

FINAL EXAM
Colorado Real Estate Law and Contracts (“Colorado”)

1. Which of the following is not true concerning renewal of licensure?
 - a. Licenses run for three years following date of issuance
 - b. Application for renewal will be accepted with the full renewal fee up to 31 days after the date of expiration
 - c. If the application for renewal is more than 31 days and less than one year late, the renewal fee is twice the normal price
 - d. Continuing education requirements must be fulfilled before the license will be renewed

2. Broker T's license is suspended for mishandling of escrow funds, what is the status of the licenses of the Associate Brokers in Broker T's employ?
 - a. Each associate broker has 30 days in which to procure alternate employment
 - b. Each associate broker's license is suspended for 30 days
 - c. Each associate broker's license is automatically inactivated
 - d. No action is taken against associate broker's licenses

3. Which of the following is not true concerning continuing education requirements?
 - a. No continuing education is required for applicants who have passed the real estate exam within the previous year
 - b. Eight of the 24 hours of Continuing Education must be a specific course in current statutes and rules and regulations promulgated by the Real Estate Commission
 - c. Applicants must either have passed the real estate exam within the previous three years or completion of 24 hours of continuing education credit
 - d. Applicants who have passed the Colorado broker's exam within the previous five years are exempt from continuing education requirements, but upon renewal after the fifth year, must take the full 24 hours of continuing education

4. The Real Estate Commission determines that Broker B has violated the Colorado Consumer Protection Act. Which of the following is not one of the penalties that the Commission may impose?
 - a. Fine of up to \$2,500
 - b. Probation
 - c. Prison Sentence not exceeding six months
 - d. Suspension of license

5. Which of the following activities is not under the purview of the Real Estate Commission's penalty powers?
 - a. Failure to account for other people's money
 - b. Failure to keep documents for six years
 - c. Placing escrow funds in the broker's business account
 - d. Representing both buyer and seller without seller's consent

6. Which of the following continuing education courses would the Commission most likely approve?
 - a. An 8-hour course dealing with the respective relationships of the broker, associate broker, buyer, and seller in the contract for purchase and sale of real estate and the licensee's ethical obligations
 - b. Two 4-hour sessions designed to acquaint brokers with new techniques in marketing and promoting their brokerages
 - c. An 8-hour session administering sample examinations and instructing salespeople on material to be covered on the brokerage examination
 - d. An 8-hour seminar designed to teach and encourage real estate sales technique and philosophy

7. The Real Estate Commission has promulgated rules regulating the backgrounds of licensee applicants. Which of these is not one of the Commission's rules?
 - a. An applicant for a Colorado license who has been a broker in another state, must file a "certification of licensing history"
 - b. An applicant for a Colorado license who has been convicted of a misdemeanor within the last 10 years, must file documentation as to the nature and disposition of the conviction
 - c. An applicant who has pleaded nolo contendere to a misdemeanor within the last 10 years, must file documentation as to the nature and disposition of the conviction
 - d. An applicant who has been convicted of a felony within the last five years must file documentation as to the disposition of all convictions

8. In Colorado, when there is a foreclosure and the sale of the property brings more money than is owed against it, who gets the excess?
 - a. Mortgagee
 - b. Foreclosed owner
 - c. Bank
 - d. District Court

9. Which of the following is exempt from Subdivision registration?
 - a. campgrounds
 - b. parcels of land not more than 35 acres
 - c. time-share interest
 - d. condominiums

10. According to the Colorado Residential Contract to Buy and Sell Real Estate, the remedy that is applied when the parties go to court is?
 - a. The Court shall award to the prevailing party costs, and attorney fees
 - b. The Court may award to the prevailing party costs and attorney fees
 - c. Attorney fees and costs are never awarded
 - d. Each party shall bear the cost of attorney fees and costs

11. In the Colorado licensee buy-out addendum, the brokerage is bound to perform when:
 - a. the associate broker signs the contract
 - b. when the seller signs the contract
 - c. when the broker signs the contract
 - d. when both the broker and associate broker sign the contract

12. According to the Licensee Buy-Out Addendum, which of the following is not correct?
 - a. Seller may terminate the sales contract to the buyer, but it will not affect the listing agreement
 - b. The buyer must submit offers from other potential buyers to the seller
 - c. If the sales contract is terminated, Buyer must reimburse seller for out-of-pocket expenses incurred
 - d. Buyer has a real estate license

13. In the printed portions of the Commission-approved forms, which is incorrect?
 - a. When deleting a section, it is necessary to use italicized printing
 - b. A licensee may enlarge or contract blank spaces
 - c. Provisions that are inserted into blank spaces must be printed in a different type style
 - d. The brokerage is allowed to add the name of the company to the body of the contract

14. In the Colorado Residential Contract to Buy and Sell Real Estate, who pays for the appraisal?
 - a. Seller
 - b. Buyer
 - c. Anyone mutually agreed-upon by the parties
 - d. Lender

15. In the Colorado Residential Contract to Buy and Sell Real Estate, the mortgagee's policy of title insurance required by the lender is:
 - a. paid once at the closing
 - b. paid monthly
 - c. paid once per year
 - d. prorated between the parties

16. Lender forecloses on Brown's Colorado property and sells the property at a foreclosure sale. How long after that sale does Brown have to redeem his loan (reclaim title)?
 - a. 110 days
 - b. 125 days
 - c. Never
 - d. 6 months

