

Florida Real Estate Broker's Guide
6th Edition Classroom - Form A

1. A broker made a request to the Florida Real Estate Commission (FREC) that it issue an escrow disbursement order (EDO) regarding disputed escrowed funds. Prior to the EDO being issued, the escrow dispute was settled between the parties. Within what period of time must the broker inform the FREC?
 - A. 3 business days
 - B. 10 business days
 - C. 15 calendar days
 - D. 30 calendar days

2. A limited partnership plans to purchase an apartment building that has a monthly net income of \$5,200. Monthly expenses total \$1,400. If the partnership is to get a 12 percent return on its investment, what should it pay for the property?
 - A. \$43,333
 - B. \$62,400
 - C. \$350,500
 - D. \$520,000

3. Performing real estate services for compensation without a real estate license is a
 - A. first degree felony.
 - B. third degree felony.
 - C. first degree misdemeanor.
 - D. second degree misdemeanor.

4. A home is foreclosed and sold at public auction. After the governmental expenses of sale are paid, there is \$354,615 remaining. There is a first mortgage of \$257,210, a second mortgage of \$62,516, and a third mortgage of \$38,725. The borrower also owes \$14,789 of credit card debt. How much can the holder of the third mortgage expect to receive?
 - A. \$0
 - B. \$38,725
 - C. \$34,889
 - D. \$20,100

5. A real estate company has three licensed brokers. Checks disbursed from the escrow account are signed by the company's accountant. Which statement is TRUE regarding this arrangement?
- A. The broker is in violation of Florida license law.
 - B. All three brokers must be designated as signatories on the escrow account, however, only one of the brokers is required to sign all of the checks disbursed from the escrow account.
 - C. Only one of the brokers must be designated as a signatory on the escrow account and that designated broker must sign all checks disbursed from the escrow account.
 - D. Only one of the brokers must be designated as a signatory on the escrow account, however, the broker can designate the accountant to sign checks that are disbursed from the escrow account.
6. An investor sells property he has owned for five years for \$3,000,000. The investor has taken depreciation of \$27,984 for each of those five years. What is the amount of tax owed because of depreciation recapture?
- A. \$20,988
 - B. \$27,984
 - C. \$34,980
 - D. \$39,178
7. A licensed Florida real estate broker lives in Tallahassee. The broker decides to keep the real estate office in Tallahassee but live in Georgia. Which statement applies to this situation?
- A. The broker must notify the DBPR of the change in mailing address within 10 days.
 - B. The broker must surrender the real estate license.
 - C. The broker must place the license in voluntary inactive status.
 - D. The broker must re-register the real estate office.
8. A three bedroom, two bath home sold for \$546,000. A four bedroom two bath home in that neighborhood sold for \$570,000. All other things being equal, the value of the extra bedroom is
- A. \$11,000.
 - B. \$21,000.
 - C. \$24,000.
 - D. \$32,000.

9. A realty is the exclusive representative of the developer of a new subdivision. The broker's sales staff will temporarily work out of a mobile home that the developer has placed in the subdivision until the model home is completed. Transactions will be closed at the broker's main office. The mobile home will be used to distribute brochures and provide maps regarding unsold units. Does the broker need to register the mobile home as a branch office?
- A. The broker must make the mobile home stationary before registering it as a branch office.
 - B. License law prohibits the use of mobile homes as temporary shelters.
 - C. The broker must register the branch office and pay a fee before assigning any sales staff there.
 - D. The mobile home is a temporary shelter and therefore is not considered to be a branch office.
10. What clause in a mortgage allows a borrower to surrender the property to the lender without personal liability?
- A. Assumption of
 - B. Right of first offer
 - C. Exculpatory
 - D. Acceleration
11. If the cost of repairing an item is greater than the value it adds to the improvement, the depreciation is
- A. incurable.
 - B. functional obsolescence.
 - C. curable.
 - D. unrelated to the cost of curing the defect.
12. What is the description of a supply/demand situation where the rents on available units are higher than the potential tenants can afford to pay?
- A. Landlord's market
 - B. Overpricing
 - C. Economic oversupply
 - D. Technical oversupply
13. A new diamond engagement ring is advertised for \$8,900. This figure is the ring's
- A. cost.
 - B. price.
 - C. investment value.
 - D. market value.
14. Insurable risk associated with fire, storm, or flood is
- A. static.
 - B. dynamic.
 - C. capital.
 - D. financial.

