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## FOUNDATIONS OF NEW JERSEY REAL ESTATE

### NJ Laws Rules & Regulations

Answer key: [www.njretest.com](http://www.njretest.com)

1. Which of the following would be required to become a branch office supervisor?
  - A. A broker-salesperson license
  - B. A minimum of two years experience as a broker
  - C. A minimum of two years experience as a licensed salesperson
  - D. A college education
2. Which offers is a licensee required to present to the seller?
  - A. Every oral or written offer
  - B. Only offers submitted with a deposit
  - C. Every written offer
  - D. Every reasonable offer
3. Which of the following applies when a real estate salesperson receives an earnest money deposit along with an offer to purchase?
  - A. The salesperson may hold the deposit until the offer is accepted and then must deposit it into the trust account
  - B. The deposit must be deposited in the broker's trust account within five business days
  - C. The deposit must be deposited in the trust account on the day it was received. However, if it is not a business day, on the next business day.
  - D. The broker has total discretion as to how the deposit will be handled
4. Under what circumstances may one salesperson pay another salesperson a share of their commission for assistance in a transaction?
  - A. If both salespersons are under the employ of the same broker and the broker consents
  - B. After the transaction is completely closed and the broker is no longer involved
  - C. If both salespersons present a written account of such funds including the reasons for payment, to the broker
  - D. None of the above
5. For a first violation of the licensing act, the Real Estate Commission is empowered to do any of the following **EXCEPT**:
  - A. Impose a fine of up to \$10,000.
  - B. Revoke the license
  - C. Suspend the license
  - D. Put the licensee on probation
6. A licensee is purchasing a property listed with another real estate office. Which of the following statements is/are **TRUE**?
  - A. The licensee must disclose to the seller in the contract of sale his/her status as a real estate broker or salesperson.
  - B. The licensee may not purchase the listings of another office.
  - C. Neither of the above
  - D. Both of the above

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7. A newly licensed real estate broker may **NOT** maintain an office in:
- A. their own home
  - B. the home of a salesperson
  - C. a building already containing a real estate agency
  - D. a building owned by a salesperson licensed with them
8. What is the license requirement pertaining to a license issued to a corporation?
- A. All of the officers must be licensed as either a broker or salesperson
  - B. Only the corporation need be licensed
  - C. At least one officer must be licensed as a broker. All other officers must be licensed only if active in the real estate business.
  - D. The corporation must be licensed and two officers must be licensed as brokers
9. When a broker's commission is to be drawn from the monies held in escrow, the commission must be taken within how long after being earned?
- A. Immediately
  - B. 5 business days
  - C. 10 business days
  - D. 30 calendar days
10. Which of the following statements in an advertisement by a real estate broker would **NOT** be prohibited by the N.J. Law Against Discrimination?
- A. "Near St. Peters R.C. Church"
  - B. "Men only"
  - C. "No Housing Choice Vouchers allowed"
  - D. "Near public and private schools"
11. If a broker maintains a trust account in a bank that requires no minimum balance and imposes no service charges, how much of their own money may the broker leave in the account?
- A. \$0
  - B. \$50.
  - C. \$100.
  - D. \$200.
12. A person qualified to be a broker, but presently working in the capacity of a salesperson under another broker, is probably licensed as a:
- A. broker candidate
  - B. broker of record
  - C. broker-salesperson
  - D. broker
13. The fee paid by the seller to the broker they have listed the property with is always:
- A. a percentage of the sale price of the property.
  - B. a flat dollar amount.
  - C. any amount or percentage agreed to between the buyer and seller.
  - D. any amount or percentage agreed to between the seller and the broker.
14. ABC Real Estate Agency also operates an insurance agency. An agent with ABC would like a buyer to purchase homeowners insurance through her. Which of the following is **TRUE**?
- A. The agent must be licensed as an insurance agent
  - B. The agent must be licensed as a broker-salesperson
  - C. A real estate agent may not sell insurance to a buyer as this is a conflict of interest
  - D. Only the agency need be licensed in insurance not the salesperson
15. When a real estate office advertises, the Real Estate Commission wants the public to know that the company is in the brokerage business. Which of the following business names would satisfy this requirement?
- A. American Dream Realty
  - B. Homehunters Real Estate
  - C. First Choice Agency
  - D. None of the above