17. In Colorado, when a property is foreclosed upon, the defaulting owner may cure the default before the date of the sale:
 - a. by bringing up to date the payments plus costs, by noon of the day before the sale
 - b. by bringing up to date the payments plus costs, by noon of the day of the sale
 - c. by bringing up to date the payments plus costs, seven days before the sale
 - d. only by paying off the entire principal balance

18. According to the contract to buy and sell real estate, who pays the closing costs?
 - a. seller
 - b. buyer
 - c. 50/50 split between seller/buyer
 - d. negotiable between the parties

19. Louis sells a piece of real property to Jefferson. At that time, there is a tenant with a lease on the property. What recourse will Jefferson have?
 - a. Jefferson must evict the tenant
 - b. Jefferson takes the property subject to the lease
 - c. Jefferson will have to file a condemnation action on the tenant
 - d. Jefferson must sue Louis in Court

20. For purposes of Federal income tax law, a single-family residence can be depreciated when:
 - a. sold
 - b. exchanged
 - c. never
 - d. rented

21. A restaurant owner is moving and dismantles her shelves and display cases, over the objections of the building owner. What is the result?
 - a. The tenant is entitled to take these items with her
 - b. The tenant may take these items with her, but must pay the landlord their reasonable value
 - c. The tenant may not take these items with her as they are permanently attached to the property.
 - d. The landlord may retain possession of the items, but must pay the tenant their reasonable value

22. An unlicensed personal assistant would most likely be allowed to do which of the following?
 - a. Write a check from the brokerage escrow account
 - b. Give an opinion about the property
 - c. Drive a client to a showing without a broker present
 - d. Negotiate the terms of the listing agreement with the seller on behalf of the broker

23. In Colorado, the charge for the documentary fee for recording a Warranty Deed is
 - a. one cent per \$1000 of value
 - b. two cents per \$ 100 of value
 - c. \$10 per \$100 of value
 - d. one cent per \$ 100 of value

24. A five-story apartment was on a lot next to a highway. It was torn down to put up an office building. Why?
 - a. It had not previously been used for its highest and best use
 - b. The owner of the apartment building had run out of depreciation
 - c. The property was taken over by the government under Eminent Domain
 - d. Office buildings have higher assessed values than apartment houses

25. In the Colorado Residential Contract to Buy and Sell Real Estate, if the buyer is in default, and the parties had not checked the box under the section "Time is of the Essence and Remedies" at the time of negotiations, what remedy can the Seller get?
 - a. Specific Performance
 - b. Liquidated Damages
 - c. Both Specific Performance and Liquidated Damages
 - d. Only cancellation of the contract

26. Homeowner Owen D. Fault is forced to sell his house to satisfy an IRS lien for \$50,000. The house sells for \$150,000. He has a first mortgage loan of \$90,000, a second mortgage loan of \$30,000. Taking into account Owen's Colorado standard homestead exemption, how much would the IRS get out of the proceeds of the sale to satisfy its lien?
- \$150,000
 - \$50,000
 - \$30,000
 - \$0
27. According to the Colorado Real Estate Commission, which of the following activities is explicitly prohibited?
- Broker for seller pays a portion of the broker's commission to the unlicensed seller
 - Broker for seller rebates a portion of the broker's commission to the unlicensed buyer
 - Broker buys a property, and unlicensed seller reduces the sales price by the buyer broker's commission-split rather than paying out that commission
 - Broker pays her unlicensed neighbor a finders fee for successful sales leads
28. Gratuitous gifts to the buyer from the broker:
- may never be made
 - may be made after the sale if they are not an inducement to buy
 - may be made at any time
 - are not covered by either Colorado license law or the regulations
29. All of the following are true of the Colorado exclusive right to sell listing contract where the broker is a transaction broker, except:
- Broker is not an agent of the seller
 - Broker is not an agent of the buyer
 - the buyer is not vicariously liable for the acts of the Broker
 - the seller is vicariously liable for the acts of the broker
30. Which of the following statements is not true of a transaction broker in the exclusive right to sell listing contract?
- Broker shall disclose all adverse material facts to the seller
 - Broker shall keep both buyer and seller fully informed regarding the transaction
 - The broker shall account in a timely fashion for all monies received
 - The broker may disclose the motivating factors for selling

31. Concerning the Exclusive Right to Sell Listing Contract (Seller Agency), all of the following statements are true, except:
- Broker shall disclose to buyer any facts that psychologically impair the property
 - Broker shall disclose to buyer adverse material defects concerning title
 - Broker shall disclose any environmental hazards to buyer
 - Broker shall advise the seller of all offers even if the property is under contract
32. Under the Colorado Exclusive Right to Buy Contract (Transaction Broker), the broker:
- acts as an agent only for the seller
 - acts as an agent only for the buyer
 - acts as an agent for both buyer and seller
 - acts as an agent for neither buyer nor seller
33. All of the following statements are true concerning the Exclusive Right to Buy Listing Contract (Buyer Agency), except:
- the Broker shall disclose any adverse facts known to Broker
 - the Broker shall not disclose that Buyer is willing to pay more than the asking price
 - the Broker shall not disclose the buyer's motivating factors for buying
 - Broker shall in writing inform the buyer that the buyer is vicariously liable for the acts of the agent
34. According to the Exclusive Right-to-Buy Contract (Buyer Agency/All Types of Properties), which of the following is not specifically given as a payment option?
- Refundable retainer fee
 - Broker to be paid on an hourly basis
 - Broker to be paid by buyer upon closing
 - In all cases, the designated broker shall be paid by his or her Employing Broker
35. When the Licensee Buy-Out Addendum is made part of the Contract to Buy and Sell Real Estate, Which of the following Contract provisions are not deleted?
- Broker's Services
 - Selling Company Broker Relationship
 - Cost of Appraisal
 - Specific Performance Remedy if seller refuses to sell