15. Which expense is a fixed expense?
- A. Management
 - B. Maintenance
 - C. Utility expense
 - D. Building casualty insurance
16. Which statement is FALSE regarding the Brokerage Relationship Disclosure Act?
- A. Licensees must disclose material defects that affect the value of residential real estate.
 - B. Designated sales associates may be used in nonresidential transactions only.
 - C. The disclosure provisions of the Brokerage Relationship Disclosure Act apply to all residential and multifamily sales and leasing.
 - D. Licensees must provide a written disclosure notice to buyers before entering into an agreement for representation or before showing buyers property, whichever occurs first, unless specifically exempted.
17. The portion of a gain on real property that comes from the depreciation taken during the holding period is normally taxed at what rate?
- A. 10%
 - B. 15%
 - C. 20%
 - D. 25%
18. To be positioned properly for selling a home within a reasonable time, a seller who reviews a CMA would normally price a property just above "sold" section, and just below the homes shown on the section called
- A. currently on the market.
 - B. expired listings.
 - C. previous selling price of the subject property.
 - D. median home value for the region.
19. A written contract for sale and purchase of commercial property that utilized designated sales associates failed to close. Is the broker required to retain the brokerage relationship disclosure documents, and if so, for how long?
- A. The broker is required to retain disclosure documents only for contracts that go to title closing.
 - B. The broker must retain the disclosure documents for 90 days to give ample opportunity for the parties to close the deal.
 - C. The broker must retain the disclosure documents for two years even if a nonresidential transaction fails to close.
 - D. The broker must retain the disclosure documents for five years even if a nonresidential transaction that utilized designated sales associates fails to close.

20. If a property manager intends to file a claim on part of a residential tenant's security deposit, how many days does the manager have to notify the tenant?
- A. 7
 - B. 14
 - C. 15
 - D. 30
21. How much is the state intangible tax on a new mortgage of \$40,000?
- A. \$40
 - B. \$80
 - C. \$140
 - D. \$800
22. A multifamily unit consists of 10 two-bedroom apartments that rent for \$900 per month and 15 three-bedroom apartments that rent for \$1,200 per month. The vacancy and collection loss is estimated to be six percent. Management is five percent of effective gross income. What is the vacancy and collection loss allowance for this property?
- A. \$6,480
 - B. \$12,568
 - C. \$18,458
 - D. \$19,440
23. Once a legally sufficient complaint has been filed and investigated, what is the next step in the complaint process?
- A. Informal proceeding
 - B. Formal hearing
 - C. Probable cause determination
 - D. Issuance of a final order
24. If a lender wants to foreclose on a mortgage, but the original note has been lost, the lender
- A. is prevented from using the court system to foreclose.
 - B. must give an affidavit detailing a chain of all the note transfers and show the lender is entitled to enforce the lost note.
 - C. may demand that the borrower produce the original note for the court's review.
 - D. must provide a satisfaction of mortgage to the borrower.
25. An apartment building had net operating income last year of \$75,163. The annual debt service was \$63,145. Depreciation was \$16,457 and income taxes were \$6,836. What was the after-tax cash flow?
- A. \$12,102
 - B. \$5,182
 - C. \$4,215
 - D. negative \$11,275

