

## MISSOURI LICENSE LAW PRACTICE EXAM

1. If a broker closes their real estate office they must:
  - a. Cease all advertising after they sell the last listing.
  - b. Notify all clients and customers within 30 days of closing
  - c. Notify the MREC as to the location of all signs
  - d. Inform the MREC of who the custodian of all real estate records is.
  
2. A broker/owner of a real estate office had their broker's license suspended for 1 year. They must:
  - a. Send the license of all salespersons license under them to another broker.
  - b. Stop doing any real estate business within 30 days following the date of the suspension effective date.
  - c. Transfer all the files and business to another reputable broker.
  - d. Close the office and cease all activity immediately.
  
3. If a broker decides to close their office they have to:
  - a. Close all checking accounts immediately.
  - b. Cancel all advertising immediately.
  - c. Run ads in the local paper notifying the public that they are quitting.
  - d. Hire another broker to close all pending sales contracts.
  
4. If the broker of an office dies the salespersons have to:
  - a. Continue listing and selling if the MREC appoints a temporary broker.
  - b. Stop all real estate activity until their licenses are transferred to another broker.
  - c. Continue working on contracts that are pending.
  - d. Continue listing and selling for up to 30 days.
  
5. A broker listed a house owned by a friend of theirs. Now they have a buyer client interested in buying the property. Can the broker do this legally as a dual agent?
  - a. It's ok as long as the buyer says they don't mind.
  - b. It's up to the seller.
  - c. It is permissible with written informed consent of all parties.
  - d. It is not permissible.
  
6. When a broker writes their office policy it can contain all of the following except:
  - a. A list of all professional groups the broker belongs to.
  - b. The broker's religious preferences.
  - c. The agency policy for the company.
  - d. The commission schedule.
  
7. A salesperson is negotiating a purchase agreement. They have presented a disclosure form but the buyer refuses to sign it. What should the salesperson do?
  - a. Put the details in writing and give it to their broker.
  - b. Don't worry about the disclosure form. The buyer waived the right of disclosure when they refused to sign it.
  - c. The agent should sign the form as agent of the buyer.
  - d. Mail the disclosure form to the buyer certified mail.

8. The seller's listing agent on a property is showing the property to a buyer. When should they disclose to the buyer that they are the seller's agent?
  - a. When the buyer gives the licensee personal or financial information.
  - b. When the agent writes the contract.
  - c. When they first talk to the buyer on the phone.
  - d. When they have the first written contact with the buyer.
  
9. The property manager of an apartment complex should deposit rent money into:
  - a. A security deposit escrow account
  - b. the property management escrow account
  - c. the operating account
  - d. The owner of the properties account.
  
10. How many days does the property manager have to get the leasing money deposited into an escrow account?
  - a. 5 days
  - b. 10 days
  - c. 15 days
  - d. 20 days
  
11. An owner is giving the property manager money to be used for repairs on their property. Which account must the money be deposited in?
  - a. The general operating real estate account.
  - b. The security deposit escrow account.
  - c. The Property management escrow account.
  - d. The Repair operating account.
  
12. Which of the following things has to be in a property management agreement?
  - a. The termination date of the agreement.
  - b. The legal description of the property.
  - c. The terms and conditions for the termination date.
  - d. The signature of all sales people involved in the property management.
  
13. A seller lists their property with you for 4 months. The seller asks you to find a renter for him and you agree not to charge anything for this service. You:
  - a. Can do this as long as the broker does not charge extra money for this service.
  - b. Can do this without a written agreement since this is not a property management activity.
  - c. Must have a written authorization to lease, show or advertise the property.
  - d. Cannot do this as it would violate the fiduciary responsibilities to the seller in trying to sell the property.
  
14. In a property management agreement between the broker and the owner which of the following must be included?
  - a. The exact termination date of the agreement.
  - b. An acceptable vacancy rate stipulated by the owner.
  - c. The property identification for the property.
  - d. Limited power of attorney for the manager so they can sign the leases on behalf of the owner.

15. When you do property management what is the length of time you have to keep all of the records?
  - a. 3 years
  - b. 5 years
  - c. 7 years
  - d. You aren't required to keep these records.
  
16. Which of the following things does NOT have to be in a property management agreement?
  - a. A good identification of the property.
  - b. Names of the tenants.
  - c. Terms and conditions on which the broker will remit money to the owner.
  - d. How much money the broker will take as commission on a monthly basis.
  