36. Which of the following is not true of a transaction broker?
- A written agreement is required
 - A Transaction Broker must make the same disclosures as agent about adverse material facts concerning a property
 - The same is true as above concerning a buyer's financial ability to perform the contract
 - Transaction Broker must reveal whether a buyer intends personally to occupy the property
37. Which of the following is true about the Property Disclosure?
- The broker must deliver a copy to buyer
 - The seller swears under oath that the items stated in the document are true
 - The buyer swears that the facts contained therein are true
 - A copy may be furnished to the buyer
38. Settlement sheets:
- are signed only by the buyer
 - are signed only by the seller
 - are signed only by the broker
 - must be kept by the broker for four years
39. Which of the following is untrue concerning a Colorado Licensee Buy-Out Addendum?
- It may be used when the licensee offers to purchase a property to obtain a listing
 - Buy-Out Agreement may not be canceled before the expiration of the listing contract
 - It may be used in connection with a property already listed
 - If seller backs out of the contract, seller will reimburse the licensee for all out-of-pocket expenses.
40. Which of the following forms of ownership is legally valid in Colorado?
- Tenancy by the Entirety
 - Tenancy in Severalty
 - Community Property
 - Absolute Fee
41. A limited partner's rights include all of the following, except?
- Limited liability for all of the partnership's debts
 - The right to an accounting of the partnership's operations
 - A voice in the management
 - A share of the profits

42. In Colorado, the Inclusions and Exclusions section of the Residential Contract to Buy and Sell calls for inclusion of all of the following except:
- window coverings on the property on the date of the sales contract
 - fireplace screens and grates
 - leased security systems
 - parking and storage facilities as described in a condominium community
43. The Commission-approved Exchange Addendum:
- involves the Seller and the Exchanging party
 - is made a part of the Contract to Buy and Sell
 - is made a part of the Exclusive Right to Buy Contract
 - is sufficient to fulfill all requirements of IRS Section 1031 for tax-free exchanges
44. The Commission-approved Closing Instructions:
- does not fall under the purview of Rule F
 - acts as an addendum to the Contract to Buy and Sell Real Estate
 - must be provided by the closing company to the broker prior to closing
 - must be provided by the buyer and seller to the closing company prior to closing
45. In the Commission-approved Listing Contract (Exclusive Right to Sell-Residential- Seller's Agency), the broker may not disclose any of the following, except:
- adverse material facts to the seller actually known by the broker
 - the fact that the seller is willing to accept less than the sales price
 - the seller's motivation for selling
 - facts that stigmatize the property
46. In the Commission-approved Listing Contract, the term "sale" means all of the following, except:
- exchange of the property
 - voluntary transfer of title
 - transfer through bankruptcy
 - installment land contract
47. All of the following agreements are contained in the Commission-approved Exclusive Right to Sell Listing Contract, except:
- Seller is entitled to a credit allowance for his efforts in aiding the broker to sell the property
 - Seller agrees to conduct all negotiations through the broker
 - Seller agrees to refer to the brokers all inquiries from any source
 - Seller authorizes the broker to disclose any material facts about the property

48. Seller's Property Disclosure (Residential)
- should be completed by seller, not broker
 - should be considered by buyer as eliminating the need for an inspection
 - is mandatory in all residential home sales in Colorado
 - warrants the continued operability of any item marked "working"
49. The items mentioned in the "Price Includes" section of the Commission-approved Exclusive Right to Sell Listing Contract, are to be conveyed to the buyer by which of the following legal documents?
- Quit Claim Deed
 - Financing Statement
 - Bill of Sale
 - Deed of Trust
50. Unless otherwise agreed, who is responsible for payment of assessments for special improvements installed as of the date of signing of the Exclusive Right to Sell Contract?
- Buyer
 - Seller
 - Neither Buyer nor Seller
 - They will be pro-rated between Buyer and Seller
51. According to the Exclusive Right to Sell Listing Contract, the broker has earned a commission when any of the following events occurs, except:
- sale of the property by seller
 - the broker finds a buyer who is ready, willing, and able to buy
 - the sale of the property during the holdover period to a buyer whose name was revealed to the seller and with whom the broker negotiated
 - the seller cannot deliver a merchantable title to the buyer until the date after the date set for transfer of title
52. According to the Colorado Licensee Buy-Out Agreements, which of the following is not true if a licensee wishes to make an offer to purchase a listing he has secured?
- The licensee must present all other offers that are made until the closing of licensee's contract
 - The licensee must present all offers which exceed licensee's contract amount
 - Licensee must reveal to seller that the licensee potentially may profit from reselling the property
 - Seller has the right to terminate the contract with written notice to licensee

