

**Chapter 14 - SHORT-ANSWER QUESTIONS**

1. The purpose of the Colorado real estate broker license is to \_\_\_\_\_ the people of the State of Colorado.
2. The Colorado License Law seeks \_\_\_\_\_ and \_\_\_\_\_ of those engaged in the real estate business. (This is why the CO license education and examination is the most difficult in the country!)
3. The Colorado License Law has raised the general \_\_\_\_\_ of the real estate business and has helped to safeguard the \_\_\_\_\_ of the public and those engaged in real estate.
4. The license law does not directly dictate the \_\_\_\_\_ to be observed in the real estate profession.
5. The Division of Real Estate is comprised of a \_\_\_\_\_-member Commission which meets monthly to conduct rulemaking \_\_\_\_\_, make \_\_\_\_\_ decisions, consider \_\_\_\_\_ matters, review \_\_\_\_\_ and take \_\_\_\_\_ actions against real estate brokers. The Division of Real Estate is part of the Department of \_\_\_\_\_ Agencies.
6. The Division's objectives:
  - a. \_\_\_\_\_ Consumers and promote \_\_\_\_\_;
  - b. \_\_\_\_\_ laws, rules, regulations and standards, and take \_\_\_\_\_ actions;
  - c. \_\_\_\_\_ brokers, appraisers, and mortgage originators;
  - d. \_\_\_\_\_ timeshares and land \_\_\_\_\_;
  - e. \_\_\_\_\_ complaints;
  - f. \_\_\_\_\_ compliance with state and federal laws;
  - g. \_\_\_\_\_ disciplinary actions against licensees;
  - h. Register \_\_\_\_\_ and track \_\_\_\_\_ against them.
7. The Commission maintains a \_\_\_\_\_ File of 70,000 licensees' status. It reviews the license \_\_\_\_\_ for real estate \_\_\_\_\_ and appraisers. These reviews include screening for required qualifications such as \_\_\_\_\_, \_\_\_\_\_, examinations, errors & omission (E&O) \_\_\_\_\_, criminal history \_\_\_\_\_ checks).
8. Colorado has a system of license \_\_\_\_\_ with other states (26 full and 9 limited – for real estate licenses, and most appraisal licenses). The full list may be found in the Practical Applications course, or on the Commission website. An applicant for a prior civil or criminal \_\_\_\_\_ may request a “\_\_\_\_\_ advisory opinion” whether a license is likely to be issued.
9. The Commission may investigate the real estate activities of any licensee upon its own \_\_\_\_\_. If a written complaint is filed, the office is \_\_\_\_\_ to investigate. If the complaint is serious enough to merit a disciplinary action, a hearing will be held before an \_\_\_\_\_ Law Judge. The ALJ will make the initial decision for

the Commission to take the following actions against the licensee: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_. The commission can also issue letters of \_\_\_\_\_.

- 10. The Colorado Association of \_\_\_\_\_, which is a private organization, is not the same as the \_\_\_\_\_, which is a public office.
- 11. "Employing broker" means a broker who is shown in real estate commission records \_\_\_\_\_ as another broker.
- 12. The definition of an option dealer is anyone, whether an individual or other legal entity, who in any way \_\_\_\_\_ or \_\_\_\_\_ an option of any real estate interest for compensation for the following purposes:
  - a. \_\_\_\_\_;
  - b. \_\_\_\_\_;
  - c. \_\_\_\_\_;
  - d. \_\_\_\_\_, or
  - e. \_\_\_\_\_ the real property interests therein.
- 13. The definition of a real estate broker is any person or legal entity who, for \_\_\_\_\_ engages in any of the following:
  - a.1. \_\_\_\_\_;
  - 2. \_\_\_\_\_;
  - 3. \_\_\_\_\_;
  - 4. \_\_\_\_\_;
  - 5. \_\_\_\_\_, real estate or interests therein, or
  - b. \_\_\_\_\_ to do any of the above;
  - c. doing any of the above pertaining to an existing real estate \_\_\_\_\_ or interest therein;
  - d. \_\_\_\_\_ the purchase, etc., of real estate or any interest therein;
  - e. \_\_\_\_\_, offering, \_\_\_\_\_, or agreeing to list real estate or interest therein;
  - f. \_\_\_\_\_ or offering or attempting to auction real estate;
  - g. acting as an \_\_\_\_\_ dealer;
  - h. performing any of the above acts as an \_\_\_\_\_;
  - i. \_\_\_\_\_ or offering to negotiate the transfer of a business opportunity where the transfer involves an interest in real estate; or
  - j. soliciting a fee or consideration from a prospective \_\_\_\_\_ for information concerning the availability of real property which may be leased or

rented as a place of residence. Note that this section pertains to dealing with prospective tenants, not information to others who are not prospective tenants.