17. A broker owned over 50% of the stock in a real estate company and has been convicted of embezzlement. The broker is not a corporate officer and didn't participate in any real estate transactions. The MREC:
  - a. Can force the broker to sell his stock in the real estate corporation.
  - b. Will not get involved as the court will decide on this matter.
  - c. May refuse to renew the brokerage license of the corporation.
  - d. Will not get involved as the broker was not a corporate officer and didn't do any real estate activity of the corporation so is no threat.
  
18. Once the MREC receives a complaint on a licensee they will investigate the licensee. If they believe the licensee is guilty of violating the license law they would:
  - a. Suspend the license until they are sure.
  - b. File a complaint with the AHC.
  - c. Revoke the license of the licensee.
  - d. Put the licensee on probation.
  
19. While a licensee is showing a rental property to a buyer they tell them if they will offer full price the seller will leave the refrigerator with the property. When the tenant moves they take the refrigerator with them. The MREC could do which of the following?
  - a. Fine the licensee up to the value of the refrigerator.
  - b. Assess the licensee the value of the refrigerator and give the money to the buyer to buy a new one.
  - c. Force the seller to replace the refrigerator.
  - d. Charge the licensee with misrepresentation.
  
20. A buyer filed a complaint with the MREC concerning a lot size. The MREC:
  - a. Would not investigate the complaint because it's over a lot size.
  - b. Must investigate the complaints because it's from a member of the public.
  - c. Would only investigate if the complainant has plenty of documentation.
  - d. Can request that the licensee responds in writing to the complaint.
  
21. A member of the public phones the MREC with a complaint against a licensee. The MREC sent him a form to complete but he never filled it out and so didn't send it back. What would the MREC do?
  - a. The MREC must follow up an oral complaint.
  - b. The MREC cannot act on an oral complaint.
  - c. The MREC must ignore the complaint.
  - d. Even though he did not put it in writing, the MREC may investigate at their own discretion.

22. Which of the following statements is true regarding the responsibilities of the MREC and the Administrative Hearing Commission (AHC)?
- The MREC has to send all complaints to the AHC for investigation.
  - The MREC may revoke the license of a person if it believes a legitimate complaint has been made without further hearings from any other body.
  - The AHC must find the licensee guilty before the MREC can revoke the license.
  - The AHC makes NO recommendations to the MREC regarding punishment of licensees.
23. When investigating a licensee the MREC may:
- Issue subpoenas for all records relevant to the complaint.
  - Petition the attorney general for an injunction to keep the licensee from leaving the state.
  - Make the licensee submit to a polygraph.
  - Subpoena out of state residents who were involved in the transaction.
24. If a broker is in violation of the Missouri Real Estate Commission's rules and regulations which of the following is right?
- The offense is a class B felony.
  - The broker is subject to civil and criminal penalties by the MREC.
  - The offense is a class B misdemeanor and carries civil penalties.
  - The penalties for violation can only be implemented by the Missouri justice system.
25. What is the purpose of the Administrative Hearing Commission (AHC)?
- Decide and impose penalties on licensees that violate the license law.
  - Revoke licenses of licensees that violate the law.
  - Hold hearings to determine if a licensee has violated the law.
  - Hear appeals from licensees who have had a license revoked to determine the validity of the revocation.
26. If a licensee is holding an open house which of the following would **NOT** be considered an inducement to buy?
- Giving away cards, pencils, magnets and balloons of minimal value to everyone attending.
  - Giving away gifts to buyers of \$25 or less value if they purchase the property.
  - Giving trips to buyers that purchase any property through them at closing.
  - Giving gift certificates to buyers if they purchase the property.
27. Which of the following statements made by a licensee would trigger an investigation by the MREC?
- Advertising a listed property as "a house with a beautiful view".
  - Telling a buyer that if they buy the house they can sell at a profit when the grade school being built nearby is completed.
  - Informing a buyer that the former resident was killed during a drug raid on the property.
  - Disclosing to their seller (client) that a buyer (customer) is offering \$105,000 but is willing to pay \$115,000 for the property.
28. A licensee finds financing for a buyer through a "first time buyer" bond program. The buyer is still \$1,500 short of having enough funds to close. The licensee writes two contracts with one to take to the lender making the \$1,500 part of the loan. The first contract is unchanged. This is:
- allowable as all parties would be aware and be part of both contracts.
  - A violation of the MREC law as you can not write two contracts to borrow more money.
  - Allowable as long as it is the form of a legal contract.
  - A violation of Missouri law as you cannot write "first time buyer" bond financing.