53. Which of the following is true regarding subsurface rights?
- Title to the mineral rights are automatically transferred when the property is sold.
 - When seller transfers title to the property, the rights automatically revert from a third party to the buyer.
 - The mineral rights easement owner does not have the right to enter to the property in some way to extract the minerals.
 - A third party can own the subsurface rights.
54. According to Colorado state law, it is not legal to discriminate in granting housing based on:
- marital status
 - age
 - credit
 - education
55. According to Commission Rule F, which of the following provisions of the Contract to Buy and Sell Real Estate may not be omitted by a broker, even if it does not apply to the particular transaction?
- Special Taxing Districts
 - Common Interest Community Governing Documents
 - Lead-Based Paint
 - New Loan, Assumption or Seller Financing
56. Rule F was enacted in order to:
- implement the decision of the Conway-Bogue case
 - insure that brokers account for escrow funds and earnest money
 - help borrowers to understand the true cost of financing, compared to other lenders
 - help borrowers to understand the cost of settlement
57. If a licensee is also the seller of a particular property, he or she must first
- indicate his position in advertising the property prior to negotiating with purchaser
 - inform all potential purchasers before the negotiation begins
 - inform the buyer before closing
 - do nothing, because the licensee has no affirmative duty to inform potential purchasers of licensee status

58. In a contract for the purchase and sale of residential real property what is the proper method to elect liquidated damages?
- Check off the liquidated damages box
 - Write in the amount of liquidated damages in the appropriate space
 - Not check off the specific damages box
 - Cross out all specific damages language
59. In a contract for the purchase and sale of residential real property, the purchase price includes all of the following if attached to the property, except:
- window shades
 - curtain rods
 - blinds
 - curtains
60. If a contract for the purchase and sale of residential real property contains a provision for the assumption by the buyer of a non-standard loan which is contingent on the creditworthiness of the buyer:
- buyer must provide the seller copies of loan documents within ten days
 - seller may terminate the contract if the buyer fails to provide him with the appropriate credit information only
 - seller consents to the provisions of such loan documents if the purchaser does not object in writing
 - seller may terminate the contract for any reason at the sole discretion of the seller
61. After a listing broker receives an earnest money deposit, he must:
- deposit it in his business account within 24 hours
 - deposit it in an escrow account within one business day
 - deposit it in a recognized depository within 48 hours
 - deposit it within three business days after notification by seller of acceptance
62. In Colorado, a residential contract to buy and sell real estate is assignable under which of the following circumstances?
- With the consent of the lender
 - With the prior consent of the seller
 - Upon notification of the seller, his heirs, personal representatives, successors, and assigns
 - Under no circumstances

63. Colorado has added which of the following forms of brokerage relationships to the traditional Common Law forms of agency?
- Subagency brokerage
 - Designated brokerage
 - Dual agency brokerage
 - Special agency brokerage
64. Generally, in a Colorado contract to buy and sell residential real estate, if there is a dispute over earnest money, the broker:
- must interplead the money with the court if suit is filed
 - immediately return the earnest money to the purchaser
 - must give the money to the seller
 - may hold the money pending written instructions from the buyer and seller
65. Earnest money is held by the listing broker for the benefit of the
- buyer
 - seller
 - lessor
 - trustee
66. As a listing broker, you fail to inform the buyers of a material defect of which you are aware. You have violated your duty of:
- trust
 - loyalty
 - disclosure
 - You have not violated any duty
67. You fail to inform the seller of a property which you are purchasing, that you are a real estate broker. You have violated your duty of:
- trust
 - loyalty
 - disclosure
 - You have not violated any duty
68. An Associate Broker may only accept her share of the commission from:
- the seller
 - the buyer
 - the employing broker
 - the listing broker

69. Which of the following activities or entities requires a real estate license in Colorado?
- An individual acting as principal in acquiring an interest in real estate
 - An owner of 25% of a partnership authorized to sell property owned by the partnership
 - A corporation, acting through its regularly-salaried employees, with respect to property owned by the corporation on which will be erected a building which has not been previously occupied and where the consideration paid for such property includes the cost of such building, payable at the time of conveyance of such property and building
 - Negotiating the sale of a leasehold interest
70. In Colorado, which of the following is responsible for conducting hearings regarding denying, suspending, or revoking a real estate license?
- Secretary of State
 - Board of Real Estate Appraisers
 - Administrative law Judge
 - District Court Judge
71. Which of the following may legally refuse to sell his property on the basis of the prospective buyer's national origin?
- A real estate licensee selling one of his own properties
 - A person in the business of making loans for purchasing residential real property
 - The private owner of a single family residence
 - Any owner may refuse to sell on the basis of a prospective purchaser's national origin if that is also the owner's particular national origin
72. Which of the following is required to be licensed to sell real property in Colorado?
- An attorney-in-fact acting without compensation under a power of attorney
 - A corporation that, for a fee, auctions real estate
 - A regularly salaried employee of an owner of an apartment building who acts as an on-site manager
 - A corporation selling property it owns on which has been erected an office building
73. Closing statements must be provided to the parties:
- within 30 days after closing
 - before the time appointed for closing
 - within 180 days after delivery of possession
 - at the time of the delivery and acceptance of the deed

74. You are an Associate Broker selling a property listed with your employing brokerage. Which of the following must be included in any advertising for that property?
- The name of the employing broker listing the property
 - The associate broker's name and phone number
 - The phone number of the broker
 - The seller's name and phone number
75. Broker Helen is showing property that she has listed to Kilauea. Broker Helen knows that there are massive plumbing repairs to be made. Broker Helen:
- Has to tell the buyer, because she must disclose all material facts
 - Doesn't have to tell the buyer, unless the buyer asks
 - Does not have to tell the buyer if the property is sold "as is"
 - Does not have to tell buyer because the plumbing repairs are not material facts
76. In Colorado, a residential tenant's security deposit must be returned:
- within 30 days of surrender of the premises only
 - within 30 days of surrender of premises, unless the lease specifies otherwise, but in no case to exceed 60 days
 - with deductions made for normal wear and tear
 - after 60 days, together with any interest accrued
77. Deductions may be made by a landlord from a tenant's security deposit after surrender of the premises for all of the following, except:
- for non-payment of rent
 - for normal wear and tear
 - for repair work
 - for non-payment of utility charges
78. In Colorado, the willful retention of a security deposit shall render a landlord liable for all of the following, except:
- attorney fees
 - three times the amount of the security deposit
 - twice the amount of the security deposit
 - court costs

