



D&D School of Real Estate

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30Hr New Affiliate Course: Answer Sheet

Name: _____

Address: _____

City, St, Zip: _____

Phone #: _____ Fax#: _____

E-Mail: _____

Chapter 1, Exercise 1:

Below, write in your own words the meaning of Article One of the code of Ethics based on these two case studies.


Chapter 1, Exercise 2:

1. Describe factors in the 2 cases studies on the previous page you consider wrong and would be “reasonably apparent” as required or implied by Tennessee real estate law 62-13-102(1) and 62-13-403(1).


2. Describe “non-material factors”.

Chapter 1, Exercise 3:


In your opinion, do you agree or disagree with the agent in the above case study and why?

 **Chapter 1, Exercise 4:**


Find an advertisement from your local newspaper or real estate for sale magazine that is for sale by a licensee and paste it below.

 **Chapter 1, Exercise 5:**


From the case above, give two examples of a breach of Article five of the code of ethics.

 **Chapter 1, Exercise 6:**

In the above case was the Realtor in violation of Article 6? Why or why not?

 **Chapter 1, Exercise 7:**

In light of the case above, is broker X guilty of a breach of Article 12? Explain his violations and the standard of practice that was breached.


 **Chapter 1, Exercise 8:**

From case 8, was the selling agent in violation of the code of ethics? Why or why not?


Chapter 2, Exercise 1:

Look up the laws in the TREC official manual for the following situations and explain in your own words how each situation should be handled. Using law and rule number's 62-13-312 and 1260-2, give the law or rule number you used for your explanation. If you need more room for your answers, ad additional sheets of paper as needed.

1. A broker from another firm instructed me as to how I should handle an offer on one of his listings. Should I follow his instructions or check with my own broker first?
2. I sold a listing listed by another real estate firm and the firm's broker said he would make the commission check payable to me for my part and another check payable to my broker for the balance. Is this policy consistent with the law? Why or why not?
3. My broker asked me to do something I believe is unethical and possibly breaking the real estate law. What should I do?
4. I am a licensee in a medium-sized brokerage firm. I have witnessed several instances where my broker's checks have bounced. I don't have access to the books, but I gather from the secretary that some of my escrow checks are being deposited in the broker's general operating account instead of into the escrow account. Sometimes my closings have been postponed for no apparent reason and then we were coincidentally able to close when a new sale was made and another deposit was received. I suspect my broker is embezzling funds. What should I do?

 **Chapter 2, Exercise 2:**

Write “Ten basic rules” based on what we have studied in the Code of Ethics and Tennessee Law, for relationships *within* your real estate office, what would you include?

 **Chapter 2, Exercise 3:**


Write the “Ten basic rules” for relationships with agents *outside* of the office.

Chapter 2, Exercise 4:


Using law and rule number's 62-13-404 and 1260-2 in the TREC official manual, explain in your own words how each situation should be handled. Again, give the law or rule number you used to for your explanation. If you need more space for your answers ad additional sheets of paper as needed.

1. I had a good offer on a property listed by a competitor. When I called the broker to make an appointment to present the offer, the broker advised me that the property was under contract already and due to close in a month. The broker refused to present my offer. Was the broker right? Why or why not?
2. I told a competing broker that my sellers were going to submit an offer in two days on property that broker had listed. The broker called me back in the interim and advised me that he found a buyer whose offer was accepted. Should the broker have advised his sellers that another offer was pending?
3. A firm in our community advertises that it will give a free microwave oven with every home purchased during the month. Is this practice fair and ethical?
4. I have spent a long time working with a couple. I finally sold them a home they liked enough to submit an offer. As I finished filling out the offer forms, the wife stated that they saw the home with another real estate agent the weekend before I met them. What should I do?
5. A broker from another office has been attempting to recruit me to her office. She has offered me a signing bonus if I move and is willing to give me some of her personal listings if I move to make up for what I must leave behind. She also said she would help me create an announcement letter to send to all of my past customers and clients to announce my move. Is there anything in this offer that would be a breach of the state law? Why or why not?


6. I wrote an offer on a listing at another firm. The seller, through the listing agent, countered my offer and added that the deposit was to be held by the listing company. My buyer wanted the deposit to be held by my firm. Who is ultimately responsible for this deposit accepted by me?

 **Chapter 2, Exercise 5:**

Below give your definition of 'sub agency'.


 **Chapter 3, Exercise 1:**

List the four categories of real property and your expectation of sales percentages in each category.


