Real Estate Licensing New-Jersey-Real-Estate-Salesperson Practice Questions

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Question 1

Question Type: MultipleChoice

Under New Jersey Real Estate Commission rules, a licensee's obligations to the public include all of the following responsibilities EXCEPT:

Options:

A- accepting any reasonable commission offered by a seller in the course of negotiating a listing agreement
B- dealing honestly with all parties
C- disclosing material defects in a property to a prospective purchaser
D- protecting and promoting the interests of the licensee's principal when acting as an agent

Answer:

A

Explanation:

According to NJREC Rules (N.J.A.C. 11:5-6.3 and 11:5-6.4), obligations to the public include:

Dealing honestly and fairly with all parties.

Disclosing material defects known to the licensee.

Protecting and promoting the interests of the principal when acting as agent.

There is no requirement that a licensee must accept ''any reasonable commission'' offered. Commission rates are always negotiable and must be agreed upon voluntarily.

Correct answer = A.

Question 2

Question Type: MultipleChoice

Which of the following statements about branch offices is INCORRECT?

Options:

A- The name of the branch office supervisor must be recorded with the commission.
B- A licensed broker-salesperson must supervise the office on a full-time basis.
C- Two salespersons may be designated to share supervising responsibilities.
D- The employing broker is ultimately responsible for all licensees employed at the branch office.

Answer:

C

Explanation:

According to NJREC Rules and Regulations (N.J.A.C. 11:5-6.4 & 6.5):

A branch office must be supervised by a broker or broker-salesperson designated by the employing broker.

The supervisor's name must be recorded with the Commission.

The supervising broker/broker-salesperson must work full-time at that location.

The employing broker remains ultimately responsible for all licensees.

It is not permitted to designate two salespersons to share supervisory responsibilities.

Thus, the incorrect statement is C.

Question 3

Question Type: MultipleChoice

A contract of sale prepared by a licensee MUST include an attorney review clause if it pertains to Which option best types of properties?

Options:

A- Six-family dwelling unit, a portion of which is used for non-residential purposes
B- Commercial building that does not exceed 10,000 square feet
C- Subdivision of fifteen or more lots
D- Single family residential vacant lot

Answer:

D

Explanation:

According to the New Jersey Supreme Court Mandated Attorney Review Clause (as adopted by NJREC, N.J.A.C. 11:5-6.2(g)), all contracts prepared by licensees for the sale of one-to-four family residential properties and residential vacant lots must contain the three-day attorney review clause.

The purpose is to protect consumers in residential transactions by giving them the right to have their attorney review and potentially cancel or modify the contract within three business days.

Therefore, the correct answer is D, because the attorney review clause is mandatory for contracts involving a single-family residential vacant lot.

Question 4

Question Type: MultipleChoice

A married couple is planning to purchase a house that costs $86,000. If they obtain a 60% loan and the lender charges a 2.5% loan origination fee and 0.5 discount points, what is the cost of these expenses?

Options:

A- $1,290
B- $1,548
C- $2,150
D- $2,580

Answer:

B

Question 5

Question Type: MultipleChoice

A purchase money note need NOT contain the:

Options:

A- rate of interest.
B- time and method of payment.
C- loan-to-value ratio.
D- principal amount of the loan.

Answer:

C

Explanation:

A promissory note (purchase money note) is the borrower's written promise to repay a loan. It must include:

The principal amount of the loan.

The interest rate.

The time and method of repayment.

The loan-to-value ratio (LTV) is a lender's underwriting guideline but is not a required element of the promissory note.

Correct answer = C.

Question 6

Question Type: MultipleChoice

A property was listed for $110,000. It sold for $106,000. A 6.5% fee was split equally between the listing and selling real estate firms. The listing licensee received 55% of the listing office share. How much did the listing licensee receive?

Options:

A- $1,894.75
B- $1,966.25
C- $3,575.00

D- $3,789.50

Answer:

A

Question 7

Question Type: MultipleChoice

The following statement was found in a real estate sales contract: "In the event of a default by the purchaser, the forfeiture of the earnest money to the seller will be the only compensation to which the seller will be entitled." This statement most likely describes a:

Options:

A- broker protection clause
B- liquidated damages clause
C- default delivery clause
D- indemnification clause

Answer:

B

Explanation:

A liquidated damages clause specifies in advance the amount of money or type of damages one party will receive if the other party defaults.

In this case, the earnest money deposit forfeiture is the seller's only compensation in the event of buyer default.

A broker protection clause protects a broker's commission rights.

Indemnification clauses shift liability to another party.

A default delivery clause is not a standard real estate term.

Thus, the correct clause is B: liquidated damages clause.

Question 8

Question Type: MultipleChoice

If an owner wants to list a property for sale "as is," the listing agent should:

Options:

A- assume that the owner will accept a relatively low price for the property.
B- conclude that if the buyer later discovers defects that were not disclosed the listing agent is relieved of any responsibility.
C- question the seller as to any known defects.
D- assume that the house is a 'fixer-upper.'

Answer:

C

Explanation:

''As is'' does not relieve a seller or listing agent from disclosure obligations.

The licensee must still make reasonable inquiries about known defects.

All material facts must be disclosed, regardless of the ''as is'' designation.

''As is'' simply means the seller will not make repairs or improvements.

Thus, the agent must ask the seller about known defects = C.

Question 9

Question Type: MultipleChoice

Are electronic signatures enforceable on a real estate contract?

Options:

A- Yes, because they are allowed by the federal government.
B- Yes, because they are legal in real estate transactions.

C- No, because they are only allowed on deeds.
D- No, because they must be signed and witnessed.

Answer:

B

Explanation:

Electronic signatures are legally enforceable under the federal Electronic Signatures in Global and National Commerce Act (E-SIGN Act, 2000) and the New Jersey Uniform Electronic Transactions Act (UETA, N.J.S.A. 12A:12-1 et seq.).

These laws confirm that electronic signatures are valid and binding in real estate contracts, listings, leases, and other documents.

They are not restricted to deeds, and do not require witnessing to be valid.

Therefore, the correct answer is B.

Question 10

Question Type: MultipleChoice

A client is considering listing an industrially zoned 10-acre site. It has been vacant for several years, and was formerly used as an automobile junkyard. What would a responsible real estate licensee recommend the seller consider obtaining prior to putting the property on the market?

Options:

A- a radon measurement analysis
B- an environmental site assessment
C- an electromagnetic field determination
D- an air quality report from the Environmental Protection Agency

Answer:

B

Explanation:

A property formerly used as an automobile junkyard may have soil or groundwater contamination.

The recommended due diligence is an Environmental Site Assessment (ESA), usually a Phase I ESA, to evaluate potential contamination and liability under environmental laws (such as CERCLA).

Radon, EMF, or air quality reports may be relevant in other contexts, but here the correct and standard recommendation is an ESA.

Correct answer = B.

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