

Answer Key

Note to the student:

If you have any questions about this course, the progress test, or the final examination, please contact the school or college where you obtained this material.

Answer Key for Unit 1 Practice Questions

1. a The statement is true. Persons with an honorable discharge from the military do not pay an application fee for a license if the discharge was within the previous 60 months.
2. a The statement is true. A sales associate or broker-associate may be licensed as an individual or may register as a professional corporation, limited liability company, or professional limited liability company.
3. a The statement is true. Sales associates who change their personal mailing address must notify the DRE within 10 days.
4. b The statement is false. The required education course is a 28-hour "reactivation" course.
5. c The answer is obtaining a license by fraud, misrepresentation, or concealment. The respondent falsely stated she had no criminal history.
6. b The answer is \$250 to \$1,000 administrative fine and 30-day suspension to revocation. This is taken from FREC Disciplinary Guidelines Section 475.25(1)(m).

Answer Key for Unit 2 Practice Questions

1. a The statement is true. A broker may deposit up to \$5,000 of personal or business funds to open a property management escrow account, keep it open, and pay for account service charges. The extra funds allow the broker more latitude in disbursing to owners without fear that a tenant's bounced check will lead to a negative balance in the account.

2. b The statement is false. Mediation does not always result in a binding decision, but it is a method to help the parties reach an agreement. The decision is binding on the parties in a court case or arbitration.
3. a The statement is true. If the fund at any time exceeds \$1 million, collections of licensees' fees stop and will not start again unless the fund balance drops below \$500,000.
4. b The statement is false. The fund will reimburse compensatory damages, but not punitive damages, up to \$50,000 for judgments in *one transaction* against a licensee, regardless of the number of claimants.
5. b The statement is false. The FREC may impose an administrative fine not to exceed \$5,000 for each separate offense.
6. b The statement is false. Florida licensees who are found guilty of, or plead nolo contendere to, any crime (misdemeanors included) must report this fact to the FREC within 30 days after the plea or after being found guilty.
7. b The answer is failure to account or deliver to any person, as required by agreement or law, escrowed property. The broker was required to pay the sales associate by agreement and failed to do so.
8. a The answer is failure to deposit any money in an escrow account immediately upon receipt until disbursement is properly authorized. The broker improperly wrote a check from the escrow account into his business account without authorization.

Answer Key for Unit 3 Practice Questions

1. d The answer is certain condominium and cooperative association buildings. Only those buildings three stories and higher are covered under the act.
2. c The answer is structural integrity. The Building Safety Act was designed to prevent tragedies like the collapse of the Champlain Towers condominium in Surfside, Florida.
3. a The answer is a licensed architect or an engineer authorized to practice in Florida. They may be assisted by "teams of professionals" as described in the law.
4. a The answer is a study of the reserve funds required for future major repairs and replacement of the common elements. SIRS stands for Structural Integrity Reserve Study.
5. b The statement is false. Buyers may rescind a purchase contract within three business days for a resale unit.
6. a The statement is true. A licensee must disclose in the listing agreement and in all advertising materials that there is no guarantee that the time-share can be sold at a particular price or within any particular time.

7. b the answer is true. All non-homesteaded property tax assessments may increase no more than 10% of the just value of the property from the prior year.
8. b The statement is false. Portability of the SOH benefit is available for homeowners who had homestead exemptions on their old home after 2006 and who purchase a new homestead. Homeowners can transfer their SOH benefit to a new home if they had the homestead exemption on the old home in any of the previous three years.
9. b The answer is false. When a licensee, as agent for an owner, contracts for repairs, maintenance, remodeling or improvements that is \$5,000 or less, the licensee is exempt from the contractor's license requirement.
10. a The answer is true. As long as the total contract prices for labor, materials, and all other items are less than \$1,000 an unlicensed person may perform the work.
11. a The statement is true. Under the Foreign Investment in Real Property Tax Act of 1980, when a foreign person sells real property, the purchaser may be required to withhold up to 15% of the sale price.
12. b The statement is false. A married couple filing jointly are entitled to a \$500,000 exclusion from taxes on gain on a home sale. The home must be owned and used as a personal residence for a period of two of the past five years to qualify.
13. b The statement is false. The two important forms used in the TILA-RESPA Integrated Disclosure (TRID) are the Loan Estimate and the Closing Disclosure.
14. a The statement is true. The payment history of a credit applicant represents 35% of the total credit score.
15. b The statement is false. The Sherman Act of 1890 is still in effect. It has no sunset provision built into its law.
16. a The statement is true. Any broker or associate registered with the same brokerage may discuss commission rates to be charged by their brokerage.
17. d The answer is she failed to promptly notify the FREC about conflicting demands or a good-faith doubt about an escrow deposit. In this situation, Maxine failed to promptly notify the FREC about conflicting demands or a good-faith doubt about an escrow deposit.
18. b The answer is fine and probation. A fine and probation is the appropriate order.