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16. Upon completion of a real estate salesperson licensing course, the applicant must pass a state examination, get fingerprinted, and request the issuance of a license. This must be done within:
- A. six months of the course completion date
  - B. one year of the course completion date
  - C. two years of the course commencement date
  - D. five years of the registration date
17. Under The Real Estate Sales Full Disclosure Act, the buyer has \_\_\_\_\_ days to cancel the contract.
- Which of the following would correctly fill in the blank above?
- A. 5
  - B. 7
  - C. 10
  - D. 30
18. Of the following, which is permitted under the Federal Fair Housing Act?
- A. Denying a real estate broker membership in a real estate referral network because the broker is physically handicapped.
  - B. Attempting to induce a property owner to sell due to the influx into the neighborhood of a different ethnic group.
  - C. A lending institution denying a loan application based on the race of the seller in the transaction.
  - D. A lending institution that denies a loan application based on the insufficient income of the applicant.
19. Which of the following is permitted?
- A. A salesperson concentrating their business efforts in one area by repeatedly soliciting the residents of that area
  - B. Promoting the sale of real estate by using a contest
  - C. A broker paying a referral fee to an unlicensed person who referred a buyer to the broker.
  - D. A seller paying a bonus directly to the selling salesperson
20. An applicant for rental housing has a child that relies on the use of a wheelchair. The bathroom doorway is not wide enough to allow passage of the wheelchair. Regarding the Fair Housing Amendments Act of 1988, which of the following is true?
- A. The landlord must allow the tenants to make this modification at their own expense but can condition permission on the tenant agreeing to return the doorway to its original width at the end of the lease term.
  - B. The landlord must allow the tenants to make this modification at their own expense and may not condition permission on the tenant agreeing to return the doorway to its original width at the end of the lease term because a wider doorway will not interfere with the landlord's or the next tenants use of the premises.
  - C. The landlord is required to pay for the doorway to be widened because it is considered reasonable.
  - D. The landlord is allowed to reject this tenant because the unit is not suitable for a handicapped person and a modification to widen the doorway would be unreasonable.
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21. When promoting the sale of real estate, a broker may legally advertise:
- A. "Free washer and dryer if you buy through us"
  - B. "Free \$500 gift card upon signing of purchase and sale agreement"
  - C. "12.9-inch iPad Pro included in the purchase price"
  - D. "You may win valuable prizes by attending our open house and participating in our raffles and drawings"
22. If an advertisement states that the "real property taxes are \$4,800", the broker must maintain written proof of the validity of the amount for how long?
- A. one year
  - B. two years
  - C. three years
  - D. six years
23. A developer is planning the construction of an eight unit multifamily dwelling on a site with a very hilly terrain. Four units will be on the ground floor and four will be on a second floor. Due to the terrain a long steep stairway will be necessary to get from the parking area to the building. If there is no elevator in the building, which of the following is **TRUE**?
- A. Since it is not practical to provide an accessible route to the dwelling, it is not required to.
  - B. The property owner will be exempt from the "reasonable accommodation" requirements under the FHA.
  - C. All eight units will have to be handicap accessible.
  - D. The developer must provide an elevator from the parking area to the dwelling.
24. The Civil Rights Act of 1866 would prohibit discrimination in the sale or rental of real property on the basis of:
- A. race
  - B. color
  - C. national origin
  - D. All of the above
25. The practice of a lending institution refusing to lend money on any property within a certain geographical area is known as:
- A. steering
  - B. farming
  - C. geographic discrimination
  - D. redlining
26. You own a two family house in which you occupy one of the units. In renting the other unit, legally you may discriminate based on all of the following except:
- A. familial status
  - B. sex
  - C. handicap
  - D. race
27. Which of the following is/are in violation of the license law?
- I. Being convicted of a crime, knowledge of which the Commission did not have at the time of last issuing a real estate license to the licensee.
  - II. Collecting a commission as a real estate broker in a transaction, when at the same time representing either party in the transaction in a different capacity for a consideration.
- A. I only
  - B. II only
  - C. Both I and II
  - D. Neither I nor II
28. Which of the following would be a violation of the Federal Fair Housing Act?
- I. The owner-occupant of a single family residence trying to sell the property without the services of a real estate broker, places an advertisement in a local newspaper containing the phrase, "white neighborhood".
  - II. A bank refuses to loan funds for an office building because the applicant is Jewish.
- A. I only
  - B. II only
  - C. Both I and II
  - D. Neither I nor II

