

Chapter 6 Questions

Listing Agreements and Buyer Representation

1. All of the following reasons are valid bases for terminating a listing agreement EXCEPT
 - a. Sale of the property
 - b. Death of the salesperson
 - c. Agreement of the parties
 - d. Destruction of the premises

2. By executing a listing agreement with a seller, a real estate broker becomes
 - a. a procuring cause.
 - b. obligated to open a special trust account.
 - c. the agent of the seller.
 - d. responsible for sharing commissions.

3. The provision in a listing agreement that gives additional authority to the broker and obligates the broker to distribute the listing to other brokers is a(n)
 - a. joint listing clause.
 - b. multiple listing clause.
 - c. net listing clause.
 - d. open listing clause.

4. A building sold for \$157,000. The broker charged a 6 percent commission and divided it as follows: 10 percent to the salesperson who took the listing, one-half of the balance to the salesperson who made the sale, and the remainder to the broker. What was the listing salesperson's commission?
 - a. \$239
 - b. \$942
 - c. \$1,570
 - d. \$4,239

5. Last month broker Wanda took a listing on a property. She now learns that her client has been declared incompetent by the court. Her listing now is
 - a. binding as the broker was acting in good faith.
 - b. still valid.
 - c. the basis for commission if the broker produces a buyer.
 - d. terminated

6. The type of listing agreement that provides for payment of a commission to the broker even though the owner makes the sale without the broker's aid is called an
 - a. exclusive-right-to-sell listing.
 - b. open listing.
 - c. exclusive-agency listing.
 - d. option listing.

7. Some property owners list their property for sale with a broker. During the listing negotiations, they tell the broker that they want \$138,000 for the property, and anything above that amount the broker can keep as a commission. A listing with this type of provision is known as a
 - a. gross listing.
 - b. net listing.
 - c. open listing.
 - d. nonexclusive listing.

8. Under which of the following listing agreements can owners of listed property sell the property on their own without having to pay the listing broker a commission?
 - a. Exclusive-right-to-sell listing
 - b. Exclusive-agency listing
 - c. Open listing
 - d. Both b and c

9. A property owner signed a 90-day listing agreement with a broker. The owner was killed in an accident before the listing expired. Now the listing is
- binding on the owner's spouse for the remainder of the 90 days.
 - still in effect as the owner's intention was clearly defined.
 - binding only if the broker can produce offers to purchase the property.
 - terminated automatically because of the death of the principal.
10. A listing contract in which payment of the commission is contingent on the broker's being able to produce a buyer before the property is sold by the owner or another broker is called a(n)
- open listing.
 - net listing.
 - exclusive-right-to-sell listing.
 - exclusive-agency listing.
11. A broker who has done a proper CMA, discusses the probable market value of the property with the seller, and the seller wants an unrealistic price on the property all of the following are true EXCEPT
- Suggest the seller have a formal appraisal done.
 - Take the listing with the understanding that price reductions may be needed.
 - Must take the listing at the proposed seller's price
 - May decline to take the listing at the high price.
12. All of the following are typically found in a listing agreement EXCEPT?
- The price the seller is asking for the property
 - The date the broker will schedule an open house
 - The commission rate to be paid to the listing broker
 - The responsibilities of the broker
13. The type of listing agreement that provides the least protection for the listing broker is the
- exclusive-right-to-sell listing.
 - exclusive-agency listing.
 - open listing.
 - net listing.

14. If a seller needs to net \$50,000 after the sale, how much must the real estate sell for if the selling costs include a 7 percent commission and \$1,200 in other expenses?
- a. \$54,700
 - b. \$54,963
 - c. \$55,054
 - d. \$55,633
15. Under an exclusive buyer agency agreement the real estate broker would be entitled to a commission EXCEPT
- a. if the broker sells the buyer a listing from another firm.
 - b. if the property is a FSBO.
 - c. if the buyer finds a suitable property without the broker.
 - d. if the buyer cancels the agreement of sale.
16. Under an exclusive-agency listing, the listing broker would be entitled to a commission EXCEPT if
- a. the broker sells the property herself.
 - b. the property is sold through another broker.
 - c. the property is sold through the multiple-listing service.
 - d. the seller sells the property to a neighbor across the street who has her property listed with another broker.
17. All of the following are types of listing contracts EXCEPT?
- a. Open
 - b. Exclusive-agency
 - c. Exclusive-right-to-sell
 - d. MLS
18. A buyer has signed an agreement with a broker to compensate the broker even if the buyer purchases the property from a relative. This is called a (n)
- a. open buyer agency agreement
 - b. exclusive-agency buyer agency agreement
 - c. exclusive buyer agency agreement
 - d. invalid agreement

19. The seller wants to net \$65,000 on the sale of his house after paying the broker a fee of 6 percent. How much must the gross selling price be?
- a. \$69,149
 - b. \$68,093
 - c. \$67,035
 - d. \$66,091
20. A broker enters into a listing agreement with a seller under which the seller will receive \$22,000 from the sale of a lot and the broker will receive any sale proceeds over this amount. This type of listing is a(n)
- a. gross listing.
 - b. legal and ethical way to ensure that the broker is compensated.
 - c. exclusive agency.
 - d. net listing.
21. In some states the following type of listing is prohibited:
- a. Exclusive-right-to-sell
 - b. Net listing
 - c. Buyer agency agreement
 - d. Open listing
22. An owner who is interested in selling his house is usually concerned about how much money he can get when it sells. A competitive market analysis may help the seller determine a realistic listing price. Which of the following is true?
- a. A competitive market analysis is the same as an appraisal.
 - b. A broker, but not a salesperson, is permitted to prepare a competitive market analysis.
 - c. A competitive market analysis is what is prepared by a certified real estate appraiser.
 - d. A competitive market analysis contains a compilation of facts about similar properties that have recently sold.

23. The salesperson received \$2,800 commission on her 35 percent share of the total commission on the sale of a property that sold for \$160,000. What was the commission rate?
- a. 10 percent
 - b. 5 percent
 - c. 7 percent
 - d. 4.5 percent
24. A broker hires sales associates with an agreement to split company commissions thus: the broker—45 percent; the listing salesperson—30 percent; the selling salesperson—the rest. If the broker's share is \$2,430, the property sold for \$90,000, and the listing salesperson's share was \$1,620, what was the selling sales associate's share?
- a. \$2,700
 - b. \$1,800
 - c. \$1,350
 - d. \$1,295
25. All of the following are types of Buyer Agency Agreements EXCEPT
- a. an exclusive buyer agency agreement.
 - b. an exclusive agency buyer agency agreement.
 - c. an open buyer agency agreement.
 - d. a net buyer agency agreement.
26. *Before* the Buyer signs a buyer agency agreement- a licensee must do all of the following EXCEPT
- a. explain forms of agency available.
 - b. obtain financial information from the buyer.
 - c. inform the buyer of the charges or compensation for services.
 - d. describe specific services to be provided.