

Modern Real Estate Practice in Illinois, 6th Edition
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Chapter 4 Review Quiz

1. The real estate broker's responsibility to keep the principal informed of all of the facts that could affect a transaction is the duty of
 - a. care.
 - b. disclosure.
 - c. obedience.
 - d. accounting.

2. Which of the following would be considered dual agency?
 - a. the sponsored licensee acting for both the buyer and the seller in the same transaction
 - b. brokers cooperating with each other
 - c. the broker representing different principals
 - d. the broker listing and selling the same property

3. The relationship of a broker to his or her client is that of a(n)
 - a. trustee.
 - b. subagent.
 - c. fiduciary.
 - d. attorney in fact.

4. Which statement is true regarding the duties of a real estate broker who is acting as the agent of the seller?
 - a. the broker is obligated to render faithful service to the principal.
 - b. it is okay for the broker to disclose the seller's minimum price.
 - c. the broker should present to the seller only the highest offer for the property.
 - d. the broker can accept an offer on behalf of the seller.

5. A licensee is permitted to represent both the seller and the buyer in the same transaction when
 - a. the principals are not aware of such action.
 - b. the broker is a subagent rather than the agent of the seller.
 - c. commissions are collected from both parties.
 - d. both parties have been informed in writing and have agreed to the dual representation.

6. Which action would be considered unlawful practice in real estate brokerage?
 - a. deceitful or dishonest practices.
 - b. negligent misstatements about the property
 - c. omitted statements of material fact.
 - d. exaggerated statements about the property.

7. As an agent for the seller, a real estate broker can
 - a. guarantee a prospective buyer that the seller will accept an offer at the listed price and terms.
 - b. solicit an offer to purchase the property from a prospective buyer.
 - c. advise a prospective buyer of the best manner of taking title to the property.
 - d. change the terms of the listing contract on behalf of the seller.

8. A seller has listed her home with a broker for \$290,000, and the broker tells a prospective buyer to submit a low offer because the seller is desperate to sell. The buyer offers \$285,000 and the seller accepts it. In this situation
 - a. the broker has violated his agency relationship with the seller.
 - b. the broker was unethical, but the seller did get to sell her property.
 - c. the broker acted properly to obtain a quick offer on the property.
 - d. any broker is authorized to encourage such bids for the property.

9. When Broker Harold was told by his principal not to advertise her property in the XYZ newspaper, which was out of the area. Broker Harold complied because he
 - a. had never advertised in the xyz newspaper anyway.
 - b. must obey the lawful instructions of his principal.
 - c. was not intending to advertise the property at all.
 - d. is allowed to advertise only in local newspapers.

10. It is the duty of an agent to disclose to the principal every step taken in the transaction of the principal's business. This is because the
 - a. commission can be adjusted up or down according to the agent's efforts.
 - b. agent has fiduciary obligations to the principal.
 - c. terms of the listing contract require the agent to do so.
 - d. terms of the purchase contract require the agent to do so.

11. Upon discovering a latent defect in the property, the licensee should discuss the problem with the seller and then
 - a. notify the seller that the defect must be repaired.
 - b. arrange for the repairs himself or herself.
 - c. inform any prospective buyers of the defect.
 - d. contact the city building inspector about the defect.

12. Which phrase best defines the traditional "law of agency"?
 - a. The selling of another's property by an authorized agent
 - b. The rules of the state's regulatory body
 - c. The principles that govern one's conduct in business
 - d. The rules of law that define the responsibilities of an agent to their principal

13. A broker who is the agent of the buyer should do which of the following?
 - a. Disclose to the seller that the buyer is a minority person
 - b. Disclose to the seller the maximum price the buyer is willing to pay
 - c. Present to the seller only offers that are acceptable
 - d. Advise the buyer if the listing price of the seller's house is unrealistic

14. In Illinois, a salesperson sells a buyer a property listed by another brokerage firm in the MLS. The salesperson has been working with the buyer for many months but does not have a written agency contract with the buyer. This salesperson has created an implied agency with
 - a. neither party.
 - b. the buyer.
 - c. the seller.
 - d. the public.

15. A buyer who is shown properties listed for rent by a broker is the broker's
- client.
 - principal.
 - customer or client.
 - agent.
16. A property manager is hired to manage a property while the owner is overseas for two years. The property manager is a(n)
- general agent.
 - special agent.
 - universal agent.
 - attorney-in-fact.
17. A salesperson who represents the seller is showing a house to a prospective buyer. The salesperson knows that the house has a wet basement. Which of the following is true?
- Withholding the information protects the confidence of the seller.
 - Disclosing the information could create a fiduciary relationship with the buyer.
 - Withholding the information prevents the buyer from making an informed decision.
 - Disclosing the information violates the fiduciary duty to the seller.

IN ILLINOIS . . .

18. Which of the following best describes the status of the common law of agency in Illinois as it relates to broker/client relationships?
- It governs all broker-client relationships.
 - It has been replaced by statutory rules.
 - While superseded by statute, it still applies to certain transactions.
 - It has been replaced by local ordinances.
19. Acts a licensee may perform for a consumer that are informative only are referred to under Illinois law as
- representational.
 - reasonable.
 - ministerial.
 - informational.

20. Under Illinois law, the person who receives brokerage services, but who is not represented by the broker is referred to as a
- a. client.
 - b. transactional consumer.
 - c. consumer.
 - d. fiduciary.
21. Illinois law required brokers to deliver true copies of all documents to the parties within how many hours of their signing?
- a. 8
 - b. 12
 - c. 24
 - d. 48
22. Which of the following would be ILLEGAL in an Illinois agency agreement?
- a. A specific termination date
 - b. An automatic extension clause
 - c. A designated agency relationship
 - d. A clause that would allow the licensee to act as a dual agent.
23. Illinois does not recognize
- a. designated agency.
 - b. buyer agency.
 - c. single agency.
 - d. undisclosed dual agency.
24. Under Illinois law, a licensee owes a third party
- a. disclosure of all relevant confidential communications from the principal.
 - b. disclosure of all known adverse facts about the property's physical condition.
 - c. disclosure of latent defects likely to occur.
 - d. disclosure of all known facts about adjacent neighbors.

25. The Illinois court decision in *Munjal v. Baird & Warner, Inc.*, held that a broker or salesperson
- a. must actively work to discover undisclosed latent material defects in a property.
 - b. has a positive duty to inspect a property for latent material defects that a seller has failed to disclose.
 - c. has no duty to discover undisclosed latent material defects.
 - d. must disclose that an occupant of a property was infected with HIV.