79. In determining the qualifications of a property owner in establishing housing exclusively for the elderly, which of the following is not appropriate criteria?
- the facilities were specifically designed for elderly persons
 - income level of the occupants
 - percentage of occupancy by people over 55
 - intent of the owner to provide housing for the elderly
80. According to Rule F, the “Additional Provisions” section of a Commission-approved form must contain:
- exculpatory language in favor of the broker
 - transaction-specific terms that result from negotiations or the instructions of the parties to the transaction.
 - personal provisions or personal disclaimers of a broker who is not a principal party to the contract
 - a statement that the Additional Provisions section was prepared by the brokerage firm’s legal counsel
81. For which of the following may a licensee never legally accept a fee?
- Placing a loan with a mortgage lender
 - Finding a ready, willing and able buyer
 - Preparation of closing documents
 - Arranging an insurance policy with a hazard insurance company
82. When conveying personal property which is not affixed to the land or included in a contract for the purchase of real property, the most appropriate method of accomplishing this would be with a:
- bill of sale
 - indenture
 - bargain and sale deed
 - personal representative’s deed
83. When are the unlawful acts or violations committed by an associate broker cause for disciplinary action against the employing broker?
- Determination by the Commission of violations by an associate broker is never cause for disciplinary action against the broker
 - Determination by the Commission of violations by an associate broker is always cause for disciplinary action against the broker
 - Only if the broker specifically instructed the associate broker to commit the acts
 - Only if the broker had actual knowledge of the violations or was negligent in supervising the associate broker

84. Which of the following is true concerning a person acting as a broker without a license?
- If it is the person's first conviction, that person is guilty of a misdemeanor and subject to a penalty of up to \$500 and jail of up to six months
 - That person is guilty of a tort and subject to a civil penalty of up to \$5,000
 - This is a Class 4 felony which carries an automatic jail sentence of six months
 - The Commission may only impose a fine of up to \$5,000
85. Which of the following would most likely not result in a Commission-imposed penalty if committed by a licensee?
- A listing broker pays a commission to an out-of-state broker who is not licensed in Colorado
 - A listing broker pays a finder's fee to his next-door neighbor, who is not licensed as a real estate licensee
 - A broker takes as commission certain closing costs without informing the seller that these costs were actually for commission
 - Broker neglects to provide the seller with a copy of the signed listing contract
86. If a broker is sued, which of the following must occur?
- The broker must inform the Commission in writing of the outcome of the case
 - The broker must submit the case to the Commission in order to receive legal defense from the real estate cash fund
 - The broker must notify the Commission in writing of the commencement of civil action within 30 days
 - If the broker loses a case based on fraud, misrepresentation, or broker incompetence, the Commission must inactivate the licenses of all associate brokers under the broker's license
87. Which of the following is not true concerning proceedings held before the Commission with respect to licensee disciplinary actions?
- They are conducted before an administrative law judge
 - They must be conducted within one year of the complaint filed with the Commission
 - The proceedings are held in the county where the Commission has its office
 - A court of law may postpone the penalty imposed by the Commission, after a hearing is held to determine if doing so would endanger public health, safety and welfare

88. In order to recover from the real estate cash fund, which of the following must be true?
- Plaintiff must have been awarded a civil judgment against a real estate licensee for out-of-pocket losses
 - Plaintiff must have been awarded a civil judgment against a real estate licensee for pain and suffering
 - A real estate licensee must have been convicted with a criminal penalty of not more than \$15,000
 - A real estate broker only must have been determined to be incompetent in his or her field by the Real Estate Commission
89. If a real estate licensee is served with notice of application to the real estate cash fund as a result of a court award against that same licensee, how long does the licensee have to object?
- 30 days after the court awarded the judgment
 - 30 days after being served with the application
 - 30 days after the application was filed with the Commission
 - The licensee need not respond, because payment from the fund is automatic after valid application to the fund
90. Which of the following are not grounds for granting a claim against the real estate cash fund?
- The real estate licensee was found guilty of conversion of trust funds
 - The real estate licensee was found guilty of fraud
 - The real estate licensee was found guilty of negligence
 - The real estate licensee was found guilty of Class I misdemeanor or greater
91. Which of the following is true if a claim is paid out of the real estate cash fund?
- The licensee's license is revoked for one year
 - The license is suspended until a hearing is held to determine the licensee's fitness to practice, in no event sooner than one year
 - The license is revoked until the full amount paid out of the fund on the licensee's behalf is repaid plus interest and one year has passed since revocation
 - The license is revoked until one year after the licensee repays the full amount to the Fund
92. The Real Estate Commission:
- is headed by a Director, and comprised of five Commission members
 - is headed by an Executive Director, appointed by the Governor
 - is part of the Department of Housing and Urban Development
 - is one of five principal Divisions of the Department of Regulatory Agencies

