1) 

An agency relationship can be terminated by:

- a) completion of performance by the seller
- b) expiration of the agreement
- c) either a or b

Correct Answer: c

2) 

Brad wants to sell Walters his 50-unit apartment complex. They begin negotiations, and Brad allows Walters to assume that Broker Davis is his agent. Walters conducts the negotiations and discussions with Davis. Even though there is NO listing agreement, Walters can rely on Broker Davis' representations because Brad created an agency by Estoppel.

- True
- False

Correct Answer: t

3) 

A broker manages a small apartment complex. Under the management contract the broker arranges the maintenance, advertising, and accounting, and signs the leases with the tenants as agent for the complex owner. In this situation, the broker is a

- a) dual agent.
- b) special agent.
c) general agent.

d) subagent.

Correct Answer: c

4)
Manager Joel's agents are accepting listings with flat fees of $500. After he splits with a cooperating broker and gives his own agent 50%, Joel would receive 1/4 of $500.00. At the sales meeting Joel requires a minimum commission rate. Joel's licensees must leave the meeting and turn this in to the Department of Licensing.

True

False

Correct Answer: f

5)
Washington law requires that real estate agents must disclose their agency status:

a) if acting solely as the listing agent

b) to the buyer before writing the offer to purchase

c) only if when acting solely as the selling agent

d) PRIOR to closing the transaction

Correct Answer: b

6)
Rick showed Tom 2 of his own listings. Rick and Tom do NOT have a buyer's agency agreement. Rick gave Tom the Pamphlet and explained agency. Rick specifically disclosed that he is the seller's agent and told Tom NOT to give him any confidential information. Tom asks Rick to make an offer for $175,000, but he tells Rick he will have to pay $195,000 if he has to. Rick should:
a) tell seller that Tom “would pay $195,000 if he had to”

b) keep the information confidential

c) never sell his own listings

Correct Answer: a

7)

Two competing brokers privately agree that they will NOT list residential property at an amount less than a certain commission rate. What laws have they violated?

a) Antitrust laws

b) Agency disclosure laws.

c) Fair Housing laws.

Correct Answer: a

8)

Mary Jane listed Kevin’s lake home and is a seller’s agent. Mary Jane CAN:

a) NOT give a buyer confidential information about Kevin’s UNLESS it is a known material fact affecting the property value

b) can give a buyer nonconfidential information about Kevin’s property

c) both a and b
d) only go through the buyer’s agent to give information

Correct Answer: c

9)
Broker John is hired as a buyer’s agent by Louise to find property up to $300,000. John finds a property that matches her needs and buys it himself at $190,000. John offers to sell the property to Louise for $300,000 but does NOT disclose the price he paid for it. This is:

a) an example of a secret profit and is detrimental to Louise

b) a split agency, and John must share profit with Louise

c) vicarious liability

d) legal and ethical because John is a licensed real estate broker and can buy and sell as he wishes

Correct Answer: a

10)
When agents are showing their listed property they should NEVER:

a) take offers that are below the listing price

b) conceal hidden defects that would substantially diminish the value of the property

c) disclose whom they represent

d) give out an agency pamphlet

Correct Answer: b

11)
The extent of damage from lead based paint is largely determined by.

- a) length of exposure
- b) age of person exposed
- c) all of these

Correct Answer: c

12)

Elevations are measured in relationship to an official reference point called a datum. The U.S. Geological Survey uses the following as the official datum:

- a) sea level
- b) the average sea level at the Oakland Bay
- c) the mean sea level at the New York Harbor

Correct Answer: c

13)

Door knocking, cold calling, open houses and direct mail are examples of :

- a) floor duty
- b) things an agent should avoid
- c) prospecting for buyers and sellers

Correct Answer: c
14) Licensees must be aware of environmental hazard issues and advise clients where and how to get help.

- True
- False

Correct Answer: t

15) The type of listing agreement that provides for the payment of a commission ONLY if the broker was the procuring cause of the sale is:

- a) open
- b) exclusive agency
- c) exclusive right to sell
- d) net

Correct Answer: a

16) The type of listing agreement that provides for payment of a commission whether or NOT the broker was the procuring cause is:

- a) open
- b) exclusive agency
- c) exclusive right to sell
17) George gives Broker Jessica an open listing to sell his farm. Jessica gets busy with other things and does nothing to help George get his farm sold. George can:

- a) demand a monetary settlement
- b) sue Jessica for unethical behavior
- c) do nothing at ALL
- d) have Jessica’s license revoked

Correct Answer: c

18) A type of listing in which the seller agrees to sell the property at a specific dollar amount and any amount in excess of this amount at closing is the broker’s commission is an open listing.