14. The Colorado License Law does *not* apply to individuals or entities conducting any of the following activities:

- a. \_\_\_\_\_;
- b. \_\_\_\_\_;
- c. \_\_\_\_\_;
- d. \_\_\_\_\_;
- e. \_\_\_\_\_;
- f. \_\_\_\_\_;
- g. \_\_\_\_\_;
- h. \_\_\_\_\_;
- i. \_\_\_\_\_;
- j. \_\_\_\_\_;
- k. \_\_\_\_\_;
- l. \_\_\_\_\_;
- m. \_\_\_\_\_;
- n. \_\_\_\_\_;
- o. \_\_\_\_\_;
- p. \_\_\_\_\_;

15. If an individual or other legal entity falls under the definitions as set forth in Questions 13 and 14 above, a \_\_\_\_\_ must be obtained.

16. Before submitting an application, each applicant shall submit a set of \_\_\_\_\_ to the Colorado Bureau of \_\_\_\_\_ to conduct a \_\_\_\_\_ history background check with the CBI and FBI.

17. Every Real Estate Broker must maintain a place of \_\_\_\_\_ within this state except a non-resident broker, who must maintain a place of business in another state.
18. The Commission may require such proof as is necessary in regard to the \_\_\_\_\_, \_\_\_\_\_, and moral character of any applicant for a broker's license.
19. Do other legal entities and their members who have a substantial interest in the application, *also* have to prove their good "moral character"? (Even though they are not a "natural person".) \_\_\_\_\_
20. List the basic requirements to obtain an Associate Broker license?
  - a. \_\_\_\_\_;
  - b. \_\_\_\_\_;
  - c. \_\_\_\_\_;
  - d. \_\_\_\_\_;
    1. \_\_\_\_\_;
    2. \_\_\_\_\_;
    3. \_\_\_\_\_;
    4. \_\_\_\_\_;
21. Statute 12-10-203 (4) (b & c) *misleadingly* states that a broker or salesperson in another state needs to satisfy a certain limited number of courses to receive reciprocity (a Colorado broker license). This has not been entirely correct since 2009. In truth, only out-of-state licensees with *less than two years of licensure experience* must fulfill the listed *educational* requirements to qualify for a Colorado Associate Broker's license. Regardless of the years of experience, however, they all *must* pass the Colorado portion of the license exam. (See subsection (5)(b) – and question #22, below - which accurately states the requirement.)
22. An applicant for a broker's license shall pass a(n) \_\_\_\_\_ designated to determine the \_\_\_\_\_ of the applicant.
23. C.R.S. 12-10-203 (5) (a) states that the licensee exam shall include the preparation of a \_\_\_\_\_ *\_\_\_\_\_*. *However*, this also is an outdated statute, and has not been the case since before 2005. You will get closings *questions* in the license exam, but will *not* be required to prepare a closing statement.
24. An applicant for a broker's license who has had a broker's license in another jurisdiction during a portion of the last two years, and that license is *unexpired*, may receive a Colorado broker license if they show that that other state's requirements are \_\_\_\_\_ to Colorado's license requirements.
25. Any broker who did not hold a current broker license as of December 31, 1996, cannot engage in an independent brokerage practice without having first served *actively* as a licensee for an employing broker for \_\_\_\_\_ years. To become an employing

broker an applicant must also take \_\_\_\_\_ hours of \_\_\_\_\_, and demonstrate experience and knowledge to adequately \_\_\_\_\_ other brokers.