93. The overall objective of the Real Estate Commission is to:
- protect the public
 - regulate the real estate industry in Colorado
 - inform brokers and salespeople of applicable regulations
 - impose penalties against licensees for violations of Commission rules
94. Which of the following is not a program specifically implemented by the Real Estate Commission to obtain the Commission's overall objective?
- Publication of a quarterly newsletter for licensees
 - Routine auditing of broker transaction records
 - Make the Initial Decision of revocation, or suspension in connection with a complaint lodged against a licensee
 - Preparation of legal documents in connection with complaints against licensees
95. Which of the following activities requires a broker's license?
- An individual charging a fee for providing a mailing list company with information concerning all properties for sale in the county
 - An individual charging a prospective tenant for providing a list of all real property available for rent in the county
 - A partnership selling an oil and gas lease
 - An attorney-in-fact acting under power of attorney free of charge
96. Under which of the following may a license be issued?
- Broker Smith works under Broker Koslowski and Broker Smith gets a license for "Smith Brokerage"
 - Smith Corporation is issued an associate broker's license under the name "Smith Corporation"
 - Jane Smith asks to have her associate broker's license issued under her married name, "Jane Koslowski"
 - John Smith wants to have his associate broker's license issued in the name "Best Salesperson, Ltd."
97. Which of the following is not a pre-requisite for obtaining an employing broker's license?
- An associate broker's license
 - 18 years of age
 - Proof of truthfulness, honesty, and good moral character
 - two years active experience as a licensee

98. Which of the following is always required to obtain an active associate broker's license?
- 21 years of age
 - Insurance
 - 48 hours of Colorado real estate law and contracts
 - Membership in a partnership or corporation
99. Amy Tyler, an associate broker, quits working for one broker, and goes to work for another broker. Which of the following is true?
- She has 30 days to notify the Real Estate Commission of her change of business address
 - It is the duty of the former broker to notify the Commission of Amy's termination of employment
 - If Amy fails to notify the Commission, her license will automatically be inactivated
 - The Commission may issue Amy a temporary license for the interim period while the Commission approves Amy's new employment
100. Which of the following is true concerning successful completion of the broker's exam?
- Failure to file an application for licensure within the appropriate time period results in cancellation of all rights to a passing score
 - The exam may be taken prior to completion of all required education
 - The applicant must file an application within 180 days of passing the exam
 - The associate broker license will automatically be issued to the application within three business days of passing the exam
101. An investor from another state sold a property in Colorado for \$428,000. The property was heavily encumbered and the seller came out with only \$5,500 proceeds from closing. The Colorado Department of Revenue withholding requirements require what amount be withheld from the proceeds?
- \$5,500
 - \$8,560
 - \$110
 - \$856
102. According to the Contract to Buy and Sell Real Estate, if buyer and seller each sign a separate copy of the contract:
- original signatures must be obtained at or before closing
 - need original signatures within 30 days
 - the two copies of the contract will be considered one valid contract only with the express written consent of both buyer and seller
 - both copies together are considered a valid and complete contract

103. Regarding generating commission-approved forms through the use of a computer:
- Broker may fill in the blank spaces before negotiations
 - The language of the contract must be exactly the same language as approved by the commission
 - Additional provisions may be inserted in the form prior to printing
 - Prior to printing, a broker may omit any provision that the broker believes will not apply to any future transaction
104. Which of the following is true concerning designated brokerage?
- buyer or seller may be held vicariously liable for the broker's acts that have not been approved by buyer or seller
 - a broker may now work as a single agent for both buyer and seller
 - a broker working for seller as a single agent may also work for buyer as a transaction broker in the same transaction
 - the brokerage relationship between the buyer or seller and the designated broker does not extend to that broker's employing broker
105. If a broker's license is revoked, which of the following is untrue concerning the records of such action?
- Records must be held by the real estate commission for 7 years
 - Are open to public inspection
 - Held by the real estate commission
 - Held by the secretary of state
106. What is the purpose of the real estate cash fund?
- supplement Error and omission insurance
 - give money to a party who prevailed in a lawsuit against a broker
 - protect licensee
 - substance abuse recovery program for licensees
107. Which is not considered good funds at closing?
- personal check
 - certified check
 - teller check
 - cash

108. Earnest money shall be held
- in an escrow account prior to the seller accepting the offer of the buyer
 - by selling broker
 - by listing broker
 - by a designated third-party until closing, whereupon it should be delivered to the listing broker
109. Who is responsible for closing and the accuracy of the settlement worksheet if original broker is unable to attend closing and has another broker take his place?
- Title company
 - original broker who couldn't attend closing
 - new broker who attended closing
 - original broker as well as the new broker
110. If a broker wants to accept a referral fee from a Mortgage Company, he must get permission from:
- buyer
 - seller
 - both buyer and seller
 - only the party with whom they have established a brokerage relationship
111. For supervision of brokers
- Supervision of associate brokers is the direct responsibility of the employing broker
 - The employing broker can use an experienced licensee to directly supervise the associate broker
 - For licensees with 2 or more years of experience no direct supervision is required
 - An employing broker may contract with an employed licensee so as to make the employed licensee exclusively responsible for supervision
112. A buyout addendum becomes binding on the brokerage when:
- signed buy the buyer
 - signed by the licensee
 - signed by the employing broker
 - signed by the listing company broker