- True
- False

Correct Answer: f

19) The type of listing that provides for the payment of a commission to the listing broker if anyone other than the seller is the procuring cause is:

- a) open
- b) exclusive agency
20) In an exclusive right to sell listing agreement, the listing broker:

- a) will be entitled to a commission ONLY if someone other than the seller procures a buyer
- b) MUST be the procuring cause
- c) has the authority to accept ALL offers on the seller’s behalf
- d) has the exclusive right to submit offers to the seller

Correct Answer: d

21) _________ is an estimated value of property that is used for a specific purpose.

- a) Value in Use
- b) Market Value
- c) Commercial Value
- d) Assessed Value

Correct Answer: a
22) The types of values that may be estimated in a real estate appraisal report are:

- a) Market value and Investment Value
- b) Value in use and Insurance Value
- c) Assessed Value
- d) All of the above

Correct Answer: d

23) ________________ is the most common estimate of value in real estate appraisals.

- a) Market value
- b) Cost Value
- c) Value in Use
- d) Income approach

Correct Answer: a

24) The toughest concept to understand and determine in value is that the value of something is not in the property itself, but created by certain external forces and circumstances. These circumstances are known as the “four characteristics of value”. The four characteristics of value are:
25) Which is the best description of the advantages of home ownership:

- a) Pride of ownership
- b) Freedom to change or alter the property
- c) Down payment and closing costs can amount to a large amount of cash
- d) Both a and b

Correct Answer: d

26) Possible disadvantages of homeownership could be:

- a) If forced to sell quickly, a loss may result.
- b) Increases in property taxes and the additions of special assessments
- c) both a and b
27) First time homebuyers are:

- a) usually very experienced real estate buyers
- b) often limited in cash on hand for a down payment
- c) usually moving from a large home to a small home
- d) unqualified

Correct Answer: b

28) Homebuyers moving to a larger, more expensive home usually:

- a) have knowledge of how a real estate transaction works
- b) require a lot of patience because they get their information most often from relatives and friends
- c) are always cash buyers
- d) are never cash buyers

Correct Answer: a
Buyers of recreation homes or vacation homes are like the buyers who are moving up because they both are MORE LIKELY TO:

- a) have more funds resulting from their current home’s built up equity
- b) want a smaller home
- c) be moving down

**Correct Answer: a**

30) Which are ways to come up with a down payment?

- a) taking out a home equity loan
- b) taking out a personal loan
- c) getting a gift letter from a relative
- d) ALL of the above

**Correct Answer: d**

31) What is the purpose of “pre-qualifying” a buyer?

- a) to determine what can the buyer afford to pay
- b) to avoid wasting the agent’s and the buyer’s time
- c) to avoid disappointment of the buyer
d) ALL are good reasons

Correct Answer: d

32)
What is the BEST way to know what your buyers really want in a home?

a) ask their friends and family

b) show them ALL homes in their price range

(c) by practicing “active listening”

(d) asking a more experienced agent

Correct Answer: c

33)
A lender may accept less than perfect credit if

a) there were extenuating circumstances

b) there were some sudden, unexpected or temporary situation

c) Either or both A or B. if the situation had been corrected.

Correct Answer: c

34)
Dual contracts are__________ in the state of Washington

a) legal
35) Unlicensed assistants can directly assist in all aspects of the real estate transaction

- True
- False

Correct Answer: f

36) Who is ultimately responsible for activities performed by personal assistants?

- a) broker
- b) Dept of Licensing
- c) the lead assistant
- d) salesperson

Correct Answer: a

37) Unlicensed assistants may do all of the following except:

- b) illegal
- c) legal if disclosed
- d) legal only if both parties agree to it in writing

Correct Answer: b
a) Engage in any conduct which is "used, designed or structured" to procure prospects

b) Show properties, answer questions, or interpret information regarding property, price, or condition

c) Interpret information regarding listings, titles, financing, contracts, closings or other information relating to a transaction

d) None of the above

Correct Answer: d

38)

It is unusual for a licensee to recommend an offer be outright rejected without countering, except

a) when an offer is clearly frivolous ($10,000 offer on a $200,000 home)

b) in a case where it is apparent the buyers are trying to take unconscionable advantage of the seller.

c) Either A. or B.

Correct Answer: c

39)

The real estate licensee is responsible for which of the following by law?

a) Present all written offers to the seller for acceptance or refusal
b) Provide a copy of the offer to purchase to the seller immediately following seller's signing and acceptance of purchaser's offer

c) Keep a legible copy of the agreement to purchase shall be retained in each participating real estate broker's files

d) All of the Above

Correct Answer: d

40)
Unlicensed assistants who work under the direct instructions and supervision of a licensed broker and/or salesperson may perform the following tasks and duties with the exception of:

a) Acting as a greeter at open houses/model units and distribute pre-printed promotional literature

b) Obtaining public information from sources like government offices, utility companies, title companies, etc.

c) Submitting forms and changes to multiple listing services and obtaining status reports on loan progress and credit reports, etc.