26. Which criteria is NOT required of broker applicants?
- A. High school graduate or its equivalent
 - B. Florida resident
 - C. Be honest, trustworthy, of good character, and have a reputation for fair dealing
 - D. Possess a Social Security number
27. Which procedure, when implemented by a property manager, does NOT transfer risk?
- A. Establish policies such as "no aggressive dogs on the property."
 - B. Purchase insurance.
 - C. Have hazardous work done by contractors who have their own insurance.
 - D. Have tenants sign an agreement to hold the owner and manager harmless in case of loss.
28. The known presence of which environmental hazard, if in good condition, is usually best left undisturbed?
- A. Radon
 - B. Asbestos
 - C. Lead-based paint
 - D. Chemical spill
29. The payment of one discount point should reduce the interest rate by approximately
- A. 1%
 - B. 1/2 of 1%
 - C. 1/4 of 1%
 - D. 1/8 of 1%
30. Which independent board of the Appraisal Foundation is responsible for the development and interpretation of the USPAP?
- A. Appraisal Standards Board
 - B. Fannie Mae
 - C. Appraisal Qualifications Board
 - D. Appraisal Underwriting Board
31. Which item is included in a reconstructed operating statement?
- A. Mortgage interest
 - B. Depreciation allowance
 - C. Federal income tax payments
 - D. Vacancy and collection losses
32. Which requirement concerning lead-based paint disclosure requirements applies to purchase and sale transactions ONLY?
- A. Include standard warning language regarding lead-based paint in the contract
 - B. Disclose all known lead-based paint hazards in the dwelling
 - C. Allow 10 days to test for the presence of lead
 - D. Give the buyer or renter a copy of the EPA pamphlet

33. A broker followed the instructions in an escrow disbursement order, but the broker was the victim of a civil court judgment that resulted in a payment of \$5,000 from the Recovery Fund. As a consequence, the FREC will
- A. suspend the broker's license until the \$5,000 plus interest is repaid.
 - B. take no action against the broker.
 - C. impose an administrative fine of \$1,000, plus the broker must reimburse the Recovery Fund \$5,000 plus interest.
 - D. revoke the broker's license.
34. The going concern value of a business is
- A. equal to the value of its real estate holdings.
 - B. equal to the total value of all of its assets and liabilities.
 - C. the worth of the business as an operating enterprise.
 - D. equal to working capital plus cash flow.
35. A broker may NOT legally prepare for another party which document?
- A. Option contract
 - B. Listing
 - C. Deed
 - D. Sales contract
36. The broker followed the directions issued in an escrow disbursement order that became the subject of a lawsuit. The consumer-plaintiff obtained a judgment against the licensed real estate broker. It is determined that the consumer is eligible to seek reimbursement from the Recovery Fund. The fund may NOT reimburse which expense?
- A. Interest
 - B. Plaintiff's courts costs
 - C. Broker-defendant's court costs
 - D. Broker-defendant's attorney's fees
37. Which statement is unique to the transaction broker relationship?
- A. The customer is not responsible for the acts of the licensee.
 - B. The agent has the duty of obedience.
 - C. The licensee must disclose all known facts that materially affect the value of the real property.
 - D. The buyer or seller must give written consent to enter into the brokerage relationship.
38. Florida statutes mandates which requirement concerning radon gas?
- A. Testing to determine radon level
 - B. Purchaser's signature on the radon gas disclosure notice
 - C. Information regarding how to find out more about radon testing
 - D. Disclosure regarding financial assistance available to eradicate high radon levels

