

**Multiple Choice**

*Identify the letter of the choice that best completes the statement or answers the question.*

- \_\_\_ 1. When creating an agency relationship, agency authority
  - a. expects that to become an agent, one must agree to perform and actually be paid for the performance.
  - b. enables the principal to grant property rights to the agent who may convey them to third parties.
  - c. may be conferred by conduct of the parties.
  - d. is limited to a few acts within a single trade or business.
- \_\_\_ 2. A property owner wishing to be contacted by persons who want to buy and not by agents who want a listing, would advertise for
  - a. "principals only".
  - b. "customers".
  - c. "clients".
  - d. "third parties".
- \_\_\_ 3. After an earthquake, a property manager had to meet with insurance adjusters to arrange for repairs to several properties which she managed. The property owners had given the manager what kind of agency authority?
  - a. Universal
  - b. Special
  - c. General
  - d. Power of Attorney
- \_\_\_ 4. When a broker takes a listing, he is acting under what kind of agency?
  - a. General
  - b. Special
  - c. Ostensible
  - d. Implied
- \_\_\_ 5. All of the following are examples of fiduciary relationships EXCEPT
  - a. trustee-beneficiary.
  - b. attorney-client.
  - c. broker-principal.
  - d. grantor-beneficiary.
- \_\_\_ 6. Once a broker has taken a listing, he can do all of the following EXCEPT
  - a. allow his sales staff to make an offer on the property without informing the seller of the identity of the purchasers.
  - b. put up a sign.
  - c. buy it himself.
  - d. stand on the street corners soliciting buyers for the property.
- \_\_\_ 7. The listing salesperson was told by a prospective buyer to present an offer of \$150,000 with the promise that he would increase it to \$152,000 if the seller rejected \$150,000. The salesperson must
  - a. present the offer and disclose the promise to increase the offer.
  - b. keep the confidence of his buyer while presenting the \$150,000 offer.
  - c. refuse to present the offer.
  - d. tell her broker of the verbal part of the offer.
- \_\_\_ 8. Real estate commissions that brokers charge buyers and sellers are set by
  - a. price fixing.
  - b. agreement of the participating brokers in the community.
  - c. the real estate commission.
  - d. negotiation between principal and agent.

- \_\_\_ 9. Which of the following is NOT permitted in Georgia?
- Buyer and seller brokerage.
  - Dual agency.
  - Undisclosed dual agency.
  - Designated agency.
- \_\_\_ 10. The purpose of a trust account is to
- hold money belonging to clients and customers.
  - assure that a broker can be trusted.
  - to act as a neutral depository.
  - convert client's money to broker's account.
- \_\_\_ 11. If a real estate agent used clients' funds for his own personal use, he would be guilty of
- commingling.
  - conversion.
  - duress.
  - misrepresentation.
- \_\_\_ 12. If, in showing a property, the salesperson said, "In my opinion, this house is absolutely the greatest in the world," the salesperson
- could lose his license for fraud.
  - is guilty of misrepresentation.
  - is puffing.
  - is guilty of redlining.
- \_\_\_ 13. A dual agency
- is unlawful.
  - is legal but unethical.
  - must be disclosed to all parties.
  - requires a permit from the real estate commissioner.
- \_\_\_ 14. Dual agency results when
- a broker represents a buyer and writes an offer on his own listing.
  - a broker presents an offer on any listing.
  - an outside agent presents an offer on a broker' listing.
  - a buyer works with more than one broker.
- \_\_\_ 15. A couple makes an appointment with a broker to look at homes. He has not met them previously. They decide to make an offer on one of his listings and they all return to the real estate office to write up the offer. The broker should
- keep quiet and hope it is a good offer.
  - tell the buyer about the dual agency after writing the offer.
  - tell the buyer about the dual agency before writing the offer.
  - write the offer.
- \_\_\_ 16. In most states, the maximum amount a broker may charge a seller is
- 6%.
  - 7%.
  - 10%.
  - Any amount agreed to between the seller and the broker.

- \_\_\_ 17. When an agent is given the right to transact all types of matters on behalf of principal, the agent serves as a
  - a. notary public.
  - b. third party.
  - c. universal agent.
  - d. special agent.
- \_\_\_ 18. Agents who are authorized to bind their employer in a trade or business are
  - a. special agents.
  - b. general agents.
  - c. exclusive agents.
  - d. principal agents.
- \_\_\_ 19. An agent's authority may be granted by
  - a. written agreement.
  - b. custom in the industry.
  - c. both a and b.
  - d. neither a nor b.
- \_\_\_ 20. When an agent's authority arises from custom in the industry, it is identified as
  - a. implied authority.
  - b. ostensible authority.
  - c. customary authority.
  - d. conventional authority.

**True/False**

*Indicate whether the sentence or statement is true or false.*

- \_\_\_ 21. A salesperson who worked as an agent in a broker's office decided to sell his own home. He placed a classified ad in the paper for his open house, listing only his own home number. The salesperson's actions were against state real estate license law.
- \_\_\_ 22. In most states (not including Georgia) a real estate agent is considered to have fiduciary duties to his/her client.
- \_\_\_ 23. It might constitute commingling if a buyer's earnest money check is made out to the sales agent.
- \_\_\_ 24. A listing agent is bound by his fiduciary relationship to be loyal to the seller. With regards to working with a buyer, the listing salesperson must disclose hidden defects to the buyer.
- \_\_\_ 25. The main problem that can arise with a dual agency is the agent may experience a conflict of interest.
- \_\_\_ 26. The broker writes an offer on one of his own listings. He should inform the buyer that he is an agent of the seller as well as the buyer prior to closing.
- \_\_\_ 27. Price fixing and monopolies are prohibited by federal fair housing laws.
- \_\_\_ 28. Errors and omission insurance may cover intentional acts to deceive.
- \_\_\_ 29. Any earnest money deposits paid by the purchaser must be placed in a proper trust account.
- \_\_\_ 30. Brokers can indemnify themselves against legal actions by those with whom they deal by purchasing errors and omission insurance.