

Real Estate Principles

Chapter 9 Quiz

1. A prospective buyer submitted an offer to Broker Randolph that met the asking price. As Randolph was on his way out of the office to present the offer to the seller, one of Randolph's salespersons brought in another offer on the same property that was \$5,000 less. Randolph should:
 - A. inform the salesperson that the property already has sold on the seller's terms and conditions
 - B. present the offers in the order they were received
 - C. present the two offers at the same time
 - D. present the second offer only if the first offer is turned down
2. An agency relationship may be created in all of the following ways, except:
 - A. appointment by the principal
 - B. voluntary offer by an agent
 - C. oral contract
 - D. agreement without consideration
3. In an in-house transaction, all of the following are true EXCEPT:
 - A. A broker can present an offer on one of his own listings
 - B. The broker will negotiate only on behalf of the seller
 - C. The broker must obtain both parties' written consent
 - D. The broker owes certain fiduciary duties to each party
4. An agency would not terminate in which of the following situations?
 - A. The principal refuses an offer to purchase that is presented by an agent
 - B. The agent unilaterally renounces the agreement
 - C. The principal dies
 - D. The subject property is destroyed by a flood
5. In a dual agency relationship, the agent owes fiduciary duties to both the buyer and the seller. Therefore, a dual agency is permissible:
 - A. under no circumstances
 - B. if the buyer consents
 - C. if the seller consents
 - D. if both the buyer and seller consent
6. A broker who accepts a listing to sell real estate owes a fiduciary duty to:
 - A. the buyer only
 - B. the seller only
 - C. both the buyer and the seller
 - D. the general public

7. Which of the following is the customary method through which a buyer's agent may be compensated?
- A. Hourly rate
 - B. Commission split with listing agent
 - C. Flat fee paid by buyer
 - D. Percentage of sales price, paid by buyer
8. A listing agreement creates which of the following?
- A. A vicarious relationship
 - B. An adversarial relationship
 - C. A fiduciary relationship
 - D. An open-end relationship
9. If a house was built prior to _____, the sellers must disclose information about lead-based paint to prospective buyers.
- A. 1960
 - B. 1968
 - C. 1978
 - D. 1985
10. Renunciation of an agency occurs:
- A. automatically, when the agency term expires
 - B. after a reasonable time
 - C. when the agent unilaterally terminates the agency
 - D. when the agency contract is breached before the term expires
11. Which of the following is not a way in which an agency can be created?
- A. By express agreement
 - B. By implication
 - C. By prescription
 - D. By ratification
12. Agency law is concerned with the duties and rights among:
- A. agent and principal
 - B. agent and third party
 - C. principal and third party
 - D. All of the above
13. If a property owner takes action that demonstrates approval of a real estate salesperson's earlier unauthorized acts, that would be an example of agency created by:
- A. estoppel
 - B. express agreement
 - C. ratification
 - D. implied reservation

14. A broker, in dealing with the public, may not:
- A. delegate responsibilities to other persons
 - B. receive a commission from both buyer and seller
 - C. refuse to take a listing
 - D. remain silent as to material facts about the property that are known only to the broker
15. A broker knows that the roof on a house that she is showing will soon need massive repairs. She:
- A. must tell the buyer even if the buyer doesn't ask, since this is a latent defect
 - B. must tell the buyer unless there is an "as is" clause in the deposit receipt
 - C. does not need to tell the buyer since the repairs are not yet necessary
 - D. does not need to tell the buyer since the responsibility to inspect falls primarily on the buyer