113. Buyer and Seller sign a Contract to Buy and Sell Real Estate by facsimile. They shall deliver original signatures:
- Upon request of either party
 - Within 10 days after acceptance by Seller
 - At the closing
 - At least 10 days prior to closing
114. Pursuant to the Contract to Buy and Sell Real Estate, Buyer has delivered to Seller a Notice to Correct. If Buyer and Seller are unable to agree on resolution of the Notice to Correct, the Contract will terminate:
- Three business days after the Resolution Deadline
 - One business day after the Resolution Deadline
 - On the day after the Resolution Deadline
 - On the Resolution Deadline
115. With a designated broker, who represents the principal?
- Brokerage
 - brokerage and licensee
 - employing broker
 - licensee only
116. How are real estate taxes on property owned as tenants in common applied to tax returns?
- 80% deduction
 - direct reduction of income tax
 - pro rata
 - not deductible
117. What is true regarding counter proposal?
- All of listing agreement should be included
 - all of sale agreement should included
 - original sales agreement should not be signed by seller
 - original sales agreement should not be signed by seller or buyer
118. Which is true of common interest community provisions of the Contract to Buy and Sell Real Estate?
- Buyer may cancel the contract, in writing if HOA rules are not satisfactory
 - seller must provide the information at buyers expense
 - rules have to be provided to buyer 14 days after signing sales agreement
 - If seller receives written notice from buyer prior to the Governing Documents Objection deadline, buyer automatically accepts the terms of the documents

119. In Colorado to sell time shares you need:
- real estate broker's license
 - mortgage broker's license
 - securities license
 - stock broker's license
120. Material defects in house are not disclosed to buyer, and both seller and broker know about them. Who is liable for this non-disclosure?
- broker
 - seller
 - buyer
 - broker and seller
121. A couple is worried about the high fees associated with selling R/E. The broker should tell them?
- Fees are set by customary practices
 - Set by the state / R/E commission
 - Fees are negotiable
 - They are fixed
122. According to the Colorado Residential Contract to Buy and Sell and Right to Sell Listing Agreement, if seller defaults who gets the earnest money?
- seller and broker split
 - broker and buyer split
 - seller gets all
 - broker not entitled to any of earnest money
123. A property with 35 acres automatically entitles the owner to what kind of water rights?
- Well permit
 - whatever rights were granted or transferred at time of sale
 - exempt from all water restrictions
 - the right to subdivide into smaller parcels without restrictions
124. If owner makes repairs according to buyers inspection request and hires and pays contractor personally for them prior to closing this is called:
- a la carte
 - paid outside closing
 - adhesion contract
 - balancing debit

125. When a broker's license expires due to non payment of renewal fees the date of expiration is:
- After 2007, three years after the initial date of issuance anniversary date
 - Always December 31
 - May 31
 - June 30
126. Broker Brian represents Seller under an exclusive agency listing agreement. Broker also represents buyer as a transaction broker. What disclosure should then be given to buyer and seller?
- Transaction Broker Disclosure
 - Definitions of Working Relationships
 - Closing Instructions
 - For Sale by Owner Disclosure
127. When should change of status be given?
- Upon signing listing agreement
 - At closing
 - When the same brokerage represents seller and also works on behalf of buyer
 - when a broker goes to work for a new brokerage
128. What is the purpose of the Real Property Transfer Declaration that is filed with the documentary fee?
- to show public the property has been sold
 - for assessors to determine uniform assessments for property tax
 - to record the deed
 - to get accurate value for the property for resale purposes
129. According to the Colorado Right to Sell Listing Agreement, if buyer is in default, who gets the earnest money?
- seller and broker split
 - broker and buyer split
 - seller gets all
 - broker not entitled to any of the earnest money
130. How does a broker obtain E&O insurance?
- E & O insurance is provided by the real estate commission
 - the insurance provider must be in the same jurisdiction
 - from any provider as long as coverages meet the requirements of the R/E commission
 - from the Department of Housing and Urban Development (HUD)

131. In what instance is the square-foot measurement most reliable?
- broker's measurement
 - appraisal
 - assessors
 - seller's
132. Regarding the square footage disclosure, an agent MUST do which of the following:
- not refer to information from an unreliable source
 - advise clients that measurements may not be accurate
 - use the standards provided by the American National Standards Institute (ANSI)
 - point out any obvious mismeasurements
133. When must proper accounting be provided by broker after removing fees earned from an escrow account?
- promptly
 - within 72 hours
 - 30 days
 - 60 days
134. According to the Exclusive Right to Sell Listing Contract, if the property has water softener:
- It is automatically considered a fixture and must transfer with the property
 - are always rented and therefore do not transfer
 - The seller will only be able to remove it if the appropriate box is checked on the form
 - The seller would be able to remove it unless the appropriate box is checked on the form
135. Which is true of seller's property disclosure?
- broker can deliver to any prospective buyer
 - must be completed by seller and broker
 - seller guarantees the information on the property
 - it is intended as a substitute for physical inspection by buyer
136. If an agent is unable to attend a closing and a subagent sits in for him, who is responsible for the accuracy of the closing documents?
- Agent
 - subagent
 - principal
 - both agent and subagent

