockhours of continuing education
  - 60 hours of continuing education including Advanced Real Estate Law
11. One of the most important elements for success in real estate is to have goals and a plan for the coming year as a broker. One of the challenges of a Designated broker is to motivate and direct the work of people who want to be \_\_\_\_\_.

## Chapter 6

### Advertising within the Laws

1. Cooke is a top producing agent at Apple Realty. He/She makes use of the "Cooke" name when advertising listings and self promotion. "Cooke up a deal with this new hot listing," is the tag line on a flyer. To stay legal, Cooke makes sure that AR, the commonly used initials for Apple Realty, are on the bottom right corner of every ad or sign. The logo is a green apple. The Designated Broker notices the creative flyer posted in the lunch room and tells Cooke:
- You need to add the full name of Apple Realty according to the Dept of Licensing.

- b.) The Dept of Licensing requires that the logo for the company be on all advertising. You need the green apple with the initials.
- 2.** So Cooke changes the flyer. On his/her website he has a frying pan with a house drawn in it. The header states, "It is a hot market! Buy now with the top producing agent in Seattle." He/She has received awards for production from his company. The Designated Broker explains to Cooke:
- a.) That is great that you are marketing your success.
- b.) you need to qualify "top producing agent" because there are other agents that sell more real estate.
- 3.** Cooke likes to be on top so he/she creates an organization of top agents. They meet for coffee and form an informal group with the name of Top Agents in Seattle. So, on their advertising they can say "top producing agent." The Designated Broker explains to Cooke:
- a.) That this could be false or misleading to consumers.
- b.) This is a creative way to brag about your perceived success.
- 4.** Cooke's website with the frying pan and the house really carries the theme throughout the different pages. He has a page for buyers, sellers, contact info, and a blog. His Designated Broker reviews the state guidelines for advertising and contacts him/her and says:
- a.) The contact page is clear and concise with the firm name and address.
- b.) The firm name must be on every page of the website.
- 5.** Cooke has really built a name for her/himself with this creative marketing. Cook asks the Designated Broker if he can drop Apple Realty in his ads and on signs. The Designated Broker replies:
- a.) I can make a request to the Department of Licensing to use Cooke Realty Inc. as a DBA.
- b.) Yes, I can request an assumed name but it cannot include Realty or Inc.
- 6.** Cooke has a fabulous listing that is perfect for singles because it is a studio and it is so affordable. Cooke advertises "Come and Get it .. this studio condo is perfect for singles with a payment under \$800 a month!" The Designated Broker talks to Cooke and says:
- a.) You can't say "singles" because it shows a preference for single over married, under fair housing. Since \$800 is only approximate, that is ok.
- b.) The ad violates Fair Housing and RESPA.
- 7.** Cooke's success is really off the charts. He/She wants to capitalize it by sharing the business with his team of professionals. Cooke's puts a page on his website for others in affiliate businesses. He takes a photo of his two favorite title representatives and includes bios. Both of them offer clients a discount on escrow services if they work with Cooke. The Designated Broker says:
- a.) You can advertise both of them on the website but it is a violation of RESPA to offer a discount.
- b.) You cannot advertise jointly or offer special discounts when working with title insurance companies.
- 8.** Cooke takes his/her tag lines to another level. He starts altering photos of his/her listings and photo shops the photo in a frying pan with the headings "hot listing." He makes the houses look must better editing out the power lines and changing the roof line. Cooke's Designated Broker says"
- a.) those photos are misleading and not a true representation of the property
- b.) Yes, that is fine that you were creative. Since all you listings are just cut out showing just the outline of the house and not the sky or road, there is obviously no intent to mislead consumers.
- 9.** Cooke has a dumpy house listed but it is in the View Lake Area. Though it doesn't have a view he/she gives the impression that it does. "All the views are hot in View Lake." The Designated Broker says:
- a.) That is misleading because all the homes do not have a view.
- b.) Since it is located in a neighborhood with that name it could have a view from the second floor.
- 10.** Cooke loves old movies! He/she goes to a site online to have a graphic artist alter photos of famous people from vintage movies holding a frying pan with a photos of his/her listings. The Designated Broker says:
- a.) That is misleading advertising and could cause a problem with the company or family that "owns" the rights to those movie stars photos.
- b.) That is creative and since those movie stars have passed away, there is no issue with you using their faces.