 **Chapter 3, Exercise 2:**

Using the CMA form supplied complete the form on the enclosed Subject property. Use the additional information supplied on active properties, closed sales and expired listings to fill in the form. When completed, use your judgment to determine the range of value and the suggested listing price.


FILL OUT ATTACHED FORM


 **Chapter 3, Exercise 3:**

The Robertson's have a four-unit apartment they are interested in selling. They have contacted you to assist them in pricing the apartment building. They have supplied you with the below information and have indicated that when they bought the property, they were looking for a property that gave them a 9% on their investment. Using this information, what price would you market their apartment for? Please show your math and analysis in the area below.

 **Chapter 3, Exercise 4:**

You have contacted John Hisser, a recent law school graduate, who is looking for rental property and is interested in looking at properties in good condition with good rental history. Arbor Groove Apartments fits his criteria and price range however; Mr. Hisser is interested in minimum cash on cash return of 11%. What price would he pay for Arbor Groove Apartments?

 **Chapter 3, Exercise 5:** You have considered accepting a position as a property manager for Arbor Groove Apartments. As you make your initial tour of the property you notice that the garbage and trash pails are just sitting behind the building. It appears that some neighborhood dogs have at one time or another dumped the garbage and spread it through the yard. Below explain the options you would want the owner to consider to stop this problem from happening again and also what measures should be taken or considered as to a recycling program for the apartments.

 **Chapter 4, Exercise 1:**

<u>Questions</u>				
1.	A	B	C	D
2.	A	B	C	D
3.	A	B	C	D
4.	A	B	C	D
5.	A	B	C	D
6.	A	B	C	D
7.	A	B	C	D
8.	A	B	C	D
9.	A	B	C	D
10.	A	B	C	D

 **Chapter 4, Exercise 2:**

In the following examples explain whether or not there is a violation of anti trust laws and which particular issue of the four discussed above was breached.


1. Agent L was on a listing appointment at the home of the Brown's. Mr. Brown was very interested in listing with agent L but asked for the commission to be discounted by one percent. Agent L explained that it would be to Mr. Brown's disadvantage since the other agents in the MLS system would not be as likely to show the property due to the lower commission.

2. Roy Rogers, Rogers Real Estate Company, was having lunch with his good friend Gene Autry of Autry Real Estate Sales and Appraisals. Roy was moaning about the fact that the costs of advertising and other expenses were on the rise. Gene agreed that the costs were rising and wondered if there was anything they could do about it. After discussing the particular price increases they realized that if they added a closing fee of \$250.00 to each closing on the seller's side they would cover the additional costs and keep their profit margins at a reasonable level. They both agreed to the additional fee and went back to their offices and implemented the increase

3. Charlie's Discount Real Estate Company just opened their doors in town. They offered a menu of fees to the sellers that listed with them that were very much discounted from the 'traditional' commission rates depending on the amount of work the seller required of Charlie. At the next monthly Board meeting broker Bill of Bill's Real Estate Company suggested that the other brokers might do the same as he had and tell their agents not to show Charlie's listings. Besides, Charlie was only paying a \$100.00 showing fee if any agent brought an accepted contract to him. The other brokers agreed that there was just no sense working for such a small commission.


Chapter 5, Exercise 1:

In the Tennessee Real Estate commission hand book under part 3 of the law, look up the penalties for fraudulent activities. Give the chapter and law number, maximum fine and license status changes if any.


 **Chapter 6, Exercise 1:**

Look up in Part 4 of the Tennessee Real Estate Commission handbook the law on disclosure and put the number of that rule below. In your own words explain the process written disclosure.


Additional duties are required of the agent to the principal

 **Chapter 6, Exercise 2:**


List below the additional duties required to the principal by Tennessee law part 4.

 **Chapter 6, Exercise 3:**


Look up the rule on written agreements, in part 4 of the law, and put the number of the rule below.

 **Chapter 6, Exercise 4:**

Mr. and Mrs. Malcolm Johnson are moving to your city due to Mrs. Johnson being transferred to the downtown hospital. They will be in town for the first time next Tuesday and only have 20 days to find a home before Mrs. Johnson must report to work and the assistant administrator. They have contacted you and want you to represent them in finding a suitable home. If they can't find anything this week they will go looking on their own after they move to town and rent an apartment. Explain which form of agency would best serve the Johnson's.

 **Chapter 6, Exercise 5:**

Below give the definition of "designated broker" or agent as covered in part 4 of the law.


 **Chapter 6, Exercise 6:**

As an agent with a written agency agreement we may not only represent the seller and the buyer, we may also be a dual agent or a facilitator. Below give the definitions of each as indicated in part 1 of the law.


