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Question 1

Question Type: MultipleChoice

In a jurisdiction where the common law of agency applies, a broker has listed a home and then presented to the seller an offer from another client of the broker. The offer has been accepted. The broker has what type of agency relationship with the parties?

Options:

A- seller agency, no agency relationship with buyer

B- no agency relationship; in this situation the broker becomes a facilitator only

C- seller agency, buyer sub-agency

D- dual agency

Answer:

D

Explanation:

Under the common law of agency, when a broker represents both the seller and the buyer in the same transaction, the broker is acting as a dual agent.

The broker has a fiduciary duty to both parties.

This arrangement is only legal if both parties give informed, written consent.

A sub-agency relationship would apply if another agent brought the buyer as a subagent of the seller's broker, not if the buyer is directly the broker's own client.

Therefore, the correct agency type in this case is dual agency.

Question 2

Question Type: MultipleChoice

An intoxicated buyer made an offer on a house. The owners accepted the offer. This contract is

Options:

A- illegal.

B- void.

C- unilateral.

D- voidable.

Answer:

D

Explanation:

Per the Contracts chapter of the NJ Real Estate Salesperson Pre-Licensure Course Study Guide, contractual capacity is required. Agreements entered into by a party who is intoxicated to the point of incapacity are voidable at that party's option (once sober), not void per se. The contract is not illegal, and it's bilateral (both parties promise performance), not unilateral.

* Thus, the contract is voidable by the intoxicated party.

(Reference: NJ Real Estate Salesperson Pre-Licensure Course Study Guide, Contracts---Capacity; Void vs. Voidable Contracts.)

Question 3

Question Type: MultipleChoice

A prospective buyer calls a licensed New Jersey salesperson to inquire about a property listed with that salesperson's brokerage. During the first substantive discussion about the property's price and terms, the salesperson must

Options:

A- immediately provide the Consumer Information Statement (CIS).

B- wait until the buyer is ready to make an offer before presenting the CIS.

C- only provide the CIS if the buyer asks for agency representation.

D- provide the CIS at closing when all agency relationships are finalized.

Answer:

A

Explanation:

Under New Jersey Real Estate Commission (NJREC) Regulations, licensed brokers and salespersons are required to provide the Consumer Information Statement (CIS) to clients and customers at the first substantive discussion about the price, terms, or motivation regarding a specific property.

The purpose of the CIS is to disclose to the consumer the various types of business relationships available in New Jersey (seller's agent, buyer's agent, disclosed dual agent, and transaction broker) and to clarify how the licensee intends to work with them.

Important rules from N.J.A.C. 11:5-6.9:

The CIS must be given before any confidential information is disclosed or before an offer is written, whichever occurs first.

A ''first substantive contact'' means when a buyer or seller begins discussing financial or personal motivation about the transaction.

Failing to provide the CIS at the proper time is considered a violation of agency disclosure requirements and can subject the licensee to disciplinary action by NJREC.

Therefore, the correct answer is A, because the CIS must be provided immediately at the first substantive discussion.

Question 4

Question Type: MultipleChoice

Two parcels of land priced at $2,100 per acre were purchased. One parcel was 5 acres in size, and the other was 1 square mile in size. How much should these two parcels have cost together?

Options:

A- $766,000
B- $914,760
C- $1,060,500
D- $1,354,500

Answer:

C

Question 5

Question Type: MultipleChoice

Which of the following best describes the Housing for Older Persons Act?

Options:

A- It allows grandparents with grandchildren to be exempt from the provisions of the Act.

B- It requires that at least 80% of occupied units have one person age 55 or older living there.

C- It requires that 55-and-older housing have significant facilities and services designed for seniors.

D- It allows the awarding of monetary damages against those who believed that property designated as housing for older persons was exempt.

Answer:

B

Explanation:

The Housing for Older Persons Act (HOPA, 1995 amendment to the Fair Housing Act) provides exemption from familial status discrimination if:

At least 80% of units are occupied by at least one person 55 years of age or older.

The housing adheres to a policy of providing housing for older persons.

The requirement for ''significant facilities and services'' was removed by the 1995 Act.

Correct answer = B.

Question 6

Question Type: MultipleChoice

When buyers move into their new house, they see that the ceiling fan in the dining room is gone. The ceiling fan was not mentioned in the offer to purchase. Did the sellers have the right to take the ceiling fan?

Options:

A- Yes, because it was not referenced in the contract.
B- Yes, because it was the sellers' personal property.
C- No, because it was a fixture in the house.
D- No, because it was chattel.

Answer:

C

Explanation:

A fixture is personal property that has become real property by being permanently attached (e.g., ceiling fans, light fixtures).