d) Answering questions regarding property, price, or condition

Correct Answer: d

41)
Under agency laws, a licensee has a fiduciary duty to help their clients negotiate contracts. Fiduciary duties include:

a) Obedience and Disclosure

b) Loyalty and Confidentiality
c) Reasonable care and due diligence

d) All of the above

Correct Answer: d

42)
Which of the following who may legally fill out a purchase and sale agreement?

a) an insurance broker

b) a real estate agent representing either party

c) an unlicensed person representing either party

d) a real estate appraiser

Correct Answer: b

43)
A purchase and sale agreement form serves as a:

a) purchaser's receipt for the earnest money deposit and offer to purchase

b) unilateral contract between the buyer and closing attorney

c) contract between the broker and the seller

d) a conveyance instrument

Correct Answer: a

44)
The terms of the purchase and sale agreement:

- a) are never enforceable
- b) should include the owners reasons for selling
- c) can be changed only in writing and must be signed by all parties of the transaction
- d) can be altered by the real estate agent if either party requests a change

**Correct Answer: c**

**45)**
When a purchase and sale agreement contains a contingency clause the parties are required to:

- a) waive the contingency if the other party partially performs
- b) purchase additional insurance
- c) make a good faith effort to satisfy the condition

**Correct Answer: c**

**46)**
Possible disadvantages of homeownership could be:

- a) If forced to sell quickly, a loss may result.
- b) Increases in property taxes and the additions of special assessments
- c) both a and b
47) First time homebuyers are:

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- b) often limited in cash on hand for a down payment
- c) usually moving from a large home to a small home
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48) Homebuyers moving to a larger, more expensive home usually:

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Correct Answer: a
Buyers of recreation homes or vacation homes are like the buyers who are moving up because they both are MORE LIKELY TO:

• a) have more funds resulting from their current home’s built up equity.

• b) want a smaller home

• c) be moving down

Correct Answer: a

50)
A purchase and sale agreement MUST contain:

• a) the listing price

• b) the seller's estimated proceeds

• c) both a and b

• d) the total purchase price, terms, and conditions

Correct Answer: d

51)
Frances is buying a home from Jed. Jed tells Frances that his house is in his name ONLY, even though he is married to Vickie. Jed tells Frances that Vickie does NOT have to sign the purchase and sale agreement. What should Frances do?

• a) Let Jed may sign for the family

• b) Frances should insist on having both Jed and Vickie sign the agreement.

• c) Frances should demand a special warranty deed
d) Vickie should give Frances a waiver

Correct Answer: b

52)

Andrew bought 22 building lots. He borrowed on a single mortgage for $680,000 using the land as security. He builds 7 new homes and takes offers from buyers. He will be given a release of each sold lot with each payment of $48,250. This finance method is called:

• a) a graduated mortgage

• b) a land contract

• c) an overall mortgage

• d) a blanket loan

Correct Answer: d

53)

There is a difference between pre-approval and pre-qualification

• True

• False

Correct Answer: t

54)

FICO scoring has helped speed up the loan process.

• True
55) Which of the following types of lenders would have the most funds invested in real estate mortgages?

- a) Mutual savings banks
- b) Commercial banks
- c) Life insurance companies
- d) Savings and Loan associations

Correct Answer: d

56) Legally, if both the licensee and the principal demonstrated actions which authorized the licensee to act on the principals’ behalf and the licensee actually did so, an agency relationship will be deemed to exist.

- True
- False

Correct Answer: True, This relationship has legal, economic, and ethical consequences to the firm, broker, seller, and buyer involved in the transaction.

57) Three methods of title searching are abstract and opinion, title insurance and ____________.

- a) plat map
- b) government survey
c) Torrens system

d) appraisal

Correct Answer: c

58)
When hired to conduct an appraisal, the appraiser's primary client is:

a) the seller

b) the buyer

c) the lender

d) the real estate licensee

Correct Answer: c

59)
Oprah is selling a house for $90,000. Her existing balance is $60,000 at 7%. Rikki wants to buy Oprah's home BUT cannot qualify for a new loan. Rikki offers $30,000 in cash plus 12% interest on the $60,000 balance if Oprah agrees to be primarily responsible for the mortgage. This method of financing is called:

a) WRAPAROUND MORTGAGE

b) CARRY BACK

c) SECOND MORTGAGE

Correct Answer: a
60)

John took out a loan of $85,000 at 10.25% amortized over 30 years. BUT level monthly payments are set at $654.12. The payments are not sufficient to cover the interest due on the loan. This shortage is added to the loan balance each month. This type of loan is best described as:

- a) Growing Equity Mortgage
- b) variable rate mortgage
- c) partially amortized loan
- d) negative amortization

Correct Answer: d

61)

As security for loan, a borrower conveys legal title to his property to a disinterested third party for safekeeping. In this case, the security document is a

- a) trust deed.
- b) quit claim deed.
- c) warranty deed.
- d) mortgage.

