

## Chapter 6 Answer Key

1. b. A listing agreement is a personal service agreement between a broker and a seller, not between a salesperson and a seller. (92)
2. c. As agent, the broker is authorized to represent the principal in a listing he/she represents the seller. (90)
3. b. An MLS is a marketing organization whose broker members make their own exclusive listings available through other brokers. (90)
4. b.  $\$157,000$  (sales price)  $\times 6\%$  (.06) =  $\$9,420$ ; ( listing commission);  $\$9,420 \times 10\%$  (.10) commission percentage) =  $\$942$  (listing salesperson's commission). (96, Math FAQ's)
5. d. A listing agreement may be terminated if either party dies or becomes incapacitated. (92)
6. a. In an exclusive-right-to-sell listing, if the property is sold while the listing is in effect, the seller must pay the broker a commission regardless of who sells the property. (90)
7. b. A net listing specifies that the seller will receive a net amount from any sale with the excess going to the listing broker as commission. (91)
8. d. In an exclusive-agency listing, one broker is authorized to act as the exclusive agent of the principal. However the seller retains the right to sell the property without obligation to the broker. In an open listing the seller retains the right to employ any number of brokers as agents. If the seller personally sells the property *without the aid of any of the brokers*, the seller is not obligated to pay a commission. (90)
9. d. A listing agreement may be terminated if either party dies or becomes incapacitated. (92)
10. a. In an open Listing the seller retains the right to employ any number of brokers as agents. The brokers can act simultaneously, and the seller is obligated to pay a commission only to that broker who successfully produces a ready, willing, and able buyer. (90)
11. c. Whether a CMA is used or a formal appraisal, the figure sought is the property's market value, and while it is the property owner's privilege to set whatever listing price he or she chooses, a broker should consider rejecting any listing that is severely out of line. (94)

12. b. All listing contracts tend to require similar information: Type of listing agreement, broker's authority and responsibilities, names of all parties to the contract, brokerage firm, list price, real and personal property, description of property, commission, termination of the contract etc, but not the dates of open houses. ( 94)
13. c. The terms of an open listing must be negotiated. These negotiated terms should be in writing to protect the agent's ability to collect an agreed-on fee from the seller. (90)
14. c.  $\$50,000$  (net) +1200 (costs) =  $\$51,200$ ;  $\$51,200$  divided by .93 (100% -7% (.07) commission) =  $\$55,053.763$  or  $\$55,054$  (sales price rounded up). (96, Math FAQ's)
15. c. The broker is entitled to payment only if broker locates the property the buyer ultimately purchases. The buyer is free find a suitable property without obligation to the agent. (107)
16. d. An exclusive agency listing authorizes one broker to act as sole agent of the seller but, the seller retains right to sell the property without obligation to the broker. (90)
17. d. A multiple-listing clause may be included in an exclusive listing agreement with seller's consent. (90)
18. c. An exclusive buyer agency agreement binds the buyer to compensate the agent whenever the buyer purchases a property of the type described in the contract, even if the buyer finds the property independently. (107)
19. a.  $\$65,000$  ( net price) divided by .94 (100% - 6% (.06) commission) =  $\$69,148.936$  or  $\$69,149$ ( sales price rounded up). (96, Math FAQ's)
20. d. A net listing is when the seller is to receive a net amount of money from any sale. The excess will go to the listing broker as commission. (91)
21. b. A net listing may be prohibited by state law. (91)
22. d. A competitive market analysis is a comparison of the prices of properties recently sold, properties currently on the market, and properties that did not sell. It is an analysis of the market activity among comparable properties. (93)
23. b.  $\$2,800$  (agent's commission) divided by 35% (.35) (agent's percentage) =  $\$8,000$  (total commission);  $\$8,000$  divided by  $\$160,000$  (sales price) = 5% (commission rate). (96, Math FAQ's)

24. c. If \$2,430 = 45% of the commission on a \$90,000 sale and \$1,620 = 30% of the commission on the same sale, what was the total commission, and what was left?  $\$1,620 \div 30\% (.30) = \$5,400$ , and  $\$2,430 \div 45\% (.45) = \$5,400$ ;  $\$5,400 - (\$1,620 + \$2,430) = \$1,350$  (selling associate's commission). (96, Math FAQ's)
25. d. There is no such agreement. (107)
26. b. Once the buyer representation agreement is signed, not before, the licensee must obtain detailed financial information from the buyer. (107)