26. Real Estate broker's licenses may be granted to:
- \_\_\_\_\_;
  - \_\_\_\_\_;
  - \_\_\_\_\_;
  - \_\_\_\_\_.
27. No license shall be issued to a \_\_\_\_\_ name, but a female may use her \_\_\_\_\_.
28. May a person be licensed under more than one name? \_\_\_\_\_
29. A licensed attorney must complete 12 hours of instruction in \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, and pass both parts of the license exam.
30. Every active licensee must maintain a policy of \_\_\_\_\_ and \_\_\_\_\_ insurance.
31. The Commission shall issue for each licensee a \_\_\_\_\_ in such form and size as the \_\_\_\_\_ shall prescribe and adopt. (The Commission may issue and licensees to display licenses by electronic means as well as written.)
32. The Real Estate Commission shall consist of \_\_\_\_\_ members \_\_\_\_\_ by the \_\_\_\_\_.
33. These commissioners shall serve for a period of \_\_\_\_\_ years.
34. It takes a \_\_\_\_\_ vote of the Commission to suspend, revoke or deny a license.
35. A non-resident broker or salesperson may receive a Colorado license under what circumstances?  
\_\_\_\_\_  
\_\_\_\_\_.
36. Within what period of time must a licensee notify the Commission when the licensee changes either his or her employment or address?  
\_\_\_\_\_.
37. What is the result of failing to notify the Commission when a licensee changes either his or her employment or address?  
\_\_\_\_\_.
38. Whose responsibility is it to notify the Commission if a licensee's employment with the broker is terminated?  
\_\_\_\_\_.
39. Not more than \_\_\_\_\_ employer(s) or place(s) of employment shall be

shown for any salesperson or broker for the same period of time.

- 40. Every three years, each licensee must fulfill the proper amount of \_\_\_\_\_ education hours, to \_\_\_\_\_ their active license. This consists of passage of the \_\_\_\_\_ portion of the license exam (again), or completion of \_\_\_\_\_ hours of credit – 12 of which must be the 4-hour Annual Update course, each of the three years.
- 41. For licensees in their first license-period (= already took the education and passed the license exams in the middle of “year one”) to renew for the first time, they will still need the \_\_\_\_\_ hours of credit, but only \_\_\_\_\_ of which must be the 4-hour Annual Update course (during years “two” and “three”).
- 42. For what period of time must the Real Estate Commission maintain licensing history of any licensee? \_\_\_\_\_.
- 43. If the Commission investigates a licensee or someone who assumes to act in that capacity, and finds a prohibited act, may it fine the wrongdoer?  
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- 44. What is the maximum fine for the violation of a prohibited act? \_\_\_\_\_.
- 45. Under the above circumstances, what other actions may the Commission take?
  - a. \_\_\_\_\_;
  - b. \_\_\_\_\_;
  - c. \_\_\_\_\_; or
  - d. \_\_\_\_\_.
- 46. List the 25 reasons the Commission may impose the above penalties:
  - a. \_\_\_\_\_;
  - \_\_\_\_\_;
  - b. \_\_\_\_\_;
  - \_\_\_\_\_;
  - c. \_\_\_\_\_;
  - \_\_\_\_\_;
  - d. \_\_\_\_\_;
  - \_\_\_\_\_;
  - e. \_\_\_\_\_;
  - \_\_\_\_\_;
  - f. \_\_\_\_\_;
  - \_\_\_\_\_;
  - g. \_\_\_\_\_;
  - \_\_\_\_\_;
  - h. \_\_\_\_\_;
  - \_\_\_\_\_;

- i. \_\_\_\_\_  
\_\_\_\_\_;
- j. \_\_\_\_\_  
\_\_\_\_\_;
- k. \_\_\_\_\_  
\_\_\_\_\_;
- l. \_\_\_\_\_  
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- m. \_\_\_\_\_  
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- n. \_\_\_\_\_  
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- o. \_\_\_\_\_  
\_\_\_\_\_;
- p. \_\_\_\_\_
- q. \_\_\_\_\_  
\_\_\_\_\_;
- r. \_\_\_\_\_  
\_\_\_\_\_;
- s. \_\_\_\_\_  
\_\_\_\_\_;
- t. \_\_\_\_\_  
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- u. \_\_\_\_\_  
\_\_\_\_\_;
- v. \_\_\_\_\_  
\_\_\_\_\_;
- w. \_\_\_\_\_  
\_\_\_\_\_;
- x. \_\_\_\_\_  
\_\_\_\_\_;
- y. \_\_\_\_\_  
\_\_\_\_\_;
- z. \_\_\_\_\_  
\_\_\_\_\_;
- aa. \_\_\_\_\_  
\_\_\_\_\_.

