

Continuing Education for Florida Real Estate Professionals
FINAL EXAMINATION 11B

1. A Florida sales associate may register with the DBPR as a
 - a. limited partnership.
 - b. cooperative association.
 - c. limited liability company.
 - d. director of a brokerage firm.

2. Nonresident applicants who want to be licensed in Florida must
 - a. be a U.S. citizen.
 - b. sign the irrevocable consent to legal service section of the application form.
 - c. agree in writing to establish an escrow account in a Florida financial institution.
 - d. open a real estate office in Florida.

3. John applied for a loan and was turned down because of information contained in his credit report. John is *NOT* entitled to
 - a. get from the lender the name, address, and telephone number of the credit reporting agency that provided the report.
 - b. triple damages from the credit reporting agency if there are any inaccuracies in his credit report.
 - c. a copy of the credit report from the credit reporting agency for no charge if he requests it within 60 days.
 - d. require that the consumer reporting agency make corrections if the report is inaccurate.

4. Henry Wilson, a broker, receives a citation for a minor infraction by a DBPR investigator/auditor. Wilson
 - a. may have his license suspended or revoked because of the citation.
 - b. need not pay the fine unless it is first ratified by the FREC Probable Cause Panel.
 - c. need not pay the fine because the citation simply requires the broker to correct a minor violation.
 - d. has 30 days to pay the fine or dispute the charge.

5. Stipple Realty charges a 6 percent brokerage fee. In addition, there is a \$250 transaction processing fee. The transaction processing fee
 - a. is a violation of Federal Trade Commission rules.
 - b. must be disclosed before the realty company takes the listing or shows the property.
 - c. is a violation of Chapter 475, F.S.
 - d. may not be charged unless the amount and the relevance of the charge is approved in advance by the FREC.

6. According to the National Association of Realtors, charging a transaction fee may be a violation of The Real Estate Settlement Procedures Act if
 - a. the fee is not excessive and bears a direct relationship to the additional services performed by the broker.
 - b. the charging and collection of the fee is fully disclosed to the consumer.
 - c. the fee is simply an add-on to the transaction and has no direct relationship to the work to be performed.
 - d. the fee is for actual services rendered.

7. An “air loan” as defined by the FBI’s mortgage fraud division, involves
 - a. a borrower who uses a straw buyer’s name and credit history.
 - b. the seller secretly making a loan for the down payment to the borrower, allowing the lender to believe that the money invested in the down payment was the borrower’s own money.
 - c. the purchase of a property that is quickly resold at a much higher value based on a new appraisal.
 - d. a loan based on totally false information where the mortgage broker invents a property and a borrower and poses as the employer, the appraiser, and the credit agency.

8. Which statement is *MOST* correct about the benefits of a homeowner’s income tax deductions?
 - a. Taxes, interest, and maintenance are deductible.
 - b. There is a benefit only to the extent that deductions for taxes and interest exceed the standard deduction.
 - c. Neither interest nor property maintenance is deductible.
 - d. A couple would tend to itemize if the standard deduction were greater than the itemized deductions.

9. John purchased a vacant site in 1994 for \$400,000. He sold it in September of this year, receiving \$540,000 after paying sales expenses. Assuming there is no depreciation and he pays taxes at the maximum capital gains tax rate of 15 percent, what is his tax liability from this sale?
 - a. \$15,000
 - b. \$21,000
 - c. \$28,000
 - d. \$35,000

10. Which statement is correct about recent changes to the Condominium Act?
 - a. Associations may deny owners the use of common areas and recreational amenities when the owner is more than 90 days delinquent in paying financial obligations due the association.
 - b. Associations may not divert rent paid by a tenant to pay delinquent assessments owed by that unit’s owner..
 - c. Individual unit owners must now carry hazard insurance.
 - d. If the condo is more than 75 feet high, the fire sprinkler system must be retrofitted.

11. Jack is a single agent broker working with the Smiths. The Smiths become interested in a home for which Jack is the single agent for the seller. Before showing his listing to his buyers, Jack
 - a. must provide a dual agency disclosure statement and have it signed by both parties.
 - b. may become a designated sales representative for both parties.
 - c. should have both parties sign a Consent to Transition to Transaction Broker Notice.
 - d. must turn the buyers over to another licensee in his office.

12. Which brokerage relationship allows brokers to appoint one sales associate in the firm to be a single agent for the buyer and one agent in the firm to be a single agent for the seller?
 - a. Transition broker
 - b. Single agent
 - c. Designated sales associate
 - d. Nonrepresentation

13. The principal cause of cracking damage to sidewalks and driveways is
 - a. freezing rain.
 - b. sunlight and heat.
 - c. wide variations of temperature.
 - d. tree roots.