## Chapter 7

### Legal Boundaries

1. The Federal Fair Housing law was passed in 1968. The law makes it illegal to discriminate based on established protected classes. This includes ... you! No one can discriminate against you because of your race, religion... and what other reasons? \_\_\_\_\_
2. Bertha is a senior who is 65 years old. She qualifies for Housing for Older Persons. This housing she chooses is exempt from the fair housing act regarding families with children. The complex must have at least \_\_\_\_\_ % of units occupied by at least one person who is 55 or older. Does her unit have to be owned by a senior or just occupied by her?  
\_\_\_\_\_
3. A group of real estate brokers formed a team named "the Yellow Group." They advertise heavily on Craigslist to attract buyers. They call their ads "creative and target prospective buyers."  
An example of an ad... "599/1br — Great Bachelor Pad! Our one bedroom apartments are a great bachelor pads for any single man looking to hook up."  
Other headlines that the Yellow Group has used include:
  - "No Matter What they Say, Size does Matter!"
  - "Wanna Be On Top?"
  - "Single? Mingle at the Green"
  - "Hook Up Here!"
  - "'E Harmony this we are a match!"
  - "It's that time of the Month Again... Feeling a Different Kind of Cramp Though?"
4. You are the Managing Broker, and it comes to your attention that this very successful group of brokers in your office is running these ads. What should your next steps be?
  - a) Call brokers from the group into a meeting.
  - b) Go check the records to see how much money this group of brokers is bring into the firm.
5. The Yellow Group meets with you, the Managing Broker, and says "The ads generate so many calls and therefore many transactions. We are not discriminating... just being funny!" What do you reply?
  - a) Yes, those are so creative. It doesn't appear that you are discriminating.
  - b) No, there are protected classes in Federal State and Local laws.
6. The agents in the Yellow Group say that there is no discrimination because they will work with any buyer. You explain that...
  - a) If the prospective buyer feels a limitation or preference because of a protected class, there is a potential violation.
  - b) It is a great idea to target for singles, bachelors, families, to find a buyer for the properties.
7. If the family was Jewish, should the real estate agent take them primarily to properties near a temple because she thinks they would like that neighborhood better. This is a violation because \_\_\_\_\_
8. You have a client that wants to remodel an apartment building into a hotel. What accommodations might your client have to consider in order to keep within the American Disabilities Act?  
\_\_\_\_\_  
\_\_\_\_\_

9. John is a real estate agent that attends a monthly networking meeting with other brokers from local firms. Many of them list new construction homes. During a meeting, one of the other brokers suggested that they get together and all charge a higher commission when they list their builder's plats. How does this violate Anti-Trust?  
\_\_\_\_\_  
\_\_\_\_\_

10. John sells one of his builders a handful of lots to develop. He charges a commission discount on condition that the builder sign an agreement that the builder will list the new houses with him. How does this violate Anti-Trust?  
\_\_\_\_\_  
\_\_\_\_\_

11. Frank has a new listing. He talks to his lender and figures out the monthly payment for the mortgage with only 5% down. He puts that monthly on the listing flyers. How does Regulation Z address this issue?  
\_\_\_\_\_  
\_\_\_\_\_

## Chapter 8

### Trust Accounting, Record Keeping and Fraud

1. If any broker exercises control over transaction funds the funds are considered \_\_\_\_\_

Any money relating to a sale or rental must be placed in a trust fund in a \_\_\_\_\_

All funds for a real estate transaction must be delivered to the branch manager, designated broker or a managing broker (if delegated) within the shorter of

2. \_\_\_\_\_ 3. \_\_\_\_\_

4. The firm has to deposit the funds no later than \_\_\_\_\_

5. Bozo buyer wire transferred funds to close the transaction. It was delivered and deposited into the trust account. The transaction closes only 48 hours later. The broker disburses the money to the seller. According to the trust fund laws, money cannot be disbursed until the deposit is \_\_\_\_\_

Joshua is a broker who has had 5 transactions this year. He keeps the transaction documents in the cloud storage for the real estate brokerage.

6. How many years is the firm required to keep the documents? \_\_\_\_\_

7. Besides the purchase and sale agreement and the closing document, what other documentation is Joshua required to keep in the firm's transaction file? \_\_\_\_\_

8. Prior to writing the sale agreement for his clients, wrote two other offers that they did not get. Does Joshua have to keep records and copies of those offers in the firm's files? \_\_\_\_\_

9. Since Joshua had his clients send a wire transfer to escrow for the earnest money, does Joshua have to have a receipt for earnest money in his file? \_\_\_\_\_

10. Is Joshua, an affiliated broker at the firm, required to keep an additional personal file on his clients? \_\_\_\_\_

11. The auditor for the Dept of Licensing comes to a real estate firm. While there he must verify the licenses of the firm. He/she will look for three things. a. \_\_\_\_\_ b. \_\_\_\_\_ c. \_\_\_\_\_

12. If the auditor finds that the office is not in compliance, can the auditor determine if disciplinary action or fine is to be taken? \_\_\_\_\_ why not? \_\_\_\_\_

13. All listings for the firm must be listed in the transaction log in the office. Do failed sales have to be in the log? \_\_\_\_\_



# Washington Brokerage Management

## Final Exam

**You must include the workbook, final exam and evaluation to get clockhours.**

The questions on the state exam are long simulation type of questions. These questions are in many cases probably much easier but they give you an indication of the types of questions that may be on the state exam.