Answer Key for Unit 4 Practice Questions

1. a The statement is true. Situation ethics means variable ethics because it always "depends..." There's no universal truth, results are unpredictable, and there's a lack of consistency from one situation to the next.

2. b The statement is false. While the terms seem related, they are different. An individual's action may be legal and ethical, legal but unethical, illegal but ethical, or illegal and unethical.
3. b The statement is false. The three categories of ethical violations are deception, stealing, and harming.
4. a The statement is true. Prudential choices are not always legal or ethical choices.
5. a The statement is true. In an article titled "No Mission, No Vision, No Hope" in *The CEO Magazine*, Ann Skeet describes the lack of a written mission statement in Volkswagen publications as a contributing cause to its huge losses from Dieselgate.
6. a The statement is true. Florida requires that all licensees complete three hours of Business Ethics and Practices as part of the 14-hour continuing education requirement.
7. a The answer is the parents are guilty of criminal conduct and should be fined and imprisoned. Their actions were unethical and illegal.

Answer Key for Unit 5 Practice Questions

1. a The statement is true. The Code must be reasonable and consistently construed with the law, but it usually imposes higher standards than those imposed by the law.
2. a The statement is true. Courts have applied the standards of conduct in the Code of Ethics even to real estate licensees who are not members of the National Association of REALTORS®. Many standards in the Code have later been made into legal requirements by state licensing boards.
3. b The statement is false. Because the statement would encourage a lower offer from the buyer, William is not acting in the best interests of his client.
4. b The statement is false. Standard of Practice 1-3 says "REALTORS®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value."
5. a The statement is true. Standard of Practice 1-16 says you can't use property in any way not authorized by the owner.
6. b The statement is false. Cary had a duty to disclose the full value of the property before taking the net listing. Cary has unjustly enriched himself at his client's expense.

7. b The statement is false. A hearing panel determined that it was not possible to determine that the house was not connected to the city sewer from a visual inspection. Additionally, the seller had told the REALTOR® that the house was connected. Standard 2.1 states that REALTORS® shall only be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in those areas required by their real estate licensing authority.
8. b The statement is false. The selling REALTOR® should not assume that any compensation will be paid and is responsible for checking the amount of compensation offered before submitting an offer on property.
9. a The statement is true. The REALTOR® profited from the client relationship and was required to disclose the installation of the machines and get the owner's consent.
10. b The statement is false. Article 7 prohibits REALTORS® from accepting compensation from more than one party, even if permitted by law, without disclosure and the informed consent of the REALTOR®'s client.
11. a The statement is true. Article 9 directs that all agreements related to real estate transactions—including, but not limited to, listing and representation agreements, purchase contracts, and leases—be in writing. Standard of Practice 9.1 says extensions should be in writing.
12. c The answer is the REALTOR® should disclose the facts of the relationship to the seller and terminate the client relationship before selling the property. Article 4 says, among other things, that REALTORS® shall not acquire an interest in property for themselves or any member of their immediate families, their firms without making their true position known to the owner.
13. a The answer is Article 4—Disclose personal interests when buying or selling. Article 4 says that REALTORS® shall not buy for their own account or for members of their immediate families, their firms, or any entities in which they have any ownership interest, any real property without disclosure.

Answer Key for Unit 6 Practice Questions

1. a The statement is true. It does not matter that the seller instructed REALTOR® John to join in the discriminatory behavior. Article 10 says that REALTORS® shall not be parties to any plan or agreement to discriminate against a person or persons based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity.
2. a The statement is true. Standard of Practice 11-1 requires that REALTORS®, when preparing opinions of value when taking a listing or making a sale must:
- be knowledgeable about the type of property being valued,
 - have access to the information and resources necessary to formulate an accurate opinion, and