39. A married couple filing taxes jointly has just sold their residence for a substantial gain. Which is NOT correct about their ability to exclude the gain from taxes?
- A. They must have occupied the residence for two of the last five years.
 - B. They may exclude up to \$1 million of the gain.
 - C. The ownership and use periods need not have been continuous.
 - D. They may exclude up to \$500,000 of the gain.
40. Last year, a brokerage firm had 250 sales. After paying sales commissions to the associates, the company had \$345,600 remaining. The firm's monthly expenses are budgeted at \$22,000 for next year, with a goal of \$6,000 monthly profit. Assuming no change in the company dollar percentage, how many transactions must the company have each month to meet its goal?
- A. 16
 - B. 17
 - C. 20
 - D. 240
41. A broker runs ads in the newspaper that describe the company's history, quality of service, and expertise of sales associates. This is
- A. product advertising.
 - B. specific advertising.
 - C. institutional advertising.
 - D. the rifle approach.
42. In lien theory states, the
- A. lender has title to the property and the borrower has a lien.
 - B. borrower has title to the property and the lender has a lien.
 - C. borrower has a lien on the property.
 - D. mortgage lien is superior to all other liens.
43. An unwritten contract is
- A. unenforceable.
 - B. a parol contract.
 - C. not valid for listings.
 - D. always executory.
44. Which business entity may NOT register as a real estate brokerage entity?
- A. Cooperative association
 - B. Limited liability company
 - C. Sole proprietorship
 - D. Limited partnership

45. Preclosing inspections should be made to be certain that
- A. there are no encroachments.
 - B. the property has no encumbrances.
 - C. repairs and maintenance work required by the contract have been completed.
 - D. the property conforms to local zoning.
46. If an investor wants to be assured that operating costs will not get too far out of line in an office building, the investor should
- A. use expense stops in the lease agreement.
 - B. require a right of first refusal in the lease agreement.
 - C. offer more rent concessions.
 - D. require a right of first offer in the lease agreement.
47. A sales associate receives an earnest money deposit on Thursday morning and turns it over to the broker that afternoon. Assuming no legal holidays are involved, the broker has until when to place the earnest money in escrow?
- A. The next business day.
 - B. End of business on Monday of the next week.
 - C. End of business on Tuesday of the next week.
 - D. When the sale contract is executed.
48. Which individual is NOT exempt from real estate licensure?
- A. A person who rents lots in a mobile home park
 - B. A business broker who negotiates commercial leases
 - C. A salaried on-site manager of an apartment complex
 - D. A mortgage broker
49. Toyco rents space in the Pompano Regional Mall and pays a base rent of \$6,000 and 6% of their monthly sales. Above what annual sales level would the store have to pay additional rent over the base rent?
- A. \$72,000
 - B. \$76,320
 - C. \$1,200,000
 - D. \$1,245,435
50. An office building was purchased for \$2,315,000. Land represented 19% of the price. What is the typical annual depreciation deduction for the property?
- A. \$11,278
 - B. \$48,081
 - C. \$59,360
 - D. \$68,187

51. Richard Meyers, licensed real estate broker, is a sole proprietor who uses the trade name #1Service Realty. His wife Susan Meyers works with Richard and is a licensed broker associate. Below is the information that appears on the broker's entrance sign. Which information is optional under Florida license law?
- A. Richard Meyers
 - B. #1Service Realty
 - C. Susan Meyers, Broker Associate
 - D. Licensed real estate broker
52. Under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), liability is joint and several, meaning
- A. the government need only show that an individual falls within the definition of a potentially responsible person.
 - B. that a property owner is held solely responsible for any contamination.
 - C. that any one or more of a group of potentially responsible persons can be sued for the cost of cleanup.
 - D. both present and past owners are liable for clean-up cost.
53. A Georgia real estate licensee moved to Jacksonville five months ago. The Georgia licensee requests a sales associate license based on mutual recognition. The licensee
- A. must simply register with the Florida Real Estate Commission (FREC) because she moved from a mutual recognition state.
 - B. is exempt from the prelicense course, however, she must pass a written Florida-specific real estate law exam.
 - C. must complete the prelicense course and pass the Florida state license exam because she is a resident of Florida.
 - D. must complete the prelicense course and pass the Florida state license exam because Florida does not have a mutual recognition agreement with the state of Georgia.
54. An appraiser is calculating the reproduction cost new of a home, using the comparative square-foot method. The appraiser measured the exterior dimensions of the home, which were 30 feet by 55 feet, plus a detached garage measuring 22 feet by 24 feet. The appraiser consults an accepted cost manual and estimates the reproduction cost for heated and air-conditioned living area to be \$90.50 per square foot and the finished free-standing garage to be \$58 per square foot. What is the reproduction cost new of the improvements?
- A. \$149,325
 - B. \$179,949
 - C. \$185,450
 - D. \$197,109