47. When a real estate licensee is involved in a suit, either civil or criminal, which pertains to an interest in real estate and involves his or her actions as a licensee, what must the

licensee do at the Commission's request? \_\_\_\_\_

48. "\_\_\_\_\_ business arrangement" means an arrangement with a provider of \_\_\_\_\_ services, (such as a title company which conducts closings). Such arrangement is permitted where the person referring business to the affiliated business arrangement receives payment only in the form of a return on an \_\_\_\_\_. If a licensee or the employing broker of a licensee is part of such an arrangement when an offer to purchase real property is fully executed, the licensee shall \_\_\_\_\_ to all parties to the real estate transaction the existence of the arrangement. A licensee shall not \_\_\_\_\_ the use of an affiliated business arrangement or a particular provider of settlement services as a condition of obtaining services from that licensee for any settlement service.
49. No licensee shall give or accept any \_\_\_\_\_, \_\_\_\_\_, or other thing of value for referring a closing to a provider of settlement services.
50. This does not prohibit payment of a fee to an \_\_\_\_\_, a title \_\_\_\_\_ company for the title policy, or a \_\_\_\_\_ for making the loan.
51. Most hearings involving either disciplinary action or denial of licensure will be held before a(n) \_\_\_\_\_.
52. If a licensee is dissatisfied with the actions of the Commission in a disciplinary action or in the denial of a license, what recourse does the licensee have? \_\_\_\_\_
53. Who is the only person from whom an employed licensee may accept compensation?  
\_\_\_\_\_  
\_\_\_\_\_.
54. Under what circumstances may an employing broker be disciplined for an unlawful actor violation on the part of an employed real estate salesperson or Associate Broker? \_\_\_\_\_.
55. When is a real estate broker entitled to a commission if a ready, willing and able buyer is procured? \_\_\_\_\_.
56. If the proposed buyer refuses to consummate the transaction because there is a title defect, is the broker entitled to a commission? \_\_\_\_\_  
\_\_\_\_\_.
57. Part 4 (12-10-4xx) is enacted to govern the \_\_\_\_\_ between Real Estate Brokers and sellers, landlords, \_\_\_\_\_, and tenants.
58. "Designated Broker" means an \_\_\_\_\_ broker, or an employed \_\_\_\_\_, who is \_\_\_\_\_ in writing to serve as a \_\_\_\_\_ agent or transaction broker. It does *not* include a firm consisting of one licensed \_\_\_\_\_ person.
59. A single agent means a broker who is employed by and represents one \_\_\_\_\_.
60. A single agent includes:
- a. \_\_\_\_\_;
  - b. \_\_\_\_\_;



- c. \_\_\_\_\_;
- d. \_\_\_\_\_.
61. A transaction broker is one who assists one or more parties with communication, \_\_\_\_\_, contract terms, and the \_\_\_\_\_ of the transaction without being an \_\_\_\_\_ for the interest of any party to the transaction.
62. A broker shall be considered a transaction broker unless: \_\_\_\_\_  
\_\_\_\_\_. A broker may also work with a \_\_\_\_\_ in \_\_\_\_\_ pursuant to different relationships including but not limited to selling one property as a \_\_\_\_\_ and working with that seller in buying another property as a \_\_\_\_\_ or buyer's agent.
63. Brokers must use standard forms, which includes
- “\_\_\_\_\_ -approved” forms; [Chapter 21]
  - drafted by an \_\_\_\_\_ representing the broker/firm;
  - \_\_\_\_\_ by a party;
  - required by the \_\_\_\_\_;
  - issued by the Colorado Bar \_\_\_\_\_;
  - \_\_\_\_\_ forms, as long as it does not try to waive or create legal \_\_\_\_\_ or obligations and provides only \_\_\_\_\_ about the transaction or the area;
  - from title company conducting the \_\_\_\_\_;
  - letter of \_\_\_\_\_ from the broker or firm, as long as it is nonbinding and creates no legal rights or \_\_\_\_\_;
64. No matter what, brokers must use the commission-approved forms when such exists and is appropriate for the \_\_\_\_\_. Broker must also advise the parties of the \_\_\_\_\_ of the forms, and that they have legal consequences and should consult legal \_\_\_\_\_ before signing.
65. a. If a brokerage has more than \_\_\_\_\_ licensee(s), the employing broker or another individual broker employed by the employing broker shall serve as broker. More than \_\_\_\_\_ individual broker(s) may be \_\_\_\_\_.
- b. The brokerage relationship and duties established between the party and a designated broker does NOT \_\_\_\_\_ to the employing or any employed brokers or the firm.
- c. Designated brokers can work as \_\_\_\_\_ agents for both seller and buyer – and this does NOT create \_\_\_\_\_ agency for the employing or employed brokers in the firm.
- d. An individual broker may be designated to work for both seller and buyer in the same transaction as a \_\_\_\_\_ -broker for *both* OR single agent for seller and treating buyer as \_\_\_\_\_, OR \_\_\_\_\_ agent for buyer and treating seller as customer, BUT NOT as a single agent for \_\_\_\_\_. The relationship must be disclosed in writing to all parties.
- e. Designated broker may work with a seller in one \_\_\_\_\_ AND