### **Fair housing and agency**

1. Sam and Peter walk into your open house together. They look around and stop to ask you a few questions. You introduce yourself as Bruce Broker, the listing agent for the sellers. Sam and Peter ask about the list price. After you tell them, they look at each other and say that that seems high for the neighborhood and start to turn to walk out the door. You don't want to lose these potential buyers so you say...

- a) The sellers are definitely looking a lower offers because the need to sell right away.
- b) There are other similar properties on the market, would you like to go see them?

2. Sam and Peter turn around and say that they are looking for properties in this area.

You ask them...

- a) Have you spoken to a lender to get prequalified for a mortgage?
- b) Do you choose this neighborhood because of the close proximity to the new age church down the block?

3. Sam and Peter look confused? "The church?" We like this neighborhood because it is near the transit station. You nod and agree that is it an easy commute to downtown. You ask if there are any other features that they are looking for in a home. They say that it must have three bedrooms. You ask...

- a) Are you married and have children?
- b) Are you looking for two baths?

4. You agree to show them a house you also have listed nearby. They really like it but tell you that they want to make a low offer. They do not want it disclosed that they are famous, rich, race car drivers. You then:

- a) Write up the offer.
- b) Give them disclosure that you will be a dual agent representing both parties.

5. You write up an offer for the property with Sam and Peter. When you present the offer to the sellers you say that you are representing both parties but as listing agent you want them to get the most money. When you present the offer you say:

- a) The buyers can afford more than this because they are famous race car drivers.
- b) Here is an offer from qualified buyers.

6. The sellers counter offer full price. Bruce Broker tells Sam and Peter that he told the seller that they can afford more, so they should sign the counter offer. Sam and Peter complain to the managing broker because they feel that Bruce Broker should not have told the Sellers that they are "rich." So the managing Broker calls You into the office. The Managing Broker realizes that You do not understand some basic real estate laws.. The managing broker says:

- a) You must take classes in fair housing and agency.
- b) "Go get 'me, Pal! There are more deals in your future!"

### **Agency Relationships**

7. A Sally Seller has a house listed with Broker Brian. It is overpriced and not getting much attention. Broker Brian lists the house next door which is nearly an identical floor plan and updated. Sally Seller is upset that Broker Brian is breaching his duty of agency by listing a competing property next door and she thinks it compromises the potential sale of her home. Does this breach duty of a Seller's Agent and why? \_\_\_\_\_

### **Listing and disclosure**

8. Pedro plans to move and buy another house.. He is referred to Brian Broker by a friend so he calls to make an appointment to list his house. Brian Broker arrives seeing that the house is in fairly good condition. Pedro explains that he purchased the house about a year ago and has fixed it up to sell. You ask him about the condition of the house when

he bought it. Pedro rolls his eyes, and says that it was a disaster with mold, infestation, water issues amend old wiring. Brian Broker asks him

- a.) Was the work completed by a licensed contractor?
- b.) What kind of financing did he get to purchase the house?

9. Pedro shows you around and asks, "Doesn't it look great?" Brian Broker nods his head but is concerned about the moldy smell and the uneven floor. He suggests in an email that the seller:

- a) Purchase some Fabreze and some plug in odor absorbers.
- b) Have a pre listing inspection to see if there are defects that may need to be fixed or disclosed to a prospective buyer.

10. Pedro calls and says that it will be a good deal for the buyers. New floors, new paint, and new cabinets! Pedro sprays the house with air freshener and opens the windows. Brian Broker suggests a list price of \$225,000 just a few thousand dollars less than similar homes that have sold. The market is very active. Pedro does not completely fill out the property disclosure form checking "don't know,". The sign goes up. There are multiple offers. Brian Broker Suggested that Pedro:

- a) Accept the lower offer because the buyer did not have an inspection contingency because Brian suspected that there is some kind of mold problem.
- b) Take the highest offer and be prepared for problems that could arise on the inspection.

11. Pedro accepts the offer with no inspection. He smiles and is relieved. He no longer has the windows open and has not done anything to eliminate the odors. The house has been closed up tight for a month. Prior to closing, the buyers with their broker, Betty, go to the house for a walk thru. When they open the door they are overcome by the mold smell and damp air. They search all over assuming that there is a water leak. When they open the access to the crawl space, they see standing water. There is mold growing along the baseboard in a bedroom and bathroom that was not there when they previewed the house prior to making an offer. They buyers call their broker, Betty, who immediately contacts you, the managing Broker of Brian Broker. . Your response is:

- a.) Well, they bought the house without and inspection, so it is the buyers loss. Closing is on Thursday!"
- b.) I will contact Brian Broker to find out the situation."