55. When a buyer or seller initially seeks the services of a real estate firm, it is presumed that the broker will work in which capacity?
- A. No brokerage relationship
 - B. Transaction broker
 - C. Single agent
 - D. Designated broker
56. An expense paid by developers to fund major off-site infrastructure to meet growing demands of new development is referred to as
- A. impact fees.
 - B. excise tax.
 - C. property tax.
 - D. development fees.
57. A group license
- A. provides an exception to the rule that a sales associate or broker associate may have more than one employer.
 - B. allows a broker to operate several real estate offices under different fictitious names.
 - C. allows a broker to hold licenses for multiple branch offices.
 - D. is issued to a sales associate or broker associate who works for an owner-developer who owns properties in the name of several entities.
58. The brokerage relationship disclosure requirements in Chapter 475 apply to which transaction?
- A. Lease of a single family home
 - B. Sale of a 150-unit condominium complex
 - C. Sale of a coffee shop in a residential neighborhood
 - D. Sale of three vacant lots zoned for single family use
59. The purpose of an appraisal is best described as
- A. what appraiser certification is required.
 - B. the relevant principles of value.
 - C. the problem to be solved and the type of value to be estimated.
 - D. which approach to value is most appropriate.
60. William is shopping for a new \$150,000 mortgage. He expects to live in his new home for about four years. He can get a 30-year 5.75 percent fixed-rate mortgage with principal and interest payments of \$875.36 with no points. He can also get a 5.25 percent mortgage loan with principal and interest payments of 828.31 if he pays three points. Ignoring the time value of money, how many months will it take for William to break even if he takes the lower interest rate loan?
- A. 88
 - B. 96
 - C. 92
 - D. 104

61. Real estate option contracts do NOT require
- A. that both parties perform.
 - B. the contract to be written.
 - C. adequate consideration.
 - D. a legal purpose.
62. Which method of estimating reproduction cost is the most detailed?
- A. Quantity survey
 - B. Unit-in-place
 - C. Unit comparison
 - D. Itemized component
63. In order to enlarge your home by extending the back wall of your home beyond the rear setback, you must first obtain a(n)
- A. special exception.
 - B. zoning change.
 - C. impact review.
 - D. variance.
64. If the allegations contained in a citation against a licensee are not disputed, the citation will have the same effect as if it were a(n)
- A. final order.
 - B. cease and desist order.
 - C. administrative reprimand.
 - D. formal complaint.
65. The words "time is of the essence" is in a contract for sale and purchase, and the buyer is required to make an additional \$1,000 earnest money deposit within ten days of the contract's effective date. If the buyer gives the deposit 12 days after the effective date the
- A. buyer may cancel the contract for nonperformance.
 - B. buyer has defaulted and may lose his earnest money deposit.
 - C. buyer will not be in default if he had a good reason for the late deposit.
 - D. licensee should turn over the earnest money deposit immediately to the sellers because of the obvious default.