14. A purchaser of property may avoid liability by claiming “innocent landowner” status under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 by
 - a. asking the seller for a disclosure statement.
 - b. asking the licensee for a disclosure statement.
 - c. exercising “due diligence” by intensive research in the form of a Phase I environmental site inspection.
 - d. purchasing a site once used as a gas station.

15. When a tenant and a landlord have conflicting demands for a rental security deposit, the broker
 - a. must notify the FREC in writing within 15 days, and then follow one of the settlement procedures within 30 days.
 - b. may keep all such funds as an administrative charge, if the management agreement with the owner has such a provision.
 - c. may not disburse the funds until both the owner and the tenant sign a written agreement.
 - d. may disburse the deposit to the appropriate party without notification to the FREC if the broker follows the requirements of Chapter 83.49, F.S.

16. What is the maximum amount that can be paid from the Real Estate Recovery Fund for many judgments in several transactions against one licensee?
 - a. \$150,000
 - b. \$75,000
 - c. \$50,000
 - d. \$25,000

17. A transaction broker must
 - a. give the customer a transaction broker notice before showing a home.
 - b. not reveal to a buyer that the seller will take less than the listed price.
 - c. tell the seller if the buyers have said they will pay more than the offered price.
 - d. obey the legal instructions of the broker’s principal.

18. The unlicensed practice of real estate for compensation is a
 - a. first-degree misdemeanor.
 - b. second-degree misdemeanor.
 - c. third-degree misdemeanor.
 - d. third-degree felony.

19. Which term is found in the Junk Fax Prevention Act?
 - a. Concurrency
 - b. Established business relationship
 - c. Good-faith estimate of closing costs
 - d. National registry

20. The requirement that sellers and their brokers disclose material defects affecting the value of residential property stems from
- the statute of frauds.
 - Jones v. Mayer* and Chapter 475, F.S.
 - Rayner v. Wise Realty*.
 - Johnson v. Davis* and Chapter 475, F.S.
21. Which areas of a roof are likely to experience the most heat and deterioration?
- North and east
 - South and west
 - North and west
 - South and east
22. The most serious new insect threat to homes in Florida is the
- Florida subterranean termite.
 - Japanese beetle.
 - southern wood-borer worm.
 - Formosan termite.
23. Broker Jasper has a property management escrow account. How much of his personal funds can Jasper place in the account?
- Brokers may not place any of their personal funds into escrow accounts.
 - \$5,000
 - \$1,000
 - \$200
24. A veteran sales associate forgets to renew her license at the appropriate time. Her license will be
- voluntarily inactive.
 - canceled.
 - involuntarily inactive.
 - suspended.
25. Sales associate Harold was asked by a prospective buyer to put her in a Spanish-speaking neighborhood so her children would not forget how to speak that language. Harold saw a win-win-win situation for her, his sellers, and himself, and guided her to a Hispanic neighborhood. Which is correct?
- This is an acceptable practice because of the good that would come from the situation.
 - While the practice is generally frowned upon, government testers rarely enforce this part of the law.
 - This is legal provided no parties are damaged by the practice.
 - This is an illegal act called “steering.”
26. The maximum administrative fine that the Florida Real Estate Commission may legally levy against a licensee for each separate offense is
- \$5,000.
 - \$2,000.
 - \$1,000.
 - \$500.

27. Which statement *BEST* describes a “nominee loan”?
- A swindler uses an investor’s personal information to submit multiple mortgage applications.
 - The lender on a first mortgage thinks the buyer has invested his own money in a down payment when, in fact, the funds are borrowed.
 - The identity of the borrower is concealed through the use of a straw buyer who allows the borrower to use the straw buyer’s credit history.
 - The property and the borrower are invented.
28. Sales associate Patti was showing her listing to a buyer. Patti was told when she took the listing that a murder had occurred on the site ten years ago. According to Florida law, Patti
- must disclose that fact to the buyer.
 - need not disclose that fact to the buyer.
 - must tell the buyer to verify the property’s history in the public records.
 - must disclose the fact to the buyer only if the property is to be the buyer’s homestead.
29. A study designed to assess the likelihood that hazardous substances may be present on a particular piece of property is called a(n)
- environmental impact study.
 - environmental site assessment (ESA).
 - contamination assessment.
 - soils analysis.
30. Certain safe harbor conditions protect a brokerage firm from civil penalties if one of the associates mistakenly calls a person on the Do-Not-Call Registry. Which is *NOT* one of those conditions?
- The firm accesses the national registry at least six months before calling any consumer.
 - The firm has written procedures to comply with the Do-Not-Call requirements.
 - The firm trains its personnel in those procedures.
 - The firm monitors and enforces compliance with these procedures.