1. Dual Agency

2. Facilitator


 **Chapter 7, Exercise 1:** Using the information from your CMA completed in Chapter 3 Exercise 2, fill in the enclosed “Exclusive Right to Sell Listing Agreement” at the highest price your CMA recommended.
FILL OUT ATTACHED FORM


 **Chapter 7, Exercise 2:**
Highlight the following elements of your completed “Exclusive Right to Sell Listing Agreement”. Put the letter of each element beside the highlighted portion of the contract and send it in with the other assignments in this lesson.


FILL OUT ATTACHED FORM

 **Chapter 7, Exercise 3:**
Sales contracts have most of the same elements as the listing contract. There are some additional elements that must be included in order to have a valid contract. Using the enclosed “Purchase and Sales Agreement” highlight the following additional elements to the contract. As with the listing contract, put the letter of the element as highlighted on the contract as listed below.

FILL OUT ATTACHED FORM

 **Chapter 7, Exercise 4:**
With the following information, fill out the “Purchase and Sales Agreement” form.
FILL OUT ATTACHED FORM

 **Chapter 8, Exercise 1:**
Mike and Nancy Schmidt are seeking your help in purchasing a new home. They have not been qualified for a loan as yet and ask for your guidance. Interest rates are currently at 7% and the Schmidt’s are interested in a 30 year fixed interest rate. The monthly payment factor is \$6.65 per \$1,000.00 borrowed. Below are their incomes and their debts. Calculate the amount they will be able to borrow based on the above ratios.

 **Chapter 8, Exercise 2:** Closing statement exercise. Complete the enclosed closing statement with the following information:

Roger Anderson has contracted to sell his house to John and Betty Jones for \$79,900.00. The sale was made by ABC Realty and the property was listed by XYZ Realty. The commission is 6% and is to be equally shared by the buying and selling Agency.

FILL OUT ATTACHED FORM

Chapter 8, Exercise 3:

The following pages are an annual earnings goal worksheet, a daily business plan and a weekly goal sheet. Using these forms together can assist you in planning your activities for the coming year. Make a copy of the work sheets, determine your target annual earnings then fill out the work sheets.

Annual Earnings Goal Work Sheet**#1. MY INCOME FOR THE NEXT 12 MONTHS WILL BE:**

\$ _____

The next two sections break down your income into two parts; listing income and sales income. Assume that, on the average, 60% of your income will come from your listings that sell and 40% of your income will be generated from sales you make.

#2. LISTINGS SOLD INCOME

A. TOTAL LISTINGS SOLD INCOME (#1 x 60%) = \$ _____

B. TOTAL COMMISSION DOLLARS (#2A ÷ 25%) = \$ _____

C. GROSS LISTINGS SOLD DOLLARS (#2B ÷ 6%) = \$ _____

D. TOTAL # OF SOLD LISTINGS NEEDED (#2C ÷ \$100,000.00) = _____

#3. SALES MADE:

A. TOTAL SALES INCOME (#1 x 40%) = \$ _____

B. TOTAL COMMISSION DOLLARS (#3A ÷ 25%) = \$ _____

C. GROSS SALES DOLLARS (#3B ÷ 6%) = \$ _____

D. TOTAL NUMBER OF SALES NEEDED (#3C ÷ \$85,000.00) = _____

* Assumes an average commission of 6% with 50/50 in office split.

** Assumes average sales price is \$85,000.00 (use your markets average price!)

Daily Business Plan Work Sheet

Take the information you computed on your annual earnings goal work sheet and determine the number of daily contacts you need to make in order to reach your goal.

PUT ANSWERS ON ANSWER SHEETS**#1. LISTINGS**

A. Enter line '2D' from your annual earnings goal work sheet _____

B. Number of listings you must have in order to sell the number in '1A'
(1A ÷ 60%) _____

C. Number of listing presentations you must make to meet the goal in 1A
(1B x 3) _____

D. Number of prospective sellers you must talk with in order to meet the goal in 1C.
(1C x 10) _____

E. Total number of listing prospects you must speak with daily
(1D ÷ 300) _____

#2. SALES

A. Enter line '3D' from your annual earnings goal work sheet. _____

B. Number of active buyers you must work with in order to make goal in 2A
(2A x 3) _____

C. Number of active buyers you must talk to in order to achieve the goal in 2B
(2B x 10) _____

D. Total number of sales prospects you must speak with daily
(2C ÷ 300) _____