- be familiar with the area where the subject property is located.
3. a The statement is true. The sign was an advertisement within the meaning of Article 12, and so it violates the Code.
 4. b The statement is false. Article 14 requires that REALTORS® place all pertinent facts before the proper tribunals of the Member Board and take no action to obstruct such processes. Henry has agreed to abide by the Code of Ethics and must provide the document.
 5. b The statement is false. Standards of Practice 16-4 and 16-5 say if the listing broker, when asked by a REALTOR®, refuses to disclose the expiration date and nature of the agreement, the other REALTOR® is allowed to contact the client to secure such information and may discuss the terms upon which the REALTOR® might take a future listing or provide services to the buyer. Jack followed the Code.
 6. d The answer is Standard of Practice 3-2 (changes in compensation offers). A broker may not change the compensation after a cooperating REALTOR® has submitted an offer.
 7. a The answer is yes. He didn't timely communicate the change of compensation before Mary produced an offer to purchase. Fred must communicate a change to the compensation *before* a cooperating REALTOR® has submitted an offer.

Answer Key for Unit 7 Practice Questions

1. b The statement is false. It is a third-degree felony for an unlicensed person to perform real estate services for others for compensation unless that person is exempt from licensing.
2. a The statement is true. A written listing agreement may not have wording that makes it self-renewing, or the listing will be void.
3. b The statement is false. A real estate licensee may rebate all or a portion of the commission to the buyer or the seller in a transaction. The licensee must disclose the rebate to all interested parties (especially the lender).
4. a The statement is true. The listing is given to one broker who is due a commission regardless of who sells the property. This automatically makes the broker the procuring cause of any sale. If the owner sells the property during the contract period, the broker has earned a commission.
5. a The answer is true. A broker who is not a member of the MLS should not expect to receive the same commission split that the listing broker has offered to MLS participants. The MLS split is a result of a blanket offer to MLS participants. A non-member of the MLS has no agreement from the listing broker for payment.

6. a The answer is true. The selling broker has violated Standard of Practice 16-16, which says, Realtors shall not use the terms of an offer to attempt to modify the listing broker's offer of compensation or make the submission of an executed offer contingent on the listing broker's agreement to modify the offer of compensation.

Answer Key for Unit 8 Practice Questions

1. a The statement is true. Wire fraud is the crime that applies to anyone who transmits or causes to be transmitted using an interstate wire, television or radio communications, or the internet, with the intent to defraud or scheme to defraud someone.
2. b The statement is false. Spoofing is a common way that information, such as an email, sender name, phone number, or a website address, is disguised to deliberately mislead and appear to be from a credible or trusted source like a title company, real estate agent or broker, or a mortgage lender.
3. a The statement is true. According to the National Association of REALTORS®, wire fraud is one of the fastest-growing cybercrimes in the United States.
4. b The statement is false. *Spoofing* is a common way that information, such as an email, sender name, phone number, or a website address, is disguised to deliberately mislead and appear to be from a credible or trusted source like a title company, real estate agent or broker, or a mortgage lender.
5. a The statement is true. Educate home buyers and sellers about potential wire fraud schemes and how they work. Many real estate brokers require a wire fraud disclosure to be signed or acknowledged by all parties in the transaction.
6. b The statement is false. Brokers and sales associates should not send or forward wire instructions or financial information through email, especially if using public Wi-Fi or hotspots.

Answer Key for Unit 9 Practice Questions

1. a The statement is true. The housing must be specifically designed and operated to assist elderly persons and is intended for, and solely occupied by, persons 62 years of age or older. There are other provisions that also qualify the property.
2. a The statement is true. Families with children or pregnant women are protected under the law. Advertisements that limit the number or ages of children violate the law.
3. b The answer is the respondent violated the law by discriminating based on race. This is an illegal act called "steering."
4. a The answer is to award damages and fine the respondent for the violation. The judge cannot suspend or revoke the license of the respondent.

Answer Key for Unit 10 Practice Questions

1. a The statement is true. A disability is defined by the ADA as a physical or mental impairment that substantially limits a *major life activity*, such as walking, seeing, hearing, learning, breathing, caring for oneself, or working.
2. b The statement is false. The ADA does not cover temporary impairments such as broken bones or sexual or behavioral disorders.
3. a The statement is true. "Service animal" means an animal that is trained to perform tasks for an individual with a disability. A service animal is not a pet.
4. b The statement is false. Such disclosure would violate the law that prohibits discrimination against people who have AIDS or an HIV infection. Any person with or perceived as having AIDS or HIV is entitled to every protection available to people with disabilities, including fair housing protections.
5. a The answer is yes. Many people with disabilities require the assistance of an animal to carry out major daily activities.
6. b The answer is no. This would be discrimination against persons with disabilities.