12. You set up an emergency meeting with Brian Broker and he spills the beans that the house was a fixer that was primarily fixed cosmetically. But, the buyers bought it without an inspection so it is their loss. And he smiles! You, the Managing Broker reply:

- a) As an agent of the seller, you still the duty to disclose any material defects that you know about the property.
- b) You are right, Brian, let's tell them that they must proceed to escrow or they will lose their earnest money!

13. The buyers are at the house a few days later and run into Pedro. Brian Broker has removed the lock box. They chat with Pedro and he actually explains that the house did have a bad smell, but his odor eliminator worked. "Just buy some plug ins!" He says. Horrified , the buyers go to their Broker Betty who sends a rescission over to the listing office with a demand for the return of their earnest money. The reason being that Broker Brian must have been aware of the material defects prior to listing according to the seller Pedro. As the Managing Broker you:

- a) Explain that closing is set for Thursday.
- b) Contact Pedro and Brian Broker for a meeting and suggest signing the recession.

14. Broker Brian says to you, the Managing Broker, that the house is still a good buy. I want to keep it on the market for 90 days. You respond:

- a) That the seller must make a full and accurate disclosure.
- b) Go for it, but make sure any offer has an inspection clause.
- c) This seems to be a lawsuit waiting to happen.

15. If the seller does not disclose a material fact, if the agent has knowledge of the material fact that would affect a buyer's decision to buy the property, does the agent have a duty to disclose that fact? \_\_\_\_\_

## Agency and Duty of Honesty

Curt Seller listed his house for sale with Anise Broker, an agent with True Blue Realty. The listing and advertising noted that it was a block from the bus stop.

Alex Buyer visited an open house and explained that his daily schedule and a disability made it necessary for him to have a house near the bus stop. He liked the house and wrote an offer with Anise Broker. It was disclosed that she was the listing agent and would not be representing him.

Several days later, Anise Broker read a notice that the bus line running near Curt Seller's house was being discontinued. She informed Alex Buyer of this and he responded that he was no longer interested in the house since the availability of bus transportation was essential to him. Anise Broker informed Curt Seller and recommended that Alex Buyer's deposit be returned and the transaction be rescinded. Curt Seller reluctantly complied with Anise Broker's recommendation.

**16.** Curt Seller later complained to the Designated Broker of Anise Brokers firm saying that Anise Broker "should not have made the disclosure that killed the sale because the bus schedule was not of major importance." What should have been done?

- a) Should Anise Broker have told Alex Buyer that the bus line was discontinued?
- b) Since Anise Broker was representing the Seller, does this violate her duty to the seller by honestly stating a fact that had changed?
- c) Did the change in bus stop change the advertised characteristics of the property for Alex Buyer?
- d) Curt Seller did make the decision to sign the rescission and returned the earnest money so should that be taken into consideration by the Designated Broker.

*Answer:*

*The buyer had a disability that needed to have a bus line near the house. Anise Broker was aware of this as a major factor in the decision to purchase the house. Anise Broker felt that it was her obligation under the Law of Agency to "deal honestly and in good faith" and "to disclose all existing material facts known by the broker and not apparent or readily ascertainable to a party."*

## **Duty of Loyalty**

Jody Seller gave an exclusive listing on a house to Peter Broker, stating that she thought \$350,000 would be a fair price for the property. Peter Broker listed the property on a 90 day listing agreement at that price after presenting Jody Seller a market analysis that showed the market value to be near \$299,000. Peter Broker added the listing to the MLS and marketed the property with open houses and a print ad in the local homes magazine. His feedback from prospective buyers and fellow brokers was that the property was overpriced. In a sales meeting in his office, Peter Broker discussed the property, advised his associates that it appeared to be overpriced, and that advertising and showing of the property had proved to be a waste of time and money.

After six weeks had gone by without a word from Peter Broker, Jody Seller called Peter Broker's office without identifying herself, described the property, and asked if the firm was still offering it for sale. The response she received from one of the affiliated brokers was: "We still have the house listed, but there is little interest in it because, in our opinion, it is overpriced and not as attractive a value as other property we can show you."

**17.** Jody Seller complained to the Designated Broker about the response from the office about the list price, the lack of interest in showing the property and that Peter Broker was not actively seeking a buyer. What did Peter Broker do?

- a) Did Peter Broker fill his duties to market the property at the price agreed upon with Jody Seller?
- b) Did Peter Broker have an obligation to find a buyer for the property at the price it was listed?

**18.** Jody Seller's property is very similar in size and style as the property down the street. One day driving home she saw that Peter Broker had listed the neighbor's property for sale. She called anonymously to his office to find out about the listing and was told that it was available for sale for \$285,000. The agent on the phone attempted to set up an appointment to show Jody Seller the home. Several days later there was an open house with a number of prospects. Soon thereafter there was a sold sign. Jody Seller complained to the Designated broker that Peter Broker did not stay loyal to her interests by marketing a similar home for less thereby taking prospects away from viewing her home.