Fixtures are considered part of the real estate and transfer with the property unless specifically excluded in the contract.

Chattel refers to movable personal property, which a ceiling fan is not once installed.

Correct answer = C.

Question 7

Question Type: MultipleChoice

A salesperson is selling a leased commercial property. What will happen to the lease after the sale is consummated?

Options:

A- The lease is assigned to the new owner.
B- The lease expires and the tenant must move.
C- The tenant and the new owner must negotiate a new lease.
D- The new owner has the option of canceling the lease or accepting the lease.

Answer:

A

Explanation:

In New Jersey, under landlord-tenant law, a lease is considered a contract that runs with the land. When a property is sold while a lease is in effect, the new owner automatically assumes the rights and responsibilities of the landlord under the existing lease.

The tenant does not need to renegotiate and cannot be forced to vacate until the lease term expires, unless both parties agree otherwise. This transfer is known as an assignment of lease to the new owner.

Therefore, the correct answer is A.

Question 8

Question Type: MultipleChoice

Based on the Real Estate Licensing Law, a real estate licensee can provide a rebate of the commission to a buyer

Options:

A- if the licensee is the broker.
B- if notated on the contract of sale.
C- provided it does not exceed 50% of the total commission.
D- if a writing confirming the terms of the rebate is provided to the buyer at closing.

Answer:

D

Explanation:

New Jersey law (P.L. 2009, c. 273; NJ Real Estate Licensing Law) permits brokers to rebate a portion of their commission to a buyer provided that:

The rebate does not constitute a violation of RESPA or other federal laws.

The terms of the rebate are disclosed in writing to the buyer prior to closing.

The rebate must be documented in the transaction records maintained by the broker.

There is no statutory 50% cap, and it does not have to be written directly into the contract of sale. It is also not limited to the broker personally---salespersons may provide a rebate under the broker's supervision.

Question 9

Question Type: MultipleChoice

A licensee must provide a Consumer Information Statement in all of the following transactions EXCEPT the:

Options:

A- sale of a vacant one-family lot

B- sale of a three-family house in a mixed-use zone

C- sublease of a studio apartment for two months

D- lease of a three-bedroom apartment for one year

Answer:

C

Explanation:

The Consumer Information Statement (CIS) must be used in all sales of 1--4 family residential properties and all residential lease transactions of 1--4 units that are for terms longer than 125 days.

A short-term rental or sublease (two months) does not require a CIS.

Correct answer = C.

Question 10

Question Type: MultipleChoice

A salesperson working with buyers secures an offer on a property. The offer calls for an initial deposit of $1,000 to be held in escrow. The salesperson instructs the buyer to issue a personal check in that amount payable to the salesperson. This action is

Options:

A- prohibited, because the salesperson accepted a personal check.
B- permissible, because the salesperson is acting as agent for the broker.
C- prohibited, because checks for deposits to be held in escrow may only be payable to the broker's escrow account.
D- permissible if the salesperson immediately writes a check for the deposit amount payable to their broker's escrow account.

Answer:

C

Explanation:

According to the New Jersey Real Estate Commission (NJREC) Rules and Regulations, a salesperson is not permitted to accept funds in their own name under any circumstances. All earnest money deposits, whether in cash or check form, must be made payable directly to the broker or the broker's trust (escrow) account, never to the salesperson.

The law is very clear that a salesperson works on behalf of and under the supervision of their broker. This means that the salesperson cannot hold or control escrow funds personally. The proper handling of escrow deposits is a strict trust account requirement under N.J.A.C. 11:5-5.1.

Key points from the New Jersey Salesperson study guide:

Salespersons cannot maintain escrow accounts.

All deposit checks must be made payable to the broker's escrow or trust account.

Accepting a check payable to the salesperson, even with the intent to transfer it, is a violation of NJREC trust account rules.

Therefore, the correct answer is C, because any deposit intended for escrow may only be payable to the broker's escrow account.

Question 11

Question Type: MultipleChoice

A lender whose mortgagor has defaulted may be offered a deed in lieu of foreclosure. If accepted, which of the following will be true?

Options:

A- Because it is voluntary, it will not be an adverse item on the buyer's credit.

B- The lender will take the title subject to any junior liens.

C- The lender will usually retain rights under mortgage insurance or VA guarantee.

D- The loan will still be assumable.

Answer:

B

Explanation:

A deed in lieu of foreclosure is sometimes called a ''friendly foreclosure.''

The borrower voluntarily conveys title to the lender to avoid foreclosure proceedings.

However, the lender accepts the property subject to any junior liens or encumbrances already on the title.

It is still an adverse credit event for the borrower.

The loan is extinguished and cannot be assumed afterward.

Thus, the correct answer is B.