66. A buyer is considering making an offer to purchase a commercial retail center. The buyer and seller have requested that Andrew, a licensed real estate sales associate, work as a single agent representative for both of them. Which statement applies to this situation?
- A. Andrew's broker can appoint Andrew as a designated sales associate for either the buyer or the seller, but not for both.
 - B. Because this is a nonresidential transaction, the buyer and seller may request that Andrew represent them as their designated sales associate.
 - C. In order for Andrew to be a designated sales associate for the buyer and seller, they must sign statements indicating that they each have assets in excess of \$1 million.
 - D. Andrew must secure written permission from his broker before acting as a designated sales associate for the buyer and the seller.
67. What is the legal effect of a witness' signature on a promissory note?
- A. The borrower's signature becomes invalid.
 - B. The original borrower can be sued, but the witness cannot.
 - C. Both the witness and the borrower are co-signers and are liable.
 - D. The witness becomes primarily responsible for the note and the original borrower is relieved of liability.
68. The valuation method for a business that estimates the anticipated proceeds from the sale of all assets after deducting the liabilities of that business is called
- A. sales comparison.
 - B. liquidation value.
 - C. income capitalization.
 - D. cost-depreciation approach.
69. An apartment property has net operating income of \$1,350,000. Expenses were \$900,000, including reserves for replacements of \$100,000. Interest was \$900,000, and depreciation was \$225,000. What is the property's taxable income?
- A. \$225,000
 - B. \$325,000
 - C. \$450,000
 - D. \$600,000
70. If a buyer refuses to include an earnest money deposit with an offer to purchase, the broker
- A. must present the offer.
 - B. must convince the buyer to give a good faith deposit or submit the offer at full price and terms.
 - C. may require that the buyer at least sign a promissory note before he presents the offer.
 - D. should refuse to present the offer because all contracts require monetary consideration.

71. When canned peaches are delivered to a grocery store, the clerk stocks the new cans in front of the old. If each can sold is accounted for as to its cost
- A. FIFO (first-in-first-out).
 - B. LIFO (last-in-first-out).
 - C. average.
 - D. random.
72. John is a salaried manager of the 120-unit Plaza Towers Condominiums. John does not handle rentals for any of the owners. Based on this situation, John
- A. must have a real estate broker license.
 - B. must be a Certified Property Manager because the property has more than 100 units.
 - C. must have a Community Association Manager license.
 - D. need not have any type of license for these duties.
73. The price per square foot for three comparable lots is as follows: Lot 1: \$35.30; Lot 2: \$36.10; and Lot 3: \$36.70. Based on inspection of the properties and considerations such as shape and location, the appraiser decides to use a weighted averaging technique of 30 percent weight for Lot 1 and 20 percent weight for Lot 2 and 50 percent weight for Lot 3. What is the average price per square foot?
- A. \$36.16
 - B. \$36.03
 - C. \$35.89
 - D. \$35.70
74. An office building shows \$60,000 in net income during the second year of operation. A \$4,000 reserve for replacement is included in the operating expenses. Depreciation is \$9,632.05. Interest for the year was \$28,327.08. What is taxable income?
- A. \$18,040.87
 - B. \$22,540.56
 - C. \$26,040.87
 - D. \$27,315.09
75. While preparing a CMA, a broker sees that the subject property has an extra bedroom, but the comparable does not. The broker estimates that the extra bedroom affects value by \$14,000. The broker would make an adjustment of
- A. + \$14,000 to the subject.
 - B. + \$14,000 to the comparable.
 - C. - \$14,000 to the subject.
 - D. - \$14,000 to the comparable

