

# Illinois Broker Management

## Student Pre-Quiz

### Chapter 1

True/False

- T 1. All persons active in day-to-day management of a brokerage company must be licensed brokers.
- T 2. A branch office must have received a branch office license prior to doing business.
- F 3. If a corporation owns a real estate brokerage, all stockholders must be licensed brokers.
- F 4. Unlicensed assistants may show properties to potential buyers.
- F 5. Advertising that one has a real estate designation when it is not true is unethical but does not violate the law.
- F 6. A seller's agent must disclose to potential buyer/lessees that the property was the site of a murder/suicide.
- T 7. The managing broker is NOT responsible for ensuring that each licensee under that broker's supervision has completed the required continuing education, but is responsible for making sure those licensees are licensed.
- F 8. An unlicensed assistant may perform all activities that are shown as examples of ministerial acts in Section 1-10 of the License Law.

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### Chapter 2

- T 1. Written agency disclosure is required to be provided to both clients and customers.
- T 2. Designated Agency does NOT require that fiduciary duties be included.
- T 3. A licensee that is buying a property personally can NOT act as a dual agent in that transaction.
- T 4. Although allowed by law with proper disclosure, a broker may prohibit a salesperson that is also a licensed mortgage broker from originating loans for that salesperson's home buyer/customers.
- F 5. Teams are allowed to share "confidential information" among team members but not with other licensees in their company.
- T 6. A managing broker that lists a commercial property can be the designated agent of the seller while one of that broker's salespersons functions as a designated agent for the buyer of that same property, so long as there is a policy to protect confidential information.
- F 7. A commercial broker that has a small ownership interest in a small strip center may represent a tenant leasing space in the center as long as the broker owns no more than 10% of the center.
- F 8. A broker that functioned as a disclosed dual agent when leasing a commercial space 3 years ago could negotiate a lease extension as a disclosed dual agent without having a new dual agency disclosure signed.

- F 9. A licensee that accepts a commission must function as an agent of the party paying the commission.
- T 10. A broker needs to make sure that the person signing an exclusive right to sell listing for a commercial company is properly authorized to sign that agreement.
- F 11. A commercial brokerage whose salespersons often compete with each other need show little concern with issues of confidentiality if the licensees all cooperate with each other.

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### Chapter 3

- F 1. Real estate salespersons that receive a small base salary plus commission can be independent contractors and would not fall under the Illinois workers compensation requirements.
- F 2. A broker's office policy manual can NOT limit social networking of licensees since that is protected free speech under the constitution.
- T 3. Escrow records must be maintained for 5 years and the immediately preceding two years' records must be maintained at the office location.
- T 4. A broker that accepts and holds earnest money must maintain an escrow account.
- F 5. A broker may leave a sign on a property no more than 90 days after a listing has expired.
- T 6. A cooperative commission agreement between brokers should be in an agreement separate from the purchase agreement between the buyer and seller.
- F 7. Earnest money is included by a commercial tenant along with a letter of intent to lease. Upon the signing of the letter of intent by the lessor, the earnest money must be deposited in the escrow account no later than the next business day.
- F 8. A buyer and seller may authorize a broker to release the earnest money in a cancelled transaction during a conference call on the phone.
- T 9. A broker's escrow account must be reconciled monthly unless there has been no activity in the account.

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### Chapter 4

- F 1. A brokerage that changes its commission schedule must post the changes in the legal notices section of the local newspaper within 30 days.
- F 2. Under RESPA, a broker may receive a fee per transaction from a title insurance company for referring a customer that purchases title insurance from that company with proper written disclosure.
- T 3. A broker that owns stock in a title company may receive a share of annual profits based on the broker's ownership percentage.
- T 4. Under RESPA, a title company owner may install a fax machine in a broker's office at no charge to the broker if the fax machine is used ONLY to fax over title insurance documents to the title company.
- F 5. In hopes of gaining business referrals from a brokerage, a lender may, under RESPA, provide marketing items to the broker that helps defer the broker's marketing costs at no cost to the broker.
- F 6. A real estate salesperson sets up a "short sale consulting service" to assist buyers and sellers through the short sale process in return for a relatively small fee. This consulting service involves no activities for which a license would be required under the License Law. The fees for this service must go through the brokerage and not directly to the salesperson.
- T 7. A salesperson that uses both licensed and unlicensed assistants needs to have a contract with the managing broker that spells out the duties and responsibilities of each.

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### Chapter 5

- T 1. A salesperson that leaves a brokerage company but continues to advertise under the brokerage company name risks having a request for an injunction filed, by that former company, to stop the behavior.
- T 2. A broker can require, as part of the independent contractor agreement, that all salespersons attend required annual training.
- F 3. Being able to prove a licensee received a copy of the policy manual is unnecessary if the manual is published on the company web site.
- T 4. If a salesperson's actions violates a provision in the company policy manual and those activities also are a violation of the License Act, the broker stands a better chance of avoiding charges since the salesperson specifically violated the broker's directions in the manual.
- F 5. An unlicensed assistant can both fax and e-mail information on a property requested by a buyer without getting permission from a licensee.
- F 6. A broker that has a small office with only two salespersons spends several months per year in Arizona and contacts the office by cell phone at least once per week to see if there any issues will meet the requirement to exercise supervision over the office.
- F 7. A broker is responsible for the company's advertising but not for a salesperson's advertising if the salesperson personally paid for the advertisement.