Correct Answer: a

62)

Which best describes the term "closing?"

- a) an acceptance of the offer.
b) deposit of the earnest money onto the broker's trust account

c) final accounting of all documents, recording, and disbursement of funds

d) none of these.

Correct Answer: c

63) While the exact terms of a real estate contract determine who pays for what at closing, most transactions follow a similar pattern. When the ownership of the property changes hands, the responsibility for it does, too. This means that the seller pays the property taxes up to the closing and the buyer pays them from the closing forward.

True

False

Correct Answer: True

64)
An escrow agent is authorized to:

a) suggest financing sources.

b) act as the broker.

c) order a termite report.

d) call for the funds to close escrow.

Correct Answer: d

65)
To be relatively certain that a mortgage is an enforceable lien the lender should:

- a) require that an attorney close the transaction.
- b) make a physical inspection

**Correct Answer: True**

66) Because the wide majority of all loans are sold on the secondary market, virtually all lenders use the same underwriting standards.

- True

- false.

**Correct Answer: true**

67) At the closing it is the broker’s responsibility to:

- a) verify and receive the brokerage fee
- b) review the title report for clouds or other problems
- c) interpret the conditions of the loan documents
- d) explain the clauses found in the deed

**Correct Answer: a**
68) When offering property for cooperation through the Multiple Listing Service, the listing broker does not assure that:

- a) cooperating brokers will be compensated upon completion of the sale.
- b) any offer will be accepted as written
- c) the seller has the authority to sell.
- d) the information in the data base is deemed to be accurate

Correct Answer: b

69) An abstract of title shows:

- a) the title deed.
- b) the estimated value.
- c) the summary of a title search.
- d) metes and bounds.

Correct Answer: c

70) The process that involves the buyer paying the funds and the seller delivering the deed is called:

- a) contract.
b) underwriting.

c) trust.

d) closing.

Correct Answer: d

71)
Escrow funds include:

a) security deposit.

b) earnest money.

c) promissory note.

d) all of these.

Correct Answer: d

72)
Pro-ration means figuring out the share of each party’s expenses “per diem” which means “per day”

T F

Correct answer is True

73)
Cost of insurance and taxes are pro-rated according to the amount paid and the amount left by the closing date.

TF

Correct answer is True
74) Licensees should not give sellers a checklist to track their responsibilities during the transaction.

TF

Correct answer is False

75) Brokers and managing brokers need not submit complete copies of their transactions to their firm.

TF

Correct answer is False

76) The designated broker shall keep adequate records of all real estate transactions handled by or through the firm or firms to which the designated broker is registered.

TF

Correct answer is True

77) The records the designated broker include, but are not limited to, a copy of the purchase and sale agreement, earnest money receipt, and an itemization of the receipts and disbursements with each transaction.

TF

Correct answer is True

78) All other records specified by the director by rule are open to inspection by the director or the director's authorized representatives.

TF

Correct answer is True

79) There are two methods of computing pro-rations. The first one uses a 360 day (bankers) year and a 30 day month (including February). The second method, used by FHA and VA loans, continue to use the 365 day year (generally considered more accurate).

TF

Correct answer is True
80) ACTUAL NOTICE is notice through firsthand observation. It is an “act” that you can see.

TF Correct answer is True

81) CONSTRUCTIVE NOTICE is the notice given by the recording an instrument. This type of notice is “constructed” and put in a place where a person could have OR should have known.

TF Correct answer is True

82) There are two systems to index recorded documents. These are the “tract” and “grantor – grantee”.

TF Correct answer is True

83) The tract system is considered to be less effective than the grantor-grantee index.

TF Correct answer is False

84) The Uniform Commercial Code requires the recording of a security agreement and financial statement to secure interests in personal property.

TF
85) When a deed of trust has been paid in full, a deed of release and reconveyance should immediately be filed.

TF Correct answer is True

86) The Tax Reform Act of 1986 does not require the closing OR escrow agent, broker OR attorney to report the sale OR transfer of residential property to the IRS.

TF Correct answer is False

87) Whenever a real estate designated broker is involved it is the designated broker's responsibility that the report is filed, or to file it personally.

TF Correct answer is True

88) FIRPTA is an act that requires the closing OR escrow agent to deduct 20% of the seller’s proceeds and send it to the IRS, when the seller is a foreign investor.

TF Correct answer is False

89)
The easiest way to make sure the escrow agent has ALL necessary information is to begin by preparing a *detailed sales contract* that contains correctly spelled names, addresses, and phone numbers of the buyers and the sellers.

TF
Correct answer is True

90)

*Cooperation* between the real estate agent and the closing agent is *vital* to assure a *smooth closing* for the buyer and seller.

TF
Correct answer is True