

Chapter 1 – An introduction to Real Estate

1. C

Explanation: Only members of the National Association of REALTORS® are legally permitted to use the term REALTOR®.

2. D

Explanation: Servicing the listing involves showing the seller how the keybox works, giving instructions on preparing the home for sale, and explaining to the seller how open houses, showings and escrow will work.

3. B

Explanation: In most cases, a buyer's agent will be paid through a commission split, in which the buyer's agent receives a portion of the commission paid to the listing agent. All of the other options are allowable, but commonly used only if buying a property not listed with an MLS.

4. A

Explanation: Even if a salesperson is an independent contractor rather than an employee, the salesperson's broker will still have supervisory responsibility over the salesperson, and liability for any misconduct by the salesperson.

5. C

Explanation: If no social security or income taxes are to be withheld from a salesperson's earnings, then the salesperson must be working under a contract that states that she will be treated as an independent contractor, not an employee, for tax purposes.

6. B

Explanation: An independent contractor is a person who sets her own schedule, works with little supervision, and is paid for each task accomplished, often by commission.

7. B

Explanation: The final step in a real estate transaction is the closing, also known as settlement.

8. C

Explanation: The commission shared between Listing Broker and Selling Broker is 6% of \$375,000, or \$22,500. Each broker thus gets \$11,250, which they then split with their respective salespersons. Therefore, each salesperson receives \$5,625.

9. D

Explanation: A brokerage that does not collect part of the salesperson's commission may instead charge a monthly desk fee to cover office operating costs.

10. D

Explanation: Statutory laws are enacted by federal, state, and local legislatures.