work with \_\_\_\_\_ in *another* transaction.

- f. There is no \_\_\_\_\_ (assumption) of knowledge to any employing or employed broker not \_\_\_\_\_.
  - g. \_\_\_\_\_ and \_\_\_\_\_ of the designated brokerage relationship shall be disclosed.
66. No seller, landlord, buyer or tenant shall be held vicariously liable for a broker's acts that have not been \_\_\_\_\_, \_\_\_\_\_ or \_\_\_\_\_ by the seller, landlord, buyer or tenant. *However*, this does not limit the employing broker's responsibility to \_\_\_\_\_ licensees, and does not shield the employing broker or firm from \_\_\_\_\_ liability.
67. Single agents for sellers (landlords) and buyers (tenants) have similar responsibilities to their principals. They are:
- a. \_\_\_\_\_;
  - b. \_\_\_\_\_;
  - c. \_\_\_\_\_;
  - i. \_\_\_\_\_;
  - ii. \_\_\_\_\_;
  - iii. \_\_\_\_\_;
  - iv. \_\_\_\_\_;
  - v. \_\_\_\_\_;
  - vi. \_\_\_\_\_;
  - vii. \_\_\_\_\_;
  - d. \_\_\_\_\_;
  - e. \_\_\_\_\_.
68. Seller's (landlord's) agent must not disclose any of these without seller's consent:
- a. Willing to accept \_\_\_\_\_;
  - b. Motivating \_\_\_\_\_;
  - c. They might agree to different \_\_\_\_\_ terms;
  - d. \_\_\_\_\_ information about seller;
  - e. Facts or suspicions about things that might psychologically impact or \_\_\_\_\_ the property.
- 69.
- a. Seller's broker owes no duties to \_\_\_\_\_, except about \_\_\_\_\_ impacted property, known \_\_\_\_\_ material facts about title, physical condition, material \_\_\_\_\_ and \_\_\_\_\_ hazards about the property.
  - b. Seller's broker does not need to conduct an independent \_\_\_\_\_, nor verify the accuracy of statements of seller or their inspector.
  - c. Seller's broker may show other properties and list \_\_\_\_\_ properties, without breaching any duty to seller.

- d. A designated broker acting as a seller's or landlord's agent, or a buyer's or tenant's agent, may cooperate with other brokers, but may not \_\_\_\_\_ (hire) or create any \_\_\_\_\_.

70. Buyer's agent has the following duties:

- a. Perform the written \_\_\_\_\_;
- b. Exercise reasonable skill and \_\_\_\_\_;
- c. Promote \_\_\_\_\_ interests, including:
  - i. Seeking a price and terms that are \_\_\_\_\_ to the buyer or tenant; except that the broker shall not be obligated to seek other \_\_\_\_\_ while the buyer is a party to a contract;
  - ii. Presenting all \_\_\_\_\_ to and from the buyer or tenant in a timely manner regardless of whether the buyer is already a party to a contract;
  - iii. Disclosing to the buyer or tenant \_\_\_\_\_ material facts actually \_\_\_\_\_ by broker;
  - iv. Counseling the buyer or tenant as to any material benefits or \_\_\_\_\_;
  - v. Advising expert advice about material matters broker knows, but are beyond their \_\_\_\_\_;
  - vi. \_\_\_\_\_ for all money;
  - vii. Informing buyer they will not be vicariously \_\_\_\_\_ for broker's acts not approved, directed, or \_\_\_\_\_ by buyer.
- d. Comply with \_\_\_\_\_ law and Commission rules.
- e. Comply with \_\_\_\_\_ housing laws.