137. According to the Contract to Buy and Sell Real Estate, the cost of closing services is paid by whom?
- Buyer
 - Subject to negotiation
 - Seller
 - Split equally between buyer and seller
138. When does a lead based paint disclosure form have to be used?
- When building permit was issued before January 1, 1978
 - On all houses sold prior to January 1, 1978
 - When the house was built after 1978
 - When the house was built prior to December 31, 1978
139. Who does the listing broker hold the earnest money for?
- Buyer
 - Seller
 - Both Buyer and Seller
 - Broker
140. If a Colorado broker negotiates a Success Fee under the Exclusive-Right-to-Buy Contract, which is true?
- If the broker cannot get the fee from the listing broker or seller, the buyer is under no obligation to pay
 - The listing broker must pay the negotiated fee at closing
 - The broker may be directed to seek payment from any or all of several sources
 - The buyer will pay the fee at closing
141. In Colorado, according to the Exclusive-Right-to-Buy Contract, who is responsible with regard to registered sex offenders (Megan's Law)?
- Brokers must disclose the presence of any known registered sex offenders
 - Buyers must obtain this information from local law enforcement officials
 - Sellers will be required to disclose any sex offenders in the neighborhood
 - Sex offenders' privacy rights are protected by state and federal law
142. Buyer and Seller have executed a contract to purchase Seller's property. Buyer has duly applied for a loan. According to the terms of the Colorado Contract to Buy and Sell, if buyer's loan application is not approved, by what deadline must the buyer notify the seller in order to properly terminate the contract?
- Loan Application Deadline
 - Loan Approval Deadline

- c. Loan Objection Deadline
 - d. Loan Transfer Approval Deadline
143. In Colorado, in the Purchase Price and Terms section of the Residential Contract to Buy and Sell, the entry for cash at closing
- a. represents the total amount the buyer should expect to bring to closing
 - b. does not include buyer's closing costs, such as loan fees
 - c. should match the good-faith estimate provided with the HUD-1 form
 - d. represents the approximate amount the seller will receive at closing
144. In Colorado, if no box is checked for the Appraisal Condition section of the Residential Contract to Buy and Sell, the
- a. buyer will not have to proceed if a new loan is refused due to a low appraisal
 - b. seller will have the ability to terminate the contract if the appraisal is substantially above the selling price
 - c. buyer will be able to get a VA or FHA loan, but the loan will not be subject to the appraisal
 - d. form has been improperly completed
145. When paying the documentary fee for the declaration of value, that allows the county to?
- a. determine a fair assessment value
 - b. know fair market value of house
 - c. let public know of a sold property
 - d. tax the property based on the amount of sales price
146. When a property has is subject to the rules of a governing association, which is correct?
- a. seller must provide buyer a copy within 14 days
 - b. if buyer has objections seller has until resolution deadline to fix
 - c. buyer can terminate contract due to provisions in the governing documents of which buyer does not approve
 - d. The homeowner's association must provide all documents to seller prior to the Title Deadline
147. The buyer conducts a walk through just before closing. This is called:
- a. another inspection
 - b. a time to show property off to family
 - c. to see if property is correct with contract terms
 - d. allow for a re-inspection of earlier inspection

148. You may pay an out-of-state broker a finder's or referral fee if
- broker lives and is licensed in state other than Colorado
 - broker lives in one state but is licensed in another
 - doesn't hold any license
 - must have a name and address of the state brokerage that he works for
149. A licensee may measure properties only for which of the following purposes?
- marketing
 - loan
 - valuation
 - to determine an exact measurement of square footage
150. J, owner of a business in a shopping mall sells his business. How is his interest transferred?
- lease
 - deed
 - bill of sale
 - deed of trust
151. In Colorado, a person wishes to sell time-shares. This person will need:
- an insurance license
 - a securities license
 - an FAA license
 - a real estate license
152. In the Colorado Contract to Buy and Sell Real Estate the buyer may assign the contract:
- under no circumstances
 - prior written consent of the seller
 - without prohibition
 - with the consent of the listing broker
153. The Colorado use tax is:
- a percentage of the purchase price that is collected upon recordation of the deed
 - a tax on furniture and equipment that is the responsibility of the purchaser
 - a tax on the seller based on the net capital gains
 - a 2% property tax imposed by some counties in Colorado
154. In Colorado, what is the termination notice required for a Tenancy at Will?
- 3 days
 - 30 days
 - 60 days

d. no notice is required

155. In Colorado, a broker must maintain records of closings for inspection by the Real Estate commission, for a minimum of:

- a. 3 years
- b. 4 years
- c. 5 years
- d. 7 years

156. A buyer of a rural property with a well should do what?

- a. Register the well of a >35 acre lot with Div. of Water Resources within 60 days of closing
- b. Check the rate of flow of a residential well to make sure it's less than 15gpm
- c. Have the well inspected by a home inspector
- d. Have the seller apply for a well permit within 90 days after closing

157. In Colorado, who is required to pay the Use Tax on personal property?

- a. Seller
- b. Buyer
- c. Both Seller and Buyer
- d. County in which the property is located

158. According to the commission-approved Contract to Buy and Sell, if buyer refuses to complete the transaction as agreed and the seller has chosen Liquidated Damages, which of the following is a remedy that the seller may pursue?

- a. Sue for specific performance
- b. Sue for any additional damages caused by the breach
- c. Interplead the earnest money
- d. Retain the earnest money

159. By law a new licensee must have:

- a. A mentor
- b. An employing broker
- c. A high school diploma
- d. Two years experience in the real estate field

160. Seller can't make the closing. What is necessary for the agent to be able to sign the Paperwork?

- a. Agent must have a signed ostensible agency agreement
- b. Agent must have power of attorney
- c. Agent must be an attorney at law
- d. Agent must have a written acknowledgment from Seller