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29. Who is ultimately responsible for the activities of salespersons working in a branch office?
- A. the person designated by the main office to be in charge
  - B. the person on record with the Commission as the branch office manager
  - C. the one who hired the salesperson
  - D. the broker of record
30. Which of the following statements in an advertisement would be permitted exactly as written and without any further disclosure or qualifying information?
- A. "Licensed by the New Jersey Real Estate Commission"
  - B. "We'll do a complimentary Comparative Market Analysis of your property with absolutely no obligation"
  - C. "10% financing available"
  - D. "List with us and pay just 3% commission"
31. Salesperson Tom has created a webpage to promote his services. The web page must:
- A. include an electronic link to the webpage of his broker or the telephone number for the brokerage office
  - B. be registered with the New Jersey Real Estate Commission
  - C. include an electronic link to the New Jersey Real Estate Commission
  - D. include Tom's home telephone number
32. Tom has decided to include his cell phone number on his webpage. He must also
- A. include the broker of record's cell phone number
  - B. include his home telephone number
  - C. include his e-mail address
  - D. include the telephone number of the brokerage office
33. A real estate license could be revoked in which of the following situations?
- A. If the license was obtained by fraud, misrepresentation or deceit
  - B. Conducting real estate business in a manner that demonstrates incompetency
  - C. Being more than six months in arrears on child support obligations
  - D. Any of the above
34. Licensee Joan, has negotiated a agreement between a buyer and seller. The buyer insists that the earnest money deposit be maintained in an interest bearing trust account. Joan must:
- A. inform the buyer that this is not permitted by law
  - B. inform the buyer that all interest must be credited to the seller
  - C. secure an agreement between the buyer and seller regarding the distribution of the interest at closing
  - D. credit all interest to her employing broker
35. When the Real Estate Commission conducts an investigation they may:
- A. require the production of any records relevant to the investigation
  - B. subpoena witnesses
  - C. temporarily freeze some or all of the broker's bank accounts
  - D. All of the above
36. A real estate broker charges the seller an advance fee on a listing to help the broker with advertising costs. If the advance fee is over \_\_\_\_\_ they must provide the client with an accounting of the use of the money within \_\_\_\_\_ days.
- A. \$25 - 90
  - B. \$50 - 90
  - C. \$25 - 60
  - D. \$50 - 30
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37. Regarding a broker's trust account, office records must verify that a reconciliation of the checkbook, bank statement, and individual trust transactions has been done at least:
- A. weekly
  - B. monthly
  - C. quarterly
  - D. yearly
38. When can the broker keep their own money in a trust account?
- A. Never - doing so would be commingling
  - B. When required by the financial institution to satisfy a minimum balance requirements
  - C. When maintaining a reserve amount in a special trust account used for long-term rental transactions
  - D. When needed to maintain sufficient funds to pay salespeople their commissions
39. Which of the following is not correct regarding the Real Estate Guaranty Fund?
- A. Initial contributions to the fund are: Salesperson \$10 and Broker \$20
  - B. The maximum amount payable from the fund is \$20,000 per transaction
  - C. Before a claim is paid from the fund, the judgment creditor must assign their right to the judgment to the New Jersey Real Estate Commission
  - D. To make a claim against the Guaranty Fund, action must be taken with three years of the alleged wrongdoing.
40. When conducting an email marketing campaign, what federal law requires the sender to include a clear and conspicuous explanation of how the recipient can opt out of receiving future emails?
- A. The Telephone Consumer Protection Act
  - B. The Junk Fax Prevention Act
  - C. The CAN-SPAM Act
  - D. The Real Estate Sales Full Disclosure Act
41. In the case of the death of a broker, a temporary license can be given by the Real Estate Commission to a salesperson if it is applied for within \_\_\_\_\_ days and as long as the salesperson held a license for at least \_\_\_\_\_ years.
- A. 10 days - 3 years
  - B. 30 days - 3 years
  - C. 5 days - 2 years
  - D. 30 days - 1 year
42. Which of the following activities would require a real estate license?
- A. A personal assistant depositing an earnest money deposit in a trust account
  - B. A builder himself marketing the homes that he built
  - C. Answering questions from potential buyers about a company listing
  - D. a landlord acting as her own property manager and collecting rent
43. A real estate licensee deciding to show a young couple with children only homes in family neighborhoods is an example of:
- A. farming
  - B. blockbusting
  - C. familial status
  - D. steering
44. Choose the false statement regarding the Real Estate Sales Full Disclosure Act.
- A. The Bureau of Subdivided Land Sales Control reviews applications from developers for registration
  - B. The law only applies to subdivisions of less than 100 lots
  - C. The purchaser is given 7 calendar days following the execution of the contract to cancel the contract
  - D. Contracts and deeds can sometimes be written in a language other than English
45. A landlord of a two-family dwelling and living in one of the units is exempt from racial discrimination by:
- A. The Federal Fair Housing Act
  - B. The NJ Law Against Discrimination
  - C. The Civil Rights Act of 1866
  - D. None of the Above