71. Buyer's broker may not disclose any of the following with buyer's consent:

- a. Buyer is willing to pay \_\_\_\_\_;
- b. Their motivating \_\_\_\_\_;
- c. They will agree to other \_\_\_\_\_ terms;
- d. \_\_\_\_\_ info about buyer;
- e. Facts or \_\_\_\_\_ that would \_\_\_\_\_ impact or stigmatize the property.

72. Buyer's agent owes no duty to the seller, except that they must disclose adverse material facts \_\_\_\_\_ by the broker, including buyer's financial ability to complete the \_\_\_\_\_, or whether buyer intends to occupy the property as their \_\_\_\_\_ residence. There is also no duty to perform an independent investigation as to the buyer's \_\_\_\_\_ condition, or verify the accuracy of buyer's statements.

- 73. Buyer’s agent may still \_\_\_\_\_ to other prospective buyers properties that the buyer may be interested in, and may show other buyers the \_\_\_\_\_ property. Buyer’s broker also owes no duty to conduct an independent \_\_\_\_\_ of the property, nor verify the accuracy of \_\_\_\_\_ statements.
- 74. Broker may cooperate with other brokers, but not create a \_\_\_\_\_ situation, since that violates these license laws.
- 75. A broker shall not establish \_\_\_\_\_ agency with any seller, landlord, buyer or tenant. This means that the broker, if working with both parties in a particular transaction, must be either a *single agent* for the seller and treat the buyer as a *customer*, **or** act as a *transaction broker* for both (after proper disclosure and written consent.)
- 76. A transaction broker is not a(n) \_\_\_\_\_ for either buyer or seller. Their duties are similar to those of a single agent, but more limited. Please list those duties:
  - a. \_\_\_\_\_;
  - b. \_\_\_\_\_;
    - i. \_\_\_\_\_;
    - ii. \_\_\_\_\_;
    - iii. \_\_\_\_\_;
    - iv. \_\_\_\_\_;
    - v. \_\_\_\_\_;
    - vi. \_\_\_\_\_;
    - vii. \_\_\_\_\_;
    - viii. \_\_\_\_\_;
  - c. \_\_\_\_\_;
  - d. \_\_\_\_\_.
- 77. List the information that a transaction broker may not disclose without the consent of all parties
  - a. \_\_\_\_\_;
  - b. \_\_\_\_\_;
  - c. \_\_\_\_\_;
  - d. \_\_\_\_\_;
  - e. \_\_\_\_\_;
  - f. \_\_\_\_\_.
- 78. Transaction broker has no duty to conduct an \_\_\_\_\_ investigation for buyer or verify seller’s \_\_\_\_\_, or buyer’s financial \_\_\_\_\_ or verify their statements.

79. A transaction broker may do these things without breaching their limited responsibilities:
- Show alternate properties not owned by \_\_\_\_\_;
  - List competing properties for \_\_\_\_\_;
  - Show properties buyer is interested in to other \_\_\_\_\_ buyers;
  - Act as a single agent or transaction broker for the same or different \_\_\_\_\_ in other transactions.
80. Knowledge will not be \_\_\_\_\_ (attributed to) between the parties and the transaction broker.
81. Any person, firm, etc., acting as a broker must adopt a written \_\_\_\_\_ describing what agency relationships they will offer. They are not required to offer any particular form of agency (i.e., "transaction brokerage") but written disclosure forms must contain a statement that different brokerage \_\_\_\_\_ are available.
82. Written disclosures and agreements must contain a statement that different forms of agency relationship are available, single agency for buyer or seller, or transaction-brokerage for either.
- A broker engaged as a \_\_\_\_\_ broker must disclose they are not acting as an agent;
  - A broker intending to establish a single agency with buyer or seller must have a written agency agreement that discloses the broker's agency \_\_\_\_\_.
  - A (listing) broker representing seller, who is *working with* buyer must provide a written \_\_\_\_\_ to buyer that the broker represents and owes agency duties to the seller and is *not* buyer's \_\_\_\_\_, and includes a list of tasks broker will perform for the seller and that the buyer is not \_\_\_\_\_ liable for the (seller's) agent unless buyer expressly approves, directs, or ratifies those acts;
83. The agency relationship starts when broker is engaged by the party and continues until performance/completion. If not completed, it shall end:
- \_\_\_\_\_ date;
  - Termination of the \_\_\_\_\_;
  - One \_\_\_\_\_ later.
84. Broker has no further agency duties after termination, expiration of the contract, or completion, *except*:
- \_\_\_\_\_ for all money;
  - Keeping information \_\_\_\_\_;
  - Transaction broker only required to account for all \_\_\_\_\_.
85. In any real estate transaction, the brokerage's compensation may be paid by \_\_\_\_\_, \_\_\_\_\_, or by splitting the commission between brokers. Buyer's agent must have prior written approval from buyer to be compensated by seller. Entities

paying the commission shall be disclosed to the parties. A broker may be compensated by more than one party if the parties consent in writing.

