

Chapter 5 Answer Key

1. c. All commissions must be paid through the broker, and the amount the salesperson receives is set by mutual agreement between these two parties. (75)
2. c. Antitrust laws prohibit competing brokers from setting a standard commission rate, known as price fixing. (78)
3. b. A broker, who starts a chain of events that results in a sale, and does so without abandoning the transaction, may be considered the procuring cause of sale. (76)
4. b. A broker may control what the independent contractor does, but not how to do it. (70)
5. b. $800' \times 200' = 16,000$ square feet; $16,000 \times 10\% (.10) = \$1,600$ (total commission) $\$1,600 \times 60\% (.60) = \960 . (salesperson's commission). (77, Math FAQ's)
6. d. An independent contractor may not receive any employee benefits and must not be treated as an employee for federal tax purposes. An independent contractor may negotiate commissions for the broker on transactions. (70)
7. c. A broker and client determine what commission schedule will apply to the transaction. (75)
8. d. Bonus and commissions are paid to the broker, who then pays the salesperson. (76)
9. b. $\$150,000$ (sales price) $\times 6.5\% (.065) = \$9,750$ (listing commission); $\$9,750 \times 60\% (.60) = \$5,850$ (cooperating broker's commission); $\$5,850 \times 55\% (.55) = \$3,217.50$ (Wella's commission). (77, Math FAQ's)
10. d. Professional organizations may not set fees or commissions splits. (78)
11. c. There is no ready, willing or able buyer who is prepared to buy on the seller's terms and ready to take positive steps toward consummation of the transaction. (76)

12. d. A broker may independently determine commission rates or fees for the firm only. (75)
13. d. Unless the broker has been employed by the seller under a valid contract, the broker is not entitled to a commission. (76)
14. d. The salesperson should only focus on what the company can offer. Anti-trust laws forbid brokers from “boycotting” other brokers, and forbid any kind of price fixing. (78)
15. d. $\$196,900 \times 7\% (.07) = \$13,783$ (total commission); $\$13,783$ divided by 2 (between both brokers) = $\$6,891.50$; $\$6,891.50 \times 35\% (.35) = \$2,412.03$ (salesperson’s commission). (77)
16. c. Although a commission is usually earned when the buyer has been procured, it is usually payable when the sale is closed. (75).
17. a. “Fee- for- services” is a piecemeal arrangement where the consumer, not just a FSBO, decides which services he or she needs and works with and pays the licensee solely for those services. This is unlike discounted real estate services, where the consumer receives all of the real estate services for a discounted price. (79)
18. d. The broker who can prove that the sale resulted from that broker's efforts, will be considered the procuring cause of the sale and be entitled to the commission. (76)
19. d. A licensee may contact a consumer for up to 3 months after an inquiry has been made or an application submitted. Consumers with whom a licensee has had a business relationship can be contacted up to 18 months after the last purchase, even if they are on the Registry. (81)