- a) Peter Broker violated his duty of loyalty to Jody Seller by listing another home for less in the neighborhood?
- b) Peter Broker did not violate his duty of loyalty.

## Multiple Offers

19. Carlotta Broker had a listing that was perfect for a first time buyer. It was a three bedroom house near town and the bus line. She worked with Shelby and Mike Sellers to stage the house and prepare it for sale. After researching the market for a market analysis they arrived at a list price of \$225,000 and decided to put the house on the market February 1<sup>st</sup>. There were several prospective buyers during the first few days and Shelby and Mike Sellers received three good competing offers. One offer was for the listing price, the second offer was for \$3000 more than list price and the final offer was \$5000 more than list price. They were all qualified buyers who planned to close within 6 weeks with similar FHA financing. Shelby and Mike Sellers discussed the offers with Carlotta Broker. They loved their house and neighborhood and told Carlotta Broker that they really wanted a “nice young family” to live in the home. The highest offer was from a single man and the second highest offer was from an elderly woman. Shelby and Mike Sellers, along with Carlotta Broker chose the offer that was full listing price, and less than the other two offers, because it was a “little family.” The transaction closed. After recording, the single man looked up the sales price and saw that it was \$5000 less than his offer. He anonymously called Carlotta Broker’s assistant inquiring about the buyers of the house. He was told it was a nice little family.

- a) Shelby and Mike Sellers have the right to sell to whomever they want when choosing from multiple offers?
- b) The single man may have a possible discrimination lawsuit because it appeared they discriminated.

## Conflict of Interest

Logan Broker has a listing with a beautiful view of the water. She stages it with the sellers, Quincy and Michaela Sellers and after market research determines that it should sell quickly in the range of \$330,000 to \$350,000. They will list the home for \$340,000 tomorrow. Logan knows that the property will sell quickly. Logan calls his sister, Betty Buyer, his sister in law, minutes after listing the house because she is looking for a peaceful lake view. She loves the house. Logan Broker, really wants to help his sister get this house. They write up an offer and Logan Broker meets with Quincy and Michaela Sellers to present the offer before the listing goes on the MLS. He does not tell the Sellers that Betty Buyer is his sister in law. After closing, a neighbor knocks on Betty Buyer’s door and asks if the house sold because she misses her neighbor. Betty Buyer says, “Yes, I bought it right as they were installing the sign because my Brother in Law was the agent. I got the best deal because it would have sold for more if it went on the MLS.”

20. The neighbor calls the sellers, Quincy and Michaela and tells them what Betty Buyer said. They were assured that they were getting top dollar and they had no idea that the buyer was related to their agent, Logan Broker. They call you, the Managing Broker, to complain. You call Logan Broker in your office and ask him:

- a) Did you disclose that the buyers were related?
- b) How much did the house sell for?

21. Logan Broker said that he didn’t think there was a conflict of interest because the Betty Buyer was a sister in Law, married to his broker for the past 20 years. She is “not a blood relative.” As the Managing Broker, you explain that a conflict of interest does not have to be a “blood relative.” You ask Logan Broker if his comps could substantiate a higher sale price. He says:

- a) There was a house that sold for more down the street.
- b) It doesn’t matter because it is sold and closed. They got a “good price” so just blow them off.

22. As the Managing Broker, you ask for documentation regarding agency disclosure from Logan Broker. Logan broker checked a box that said he is a dual agent on the purchase and sale agreement. You tell Logan Broker that..

- a.) As the listing agent, he got a sale with a great price in a short time.
- b.) He may have taken advantage of the sellers by not disclosing the relationship with the buyer and knowing that the comps could support a higher price.

23. You, as the Managing Broker discuss this with the corporate attorney and the sellers. You suggest that:

- a) Logan Broker pay the sellers Quincy and Michaela the amount of commission that he earned on the transaction as a settlement.
- b) Logan Broker convince Betty Buyer to pay the sellers, Quincy and Michaela, \$10,000 which is how much more the sellers might have received for the property.

## Fair Housing and Advertising

24. A family looks at a house with two bedrooms that doesn't have a fence around the yard. The real estate agent suggests that this would not be the right house for a family as it is small and there is no fence. This is a violation of the Fair Housing act because \_\_\_\_\_

25. The sellers choose to sell a property to a small family because they think they would like the neighborhood. But, the other offer was for several thousand dollars higher from a single man. Do the sellers have the right to discriminate when selling their house? \_\_\_\_\_

26. The owner has a condominium for sale. The real estate agent advertises it for sale using some creative headlines for the ads. "Bachelor pad" "Just like a singles resort." How does this violate Fair Housing Laws? \_\_\_\_\_

## Disclosure

27. Valentino Broker listed a property. He let Belton the Buyers Broker believe that the fence was the property boundary when they discussed the property on the phone. But, the seller, who is elderly, gave Valentino an old appraisal and a survey that showed the property boundary and the old fence. Valentino threw it in the file and just assumed that the appraisal and the title report would be adequate for the property boundary description.