**Chapter 14 - QUIZ**

1. Which of the following would fall under the definition of a real estate broker?
  - a. Anyone who solicits a fee from a prospective tenant for furnishing information concerning the availability of rental properties
  - b. Anyone who solicits a fee from an owner of a property for furnishing information concerning the availability of rental property
  - c. An attorney at law
  - d. A regularly salaried employee who acts as an on-site manager of an apartment building.
  
2. For which of the following does someone not need a real estate broker's license?
  - a. Selling or offering to sell an existing lease of real estate
  - b. Auctioning an interest in real estate
  - c. A person selling or dealing in oil or gas leases
  - d. Acting as an option dealer
  
3. Which of the following must have a Colorado real estate license?
  - a. A regularly salaried employee of an owner of condo units who acts as an on-site manager
  - b. A corporation acting through its officers with respect to property owned by the Corporation that consists of previously-occupied one- and two-family dwellings
  - c. A real estate broker licensed in another state who receives a share of a commission from a licensed Colorado real estate broker
  - d. All of the above
  
4. The Real Estate Commission may require proof from whom regarding the truthfulness, honesty, and good moral character of any applicant for a real estate license?
  - a. An individual applicant
  - b. A stockholder of a corporation who has a substantial interest in the application
  - c. Both a. and b.
  - d. Neither a. nor b.
  
5. Which of the following is true regarding an application for a broker's license?
  - a. Must be at least 17 years of age
  - b. Must have at least one year of experience as a real estate licensee
  - c. Must have 48 hours of instruction in Colorado real estate contracts
  - d. All of the above

6. The Colorado Real Estate Commission's objectives and the License Law do not cover which of the following?
  - a. The basic definition of a real estate broker
  - b. The ethical standards that should be observed in the real estate industry
  - c. Maintaining records of historical information concerning the licensing status of corporations, partnerships and limited liability companies
  - d. Publication of statistical data regarding pre-license testing
  
7. Which of the following is true of a broker's license?
  - a. A broker's license can be granted not only to individuals, corporations or partnerships, but also to limited liability companies
  - b. The person designated by the corporation to be the broker may have a nominal interest in the corporation
  - c. The person appointed to apply for the broker's license for a corporation must be a director and a shareholder of the corporation
  - d. None of the above
  
8. The director of the Real Estate Commission may issue a temporary license to:
  - a. an individual proprietorship
  - b. a corporation, partnership or limited liability company
  - c. Both a. and b.
  - d. Neither a. nor b.
  
9. In the event of a breach of fiduciary duty by broker for a partnership, corporation or limited liability company, the person aggrieved may:
  - a. sue only the partnership, corporation or limited liability company;
  - b. sue only the broker for the above entities;
  - c. sue either the partnership, corporation or limited liability company, or the designated broker for those;
  - d. Both a. and b., plus the officers and directors of the involved entities.



10. A Real Estate license may be issued to which of these?
  - a. A broker's license to a partnership or corporation under a fictitious name;
  - b. An Associate Broker's license to a partnership or corporation under a fictitious name;
  - c. An Independent Broker's or Associate Broker's license under no more than two names;
  - d. A license may be issued to a name other than one's name, if it is her birth name.
  
11. To suspend, revoke or deny a license, requires the vote of:
  - a. all five members of the Commission;
  - b. a majority of the members;
  - c. no more than two members;
  - d. only one member if all others abstain from voting.
  
12. A nonresident of this state may become a real estate broker:
  - a. only if he or she becomes a resident of this state;
  - b. under no circumstances;
  - c. if he or she complies with all of the requirements for a Colorado broker, except that brokers do not have to maintain a place of business in Colorado if they have one in another state.
  - d. None of the above.
  