76. A new 5,000-square-foot home is situated in a neighborhood of 2,500-square-foot homes. Which principle of value has been violated?
- A. Anticipation
 - B. Substitution
 - C. External diseconomies
 - D. Increasing and decreasing returns
77. A woman buys an office building on a 2-acre site for \$860,000. She pays the following costs for the acquisition: appraisal \$4,000, survey \$700, title insurance \$2,400. The land represents 20% of the total. What is the depreciable basis of her building?
- A. \$867,100
 - B. \$695,100
 - C. \$693,680
 - D. \$691,436
78. A builder buys a building site from a developer, who finances the purchase with a first mortgage. If the builder wants to get a construction loan from a bank, what clause must be in the developer's mortgage to allow the bank to have higher priority than the developer?
- A. Novation
 - B. Due-on-sale
 - C. Acceleration
 - D. Subordination
79. A one-story home has a foundation with dimensions of 46 feet by 65 feet, including a 26 foot by 22 foot garage. What is the gross living area of the property?
- A. 3,240 square feet
 - B. 2,418 square feet
 - C. 2,569 square feet
 - D. 2,115 square feet
80. The financial statement that shows a company's financial position at a specific point in time is the
- A. cash flow statement.
 - B. income statement.
 - C. balance sheet.
 - D. profit and loss statement.
81. A development that because of its magnitude or location would have a substantial effect on the health, safety, or welfare of citizens in two or more counties is referred to as
- A. multi-county development.
 - B. a development of regional impact.
 - C. expansion in various sectors.
 - D. planned growth management.

82. Regarding earnest money deposits, a broker
- A. must report to the IRS the receipt of more than \$5,000 in cash.
 - B. is not responsible if the check fails to clear, provided the broker deposited the check within three business days.
 - C. may not accept a postdated check under any circumstances, because such instruments are illegal in Florida.
 - D. must deposit the funds within one business day after receipt.
83. Which statement is TRUE regarding interest-bearing escrow accounts?
- A. Brokers may make an office policy that all escrow funds must be placed in an interest-bearing account to help cover the costs of maintaining the account and are not required to disclose this in each sale contract because it applies to all transactions.
 - B. The broker must get written permission from all parties to the transaction before placing the funds into an interest-bearing account.
 - C. It is illegal for the broker to keep any interest earned on escrow funds.
 - D. Florida license law requires that the interest accrued on escrowed funds must be credited to the buyer because it is the buyer's earnest money deposit.
84. Within how many days must a licensee take corrective action when issued a notice of noncompliance for a minor violation?
- A. 5
 - B. 10
 - C. 15
 - D. 30
85. Which statement is TRUE regarding the federal telemarketing law?
- A. Real estate licensees may advertise their residential listings by faxing promotional flyers to a list of local businesses and hospitals.
 - B. Real estate licensees are exempt from the telemarketing laws.
 - C. Real Estate licensees representing a potential buyer may call a for-sale-by-owner seller who is listed on the do-not-call registry, but only if the licensee has an actual buyer interested in the property and to negotiate a sale.
 - D. Real estate licensees are not required to search the national registry before making telemarketing calls to solicit listings.
86. Land uses that existed prior to current zoning laws and are no longer allowed to be created under current zoning laws are termed
- A. variances.
 - B. legally nonconforming uses.
 - C. special exceptions.
 - D. hardship zoning.

87. A real estate option contract
- A. requires the optionee to sell a property if the option is exercised.
 - B. gives the optionee a right of first refusal to purchase the property.
 - C. is initially a bilateral contract.
 - D. gives the optionee the right to buy the property for a specified price during a specified period.
88. Which phrase would best illustrate institutional advertising?
- A. Voted the number one brokerage firm in Punta Gorda four years in a row!
 - B. Lovely six bedroom home on the intracoastal.
 - C. Office for rent near the hospital.
 - D. Desks, computers, and other office equipment for sale this weekend.
89. Which statement regarding a limited real estate partnership is TRUE?
- A. Limited partners may participate in management activities of the limited partnership.
 - B. The limited real estate partnership must file a certificate of limited partnership with the Florida Department of State.
 - C. Limited partners are personally liable for the debts of the partnership.
 - D. Every general partner in a limited real estate partnership must hold a real estate broker license.
90. Which type of depreciation is associated with inefficient architectural design?
- A. Physical deterioration
 - B. External obsolescence
 - C. Age-life deterioration
 - D. Functional obsolescence
91. A divorced woman purchases a house in her name. Her estate is called
- A. sole and separate owner.
 - B. owner in severalty.
 - C. tenancy in common.
 - D. tenancy by the entireties.
92. Reserves for replacements are
- A. tax deductible.
 - B. included as an operating expense.
 - C. deductions from cash flow.
 - D. rarely used in investment analysis.