Belton Broker relied on Valentino Broker's description and transmitted the incorrect information to a Barry Buyer. Barry Buyer was really thrilled that he would have such a large grassy yard. When Barry Buyer moved in, the neighbor told him that the property line was not where the fence was located and that the property line was about 10 feet into Barry Buyer's new yard. The neighbor said that the seller knew this information and there was a survey done.

Barry Buyer was, of course, really upset. He contacted his agent Belton Buyers Broker. Belton contacted Valentino Listing agent who said, "the deal closed and Barry Buyer had the opportunity to survey the property."

28. So Belton Broker contacted you, the Managing Broker and you went through Valentino Listing agent's file and found the old lot line survey. What should you, the Managing Broker, do next?

- a) Bring Valentino Broker, an affiliated broker in your office, into your office to ask what happened.
- b) Tell Belton Broker, "Tough... the deal closed and the old man wasn't sure where the property line was."

29. Valentino Broker said that it was in the file but it was an old survey and that he thought the newest title report would show the fence. You explain to Valentino Broker:

- a) That is right, a title report is the newest information and Belton Broker has no issue.
- b) That the title report does not show the fence and the survey. He should have given that information to potential buyers.

## Real Estate Math

30. Mack Seller owns a 5 acre parcel of land. He has owned it for most of his life. Because, it has been determined that wetlands cover much of the property so that only possibly one house can be built. He has tried to get the property sold in the past and is tired of the challenge. He lists the property with Owen Broker. Mack Seller says that he would ideally like to walk away with \$200,000 for the land after paying a 5% commission and the closing costs of \$12,000. How much is the listing price of the property so that Mack Seller gets \$200,000? (review class for the answer)

- a) \$223,157
- b) \$222,600
- c) \$210,600

## Assumed and Team Names in Advertising

31. Peter House has a team of agents that work with him at Apple Realty. He has a designated broker who is very supportive of the agents doing self marketing. Peter requests that he use the name House Realty on his sign. So, his Designated Broker tries to register the name with the DOL as an assumed name. The DOL replies:

- a) Yes, that is a creative name and we approve it as an assumed name.
- b) No, because that name makes it appear that it is a separate real estate company.

**32.** So Peter and his team take many listings and become quite an active group of real estate agents. They have signs made that all say Peter House Team with a logo that they had professionally designed.

- a) Peter does not have to have the name Apple Realty on his signs.
- b) Peter must still have the name of Apple Realty on his signs.

**33.** So Peter House and his team change their idea of an assumed name to Peter House Team and it becomes registered as a team name with the DOL. One day Peter becomes dissatisfied with the firm and so he tells his Designated Broker that he is moving his whole team to another office. He settles into his new digs, and he new Designated Broker informs him that they cannot register the Peter House Team under their firm as an assumed name because:.

- a) The Peter House Team name is owned by his previous firm under the DOL.
- b) There is no such thing as assumed names.

### Payments to Real Estate Agents

**34.** Parker, a real estate broker asks his friendly title insurance representative to pay for his mailings to potential clients. The title insurance representative says yes, but does it under the guise of another budget item. This is a violation of the laws that title insurance companies must not violate under the insurance commissioner. Is the Real estate agent violating any laws in Washington by accepting these payments? \_\_\_\_\_

**35.** Tisha is the listing agent for a house in Seattle. Her sellers accept an offer. She is to be paid the listing commission at closing. In the listing agreement she writes that the selling agent will get a bonus of a Gift card to Nordstroms for \$1000. Can she or her sellers just hand over the gift card to the selling agent? \_\_\_\_\_

### Trust Accounting

Real estate firms must keep an accurate transaction log that must include the following. List 6 documents that must be in this log.

- 36. \_\_\_\_\_
- 37. \_\_\_\_\_
- 38. \_\_\_\_\_
- 39. \_\_\_\_\_
- 40. \_\_\_\_\_
- 41. \_\_\_\_\_

**42.** Rolanda, the buyers broker, writes up a transaction. On the purchase and sale agreement it says the buyer can deliver the Earnest Money check within two days of mutual acceptance. She gets signatures and mutual acceptance on Thursday afternoon. She tells her client to make out the check to escrow. She runs over to pick up the check on Friday made out to Apple Escrow. The check if for \$15,000. Since it is over \$10000 Rolanda must disclose:

- a.) That the buyer has the option to deposit into a separate interest bearing trust account.
- b.) That since it is over \$12,000, the deposit must be in a pooled interest bearing account.