Answer Key for Unit 11 Practice Questions

1. b The statement is false. The marketing plan should address product, price, place, and promotion of the business—not "daily work" items like ordering supplies.
2. b The statement is false. *Successful* associates tend to focus on the long-term rather than the short term and how what happens today affects their overall success.
3. a The statement is true. If both the broker and the associate are not in harmony as to the business they are each pursuing, the broker may be unable to fulfill the statutory obligations to the associate and the associate will not have a knowledgeable person to whom questions may be addressed.
4. a The statement is true. The federal law does not permit a FSBO to be contacted if on the national registry unless the licensee has a buyer who needs information about the property or to set up a showing on the property. The Florida law allows the licensee to contact a FSBO to solicit a listing as long as the FSBO is not on the national registry.
5. b The statement is false. Unless waived by signature, a company may call a consumer, even if that consumer is on the registry, for no more than 18 months after that consumer's last purchase, delivery, or payment.
6. b The statement is false. Whether an associate is operating alone or as a team, a broker must always be involved, and the brokerage name must be included in all advertisements.

7. a The statement is true. The licensee's last name as registered with the DBPR must always appear, whether the licensee's first name is included or not. Keep in mind that the brokerage's name must always be included in all advertising.
8. b The statement is false. Most buyers will think that brokers who do not use social media in their advertising mix are outdated.
9. a The statement is true. Posting a listing—even if it is not paid advertising—still requires the broker's involvement to review the listing and the appointed administrator's time in placing it on the page, updating it as changes are made to the listing, and removing it when it is no longer available.
10. c The answer is attorneys. The other groups are covered under the protected classes of religion, familial status, and disability.
11. b The answer is since the parameters of who sees the ad are set by the advertiser, a buyer who is not included in the targeted group would never know that the ad had even existed. These individuals are excluded without their knowledge, preventing them from having the same opportunities as others.

Answer Key for Unit 12 Practice Questions

1. b The statement is false. Transient occupancy in a hotel or other public lodging is not covered under the Residential Landlord and Tenant Act.
2. b The statement is false. A broker may never commingle a tenant's rental deposits with the broker's own funds, even if the broker posts a surety bond.
3. a The statement is true. If the landlord claims part of the tenant's deposit, the landlord must give written notice by certified mail to the tenant's last known mailing address within 30 days after the tenant vacates the premises.
4. a The statement is true. The landlord, at the beginning of a tenancy must ensure that screens are installed in a reasonable condition. At least once annually, the landlord must repair screens.
5. b The statement is false. If the tenant is late in paying rent, the landlord may not cut off utility services, change the locks, or remove outside doors, locks, roofs, or windows in an effort to force the tenant to move.
6. a The statement is true. If the tenant stays in possession of the dwelling unit after the expiration of the rental agreement without the permission of the landlord, the landlord may recover double the amount of rent due on the dwelling unit for the period after the lease expired.

7. c The answer is Dave has falsely advertised property and has committed fraud and dishonest dealing in a transaction. Dave is guilty of falsely advertising property and committing fraud and dishonest dealing in a transaction.

Answer Key for Unit 13 Practice Questions

1. b The answer is false. While the amount of HOAs continues to grow in Florida and the amount of residents with complaints grows, management companies are still not required to run them.
2. a The answer is true. The Buyer has three days to review the HOA disclosure and can cancel during this time period.
3. b The answer is false. HOAs must maintain records for at least seven years.
4. a The answer is true. An officer who embezzles HOA funds must be removed from office.
5. b The answer is the association was corrupt and broke many laws. The association failed to prepare annual financial statements. The directors were personally charged with embezzling money. Although there were over 6000 homeowners, these rogue board members embezzled over \$2 million dollars.

Answer Key for Unit 14 Practice Questions

1. b The answer is false. While the population grew slightly in 2020-2022, there was not nearly as much growth as previous years.
2. a The answer is true. The Fed's decisions are likely to impact adjustable-mortgage rates more directly, but also impacts fixed-mortgage rates.
3. b The answer is false. ALICE stands for asset limited, income constrained, employed.
4. a The answer is true. 45% of Floridians are ALICE households.
5. b The answer is the Consumer Price Index. The Consumer Price Index is considered a fair return on investment for owners in Florida.