Closing Disclosure Problem

Directions: After reading the case study below, answer questions 93 through 100.

A home located at 1323 Spruce Street has been sold for \$400,000. The buyer has given the broker \$5,000 as earnest money. The seller will pay the 6 percent real estate brokerage commission, the buyer's title insurance in the amount of \$1,460, the \$250 wood-destroying organism inspection fee, and the documentary stamp tax on the deed.

The buyer will finance the purchase with a new 80 percent mortgage and will pay all documentary stamp taxes and intangible taxes related to the mortgage. The buyer will pay \$70 to record the mortgage, the \$20.50 recording fee for the deed, and \$450 for a survey.

Closing is August 20. Ad Valorem taxes are \$2,460 and will be prorated using the 365-day method, with the day of closing charged to the buyer. Homeowners' association fees of \$980 were paid in advance for the year on January 1.

93. How much is the Buyer's new mortgage and where is it entered on the Closing Disclosure?
- A. \$320,000; On page 3 on both the Buyer's side and the Seller's side
 - B. \$320,000; On page 2 on the Buyer's side and the Seller's side
 - C. \$320,000; On page 3 on the Buyer's side only
 - D. \$320,000; On page 3 on the Buyer's side, and \$63,200 on page 3 on the Seller's side
94. What are the normal charges to the buyer and the seller for the documentary stamp taxes on the deed and the note, and the intangible taxes on the mortgage? Where does this information appear on the Closing Disclosure?
- A. Credit the Seller \$2,240; debit the Buyer \$884.80; Page 2
 - B. Debit the Seller \$2,800; debit the Buyer \$1,760; Page 2
 - C. Debit the Seller \$2,800; debit the Buyer \$1,120; Page 2
 - D. Credit the Seller \$2,800; debit the Buyer \$1,760; Page 3
95. How does the binder deposit appear on the Closing Disclosure?
- A. \$5,000 debit the Seller; Page 3
 - B. \$5,000 credit the Buyer; Page 3
 - C. \$5,000 debit the Seller; \$5,000 credit the Buyer; Page 2
 - D. \$5,000 debit the Buyer; Page 2
96. Where is the sale price entered on the Closing Disclosure?
- A. Debit the Seller only; Page 3
 - B. Debit the Seller; credit the Buyer; Page 3
 - C. Credit the Seller; debit the Buyer; Page 3
 - D. Credit the Seller only; Page 2

97. What is the proration for taxes, and where does this information appear on the Closing Disclosure?
- A. \$1,556.88 debit the Seller; \$1,556.88 credit the Buyer; Page 2
 - B. \$1,556.88 debit the Seller; \$903.12 credit the Buyer; Page 3
 - C. \$1,556.88 debit the Seller; \$1,556.88 credit the Buyer; Page 3
 - D. \$903.12 debit the Seller; \$903.12 credit the Buyer; Page 3
98. How is the brokerage fee entered?
- A. \$28,000 credit the Seller only; Page 3
 - B. \$28,000 debit the Seller only; Page 2
 - C. \$28,000 debit the Seller; \$28,000 credit the Buyer; Page 2
 - D. \$24,000 debit the Seller only; Page 2
99. How is the proration of homeowner fees entered?
- A. Credit the Seller, debit the Buyer \$359.78; Page 3
 - B. Debit the Seller, credit the Buyer \$359.78; Page 3
 - C. Debit the Seller, credit the Buyer \$620.22; Page 3
 - D. Credit the Seller, debit the Buyer \$620.22; Page 3
100. Where are the totals of the buyer's and the seller's expenses entered?
- A. Page 3 only
 - B. Page 2 only
 - C. Pages 2 and 3
 - D. Pages 1, 2, and 3