**43.** When does she have to deliver the check to her office?

- a.) She must deliver it to the firm by Saturday morning which is 24 hours after she picks it up.
- b.) She must deliver it to the office on Monday.

**44.** Rolanda’s office has an agreement that the title company will pick up the check at the office and deposit into the escrow account. The escrow company must deposit the check..

- a.) The next banking day.
- b.) within 24 hours of receipt.

**45.** Rolanda must have receipts for the Earnest money in the file. Which receipts does she have?

- a.) Receipt that it was delivered to the firm and receipt that the title company picked it up and made deposit.
- b.) Receipt from the Title Company that it was deposited.

**46.** Francisco is the listing agent on the house that Rolanda’s clients bought. Because he is the listing agent

- a.) he has no obligation to maintain receipts because he represents the seller.

- b.) He has an obligation to maintain receipts because he represents the seller.

## Property Management

47. The owner of an apartment building has been working with William, his licensed property manager with Apple Realty. It is required in Washington State that William have a property management agreement signed by:
- a.) The owner and the Designated broker of Apple Realty
  - b.) William and the owner and filed at Apple Realty.
48. The owner of Sun View apartments is tired of dealing with tenants and tells William, his property manager, that it is time to reinvest the money. William finds an investor who wants to purchase the 10 unit building knowing zoning in that area will support a larger building. The investor knows that the property is in need of serious repairs and plans to tear it down and build a 6 story building. There are tenants in all 10 units of the building with signed leases. When the sale of the property closes
- a.) The new owner must honor those leases
  - b.) The new owner has the right to evict the tenants as they were signed with the previous owner.
49. The owner of the property is in failing health. His attorney puts the property into a trust and if he is incapable, his brother will manage the trust. The broker arrives at your office explaining this to you. He says that the owner is in a coma and that you must give the brother \$10,000 from the property management maintenance account. What might you ask for to document that the broker has this authority? \_\_\_\_\_
50. The owner of the property has taken security deposits from the tenants and placed them into the operating account. When you take over as the new property manager, you discover this when analyzing the books, it is clear that the operating account does not have enough money to cover the deposits. What should you do? \_\_\_\_\_

## Real Estate Assistants

51. A real estate assistant works with a team of real estate agents. He is NOT licensed. The phone rings and a prospective buyer asks about a sign on a house that was just listed. The assistant answering the phone...
- a.) Cannot answer any question about the property
  - b.) Can give the caller information on the listing that is provided to the public online and on flyers.
52. The prospective buyers of the property asks the assistant about what the payment might be if they were to make an offer on a conventional vs FHA loan. They are wondering about qualifying for a mortgage.
- a.) The assistant should pull out a calculator and calculate the different payments.
  - b.) it is a best practice to have the buyers get prequalified by a lender.
53. The prospective buyers are anxious to see the house and the listing agent is not available.
- a.) The assistant can grab his coat and go show the property as he has MLS privileges.
  - b.) The assistant can email a copy of the listing and make an appointment for the listing broker to show it.
54. The prospective buyers drive by and want to write up an offer right away. They call the assistant again and tell him what they would like on the offer. They want to discuss price, how flexible the sellers will be and why they are moving. The assistant..
- a.) should get the prospective buyers in touch with the listing agent.
  - b.) Email the sellers with a earnest money agreement filled out and tell them the listing broker will call them.

## Advertising

55. Joyce is an affiliate agent that is new to the firm. She runs advertising without using the corporate logo, using only the franchise name and not the full local name of the firm, and write "Joyce's Jewels" on the sign instead of her licensed name. The Designated Broker should
- a.) Have Joyce review and sign off that she understands the Policy and Procedures Manual
  - b.) Congratulate her for being creative.
56. Joyce wants to keep her signs the way that they were designed. The Designated broker responds:
- a.) The full name of the firm must be on the signs and she needs firm permission for Joyce's Jewels on the sign.
  - b.) As long as you have the franchise name on the sign somewhere you are not violating any state laws.

## Leaving a Firm

57. Abby, a real estate broker at Apple Realty is concerned about the spirit in the real estate office. The majority of brokers in the office have been there for a long time. They whistle when she walks in the door sometimes and call her "momma girl" because she has children at home. She goes to the Designated Broker to discuss this and he says:
- a.) That is just the old guys fooling around. Just ignore it.

b.) That kind of behavior is sexual harassment. I will meet with the three guys and straighten them out. If it happens again, they will have to leave.

But, Abby, decides to leave the firm, she can just walk out.