13. If a licensee changes business location or employment without notifying the Real Estate Commission, the license is:
  - a. revoked;
  - b. suspended;
  - c. disabled;
  - d. inactivated.
  
14. The Commission may investigate a licensee's activities, and upon sufficient grounds:
  - a. may suspend a license;
  - b. may censure a licensee;
  - c. may fine the licensee a sum not exceeding \$2,500;
  - d. All of the above.
  
15. Which of the following is grounds for the Commission suspending or revoking a license?
  - a. Knowingly making use of any false or misleading advertising;
  - b. Acting for more than one party without the knowledge of all parties;
  - c. Commingling of funds;
  - d. All of the above.
  
16. In which of these situations may the Commission suspend an associate broker's license?
  - a. When a licensee is convicted of any felony;
  - b. Taking a secret or undisclosed profit in a real estate transaction;

- c. Failing to supervise employees;
  - d. All of the above
17. When any licensee acts as a broker involving an interest in real estate, and is a party to a court action involving that same interest, the Commission may:
- a. require the licensee to furnish copies of all the pleadings;
  - b. require the licensee to turn in his license;
  - c. require the licensee to post a bond with the Commission;
  - d. All of the above.
18. After investigation has taken place determining licensee misconduct, the Commission:
- a. must revoke the license;
  - b. must suspend the license for at least 30 days;
  - c. may issue a letter of admonition;
  - d. None of the above.
19. Commission disciplinary actions and denial of licensure:
- a. must be held before the entire body of Commissioners;
  - b. may be held before a quorum of Commissioners;
  - c. must be tried in a Civil Court;
  - d. may be held before an Administrative Law Judge.
20. Commission disciplinary action or denial of licensure:
- a. automatically becomes final after 30 days;
  - b. must be confirmed by a District Court;
  - c. may be stayed by a Court of competent jurisdiction;
  - d. None of the above.
21. Any individual who illegally acts as a broker by failure to obtain a real estate license:
- a. has committed a misdemeanor;
  - b. has committed a felony;
  - c. may be imprisoned for up to one year;
  - d. may, as a corporation, be fined up to \$10,000.
22. When is a real estate broker entitled to receive payment of his or her commission?
- a. As soon as a buyer is found who is ready, willing and able to purchase the property;
  - b. As soon as the buyer refuses to complete the transaction because of title defects;
  - c. When seller refuses to correct title defects because buyer refuses to sign the contract;
  - d. None of the above.
23. Prior to engaging in any authorized broker activities, a broker working with a

- buyer as a seller's agent - shall provide a written disclosure to buyer, stating:
- a. broker is buyer's agent, not seller's
  - b. broker is seller's agent, not buyer's
  - c. agent will be vicariously liable for acts of the buyer
  - d. buyer will always be vicariously liable for the agent's acts
24. Which of the following forms of agency relationship are not valid in Colorado?
- a. Subagency
  - b. Designated Broker
  - c. Single Agent
  - d. Transaction Broker
25. Absent seller's specific authorization, the broker acting as a seller's agent may normally disclose which of the following to a buyer:
- a. That the seller is willing to accept less than the asking price;
  - b. Facts that may stigmatize the property;
  - c. Material information about the seller, where that information is not required by law and failure to disclose that information would not constitute fraud;
  - d. Adverse material facts about the property actually known by the broker.
26. Which of the following is untrue of designated brokerage?
- a. The designated broker relationship does not extend to the employing broker
  - b. Every brokerage must designate one or more brokers for every transaction (sale, etc.)
  - c. A brokerage may have an individual broker working as a single agent for seller and another broker in the firm as a designated broker for the buyer.
  - d. A designated broker may work with a seller in one transaction and a buyer in another transaction.
27. Which is not a "standard form" that a broker should use?
- a. The Federal For Sale By Owner contract
  - b. A Colorado Commission-Approved Contract for Sale
  - c. Broker-prepared letter of intent that states it is non-binding and creates no legal rights
  - d. Closing Instructions prescribed by the title company conducting the closing
28. Which of the following is not a duty of a single agent for a buyer?
- a. Inform buyer that they will not be held legally responsible for broker's bad acts that the buyer didn't approve of
  - b. Disclose adverse material facts about the property that broker knows, even if it defeats the sale
  - c. Should continue to present offers from the buyer when buyer is already a party to a contract
  - d. When buyer is under contract for a property, broker should continue to seek other properties for buyer to consider