58 Does she need the current Designated broker's signature to move her license? \_\_\_\_\_

59 Does she automatically get to take her clients and her closings to the next firm? \_\_\_\_\_

60. Can the Designated Broker stop Abby from leaving until she pays for training he provided? \_\_\_\_\_

61 Who must she notify that she is moving her license? \_\_\_\_\_

62. The new firm she goes to must notify the \_\_\_\_\_

63. True / False To become a real estate broker a person must be 21 years old.

64. True / False To be a managing broker, you must have 3 years years experience or equivalent.

65. True / False You do not have to present a seller offers when the listing is pending.

66. True / False If you represent the seller, you do not have to disclose material facts.

67. True / False You do not have to give sellers a pamphlet on the law of agency.

68. True / False A seller can decide that her celebrity status is confidential if it would not affect the sale.

69. True / False Public record information can be kept confidential if it does not affect the sale.

70. True / False A broker can still be loyal to seller even if she lists the house next door for less.

71. True / False If you sell your own property you can still be a dual agent.

72. True / False Agency relationships are terminated with the sale closes.

73. True / False If the seller dies, you still have a listing and an agency relationship ongoing.

74. True / False The designated broker can require brokers to work certain hours as independent contractors.

75. True / False Real estate brokers cannot claim workers comp benefits if hurt on the job.

76. True / False The designated broker of an office has an endorsement on their managing brokers license.

77. True / False The designated broker must have controlling interest in a firm.

78. True / False The designated broker can delegate trust account management to a broker.

79. True / False All brokers must submit transaction documents to the firm within 2 days.

80. True / False A broker must keep transaction records for 3 years.

81. True / False A designated broker and firm must keep records for 5 years.

82. True / False The state requires that all firms have a policy in the office on the referral of home inspectors.

83. True / False Property management agreements are signed by the owner and the designated broker.

84. True / False When interviewing it is ok to ask if the applicant is a citizen.

85. True / False All advertising must have your corporate logo clear and conspicuous.

86. True / False You can put a team name on the signs without the corporate name.

87. True / False Altering a listing photo to take out power lines would be misleading.

88. True / False The seller has the right to discriminate and choose buyers based on whether they have a family.

89. True / False Broker can require a builder to list the houses when built after he sold him the land.

90. True / False Telling a prospect that he cannot cook his national recipes would be violating fair housing.



## Workbook Answers

### You must complete this and the Final for Clockhours

	Chapter 1		Chapter 2		Chapter 3		Chapter 4
1		1		1		1	
2		2		2		2	
3		3		3		3	
4		4		4		4	
5		5		5		5	
6		6		6		6	
7		7		7		7	
8		8		8		8	
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15		15				15	
16		16				16	
17		17				17	
18		18					
19		19					
20							

	Chapter 5		Chapter 6		Chapter 7		Chapter 8
1		1		1		1	
2		2		2		2	
3		3		3		3	
4		4		4		4	
5		5		5		5	
6		6		6		6	
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9		9		9		9	
10		10		10		10	
11				11		11	
						12	

**Now proceed to the Final Exam**

## Final Exam for Brokerage Management

1		26		51		76	
2		27		52		77	
3		28		53		78	
4		29		54		79	
5		30		55		80	
6		31		56		81	
7		32		57		82	
8		33		58		83	
9		34		59		84	
10		35		60		85	
11		36		61		86	
12		37		62		87	
13		38		63		88	
14		39		64		89	
15		40		65		90	
16		41		66			
17		42		67			
18		43		68			
19		44		69			
20		45		70			
21		46		71			
22		47		72			
23		48		73			
24		49		74			
25		50		75			

You can enter your answers on the answer sheet or directly on the final exam.  
In order to receive clockhours you need to complete the quizzes and the Final Exam.

Then scan your paperwork to [clockhours.com](http://clockhours.com)  
You will receive an email back with the certificate.



## Mandatory Evaluation Brokerage Management

*Scan the evaluation along with workbook AND final exam in order to receive clockhours.*

Did you read the material in the booklet on this date? YES / NO  
 Did you complete the workbook and final exam YES / NO  
 Did you fill out and sign this form? YES / NO  
 Pay by Visa/MC Use payment options on the website. Pay pal processes cards.. use the button that says check out  
 Why did you choose to take this course? Topic? Time? Cost? Ease? Other?  
 A "clock hour" is 50 minutes. This 30 hour class should take 25 hours plus breaks.  
 How long did it take you to complete the course? \_\_\_\_\_

Will the material you learned improve your performance?	
Were the course materials easy to follow?	
Was the course relevant to your profession?	
Were your objectives met by attending the class?	
Was the course material interesting?	

What are 3 things that you learned from the course?

- 1.
- 2.
- 3.

Would you take another correspondence course from Professional Direction? Yes/ No

<b>Brokerage Management</b>	
Print Name CLEARLY	Signature
Company	Address
City                      Zip Code	Twitter.com name
Phone	Email
License Renewal Date	Date(s) Class taken

*Thanks for taking this class! I really appreciate the agents that take clockhours from my school! Natalie*

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