29. The MREC would be likely to investigate which of the following actions by a licensee?
- Filing bankruptcy.
  - Failure by the licensee to divulge a known defect.
  - The refusal by the broker to pay a co-broker an earned commission.
  - Accusations of illegal drug dealing by the listing broker.
30. A licensee with Easy Sell realty got an exclusive listing. They can legally advertise it by the company putting:
- Putting a sign in the yard that only has the broker's personal name on it.
  - Put the listing in the MLS but not on the internet.
  - Put an Easy Sell real estate sign in the yard.
  - Put a for-sale by owner with an agent sign rider on it in the yard.
31. A broker becomes a part of a franchise. The franchise agreement states that the franchisor is NOT legally liable for the actions of the franchisee. Which of the following statements is true?
- The MREC will not allow this type of an agreement.
  - The franchisor can't legally disclaim the actions of the franchisee.
  - It has to be stated in all contracts that the franchisor is not legally liable for the actions of the franchisee.
  - It has to be stated in all advertising that the franchisor is not legally liable for the actions of the franchisee.
32. If a broker is part of a franchise, when must they make the fact that an individual owns the brokerage company known to the public?
- At the time of written contracts.
  - On all Advertising.
  - Orally at the first meeting with either buyer or seller.
  - When a broker makes immediate contact.
33. A salesperson listed with X, Y Z Company decides to list their own home with another company/broker. Which of the following BEST describes what has to be done?
- The salesperson must notify their own broker of their intent to sell the property through another broker/company.
  - The salesperson must make sure and put it in writing of the contract that they are licensed.
  - Both brokers' names must be listed in all advertising of the property.
  - The salesperson's own broker has to agree to allow another broker to market the salesperson's home.
34. Once a broker joins a franchise they must:
- Send a copy of the franchise agreement to the MREC.
  - Have the franchise name in letters smaller than the brokerage name in all advertising.
  - Pay 10% of the gross commission to the franchise.
  - Include in all contracts a statement that the franchisor is legally responsible for all debts of the broker.
35. Which one of the following would subject a licensee to possible disciplinary action by the MREC?
- Paying a referral fee to a broker licensed in another state that is not licensed in Missouri.
  - Having a drawing for a trip at an open house they hold.
  - Sharing a commission with a broker licensed in Missouri.
  - Advertising a property "for sale" in a home magazine that is published in a state other than Missouri.

36. Which of the following is acceptable advertising for a licensee's property that's for rent?
- nice 3 bedroom ranch for rent – 781-9978
  - nice 3 bedroom ranch for rent-\$650 per month – 781-9978
  - For rent by owner/agent-781-9978
  - 3 bedroom for rent-xyz realty-781-9978
37. Which of the following is a true statement when the company is part of a franchise?
- Copies of the franchise agreement have to be approved by the local board of realtors.
  - All signs have to have the name of the local franchisee.
  - The franchisor is liable for the action of the individual franchise holder even if the individual franchise holder declares otherwise.
  - The franchise must pay 6% of its revenues to the real estate company.
38. In order to get a listing the broker offered a guaranteed sale to the owner of the property. Which of the following is required to be done by the broker?
- Disclose the amount of profit the broker intends to make on the resale.
  - Pay the full listed price for the property.
  - Disclose the terms and conditions under which the guaranteed sale would apply.
  - Take the listing for a minimum of 180 days.
39. A listing agent procured a buyer who met all the price and terms of the listing agreement they have with the seller. The seller agreed to sell to the buyer but then found out they could not produce marketable/clear title. Is the listing company due a commission?
- No, because there must be a closing for the broker to have earned their commission.
  - No, since the broker did not personally close the transaction they have performed.
  - Yes, because the broker performed according to the listing agreement.
  - Yes, because the broker always gets paid regardless of whether or not a closing takes place.
40. A resident of a state other than Missouri has an inactive broker's license in their home state. They made a referral to a Missouri broker. Can the Missouri broker pay them a referral fee for the buyer once a property is found and closed?
- Yes, because a Missouri broker closed the transaction in Missouri.
  - Yes, because the nonresident person was a broker.
  - No, because the nonresident broker was not an agent of the Missouri broker.
  - No, because the nonresident does not have an active license in the nonresident's home state.
41. An out of state broker refers a buyer to a Missouri broker. The broker assigns a salesperson to work the sale. The salesperson sells the buyer a property listed by an instate seller. Can the out of state broker receive compensation?
- Yes, the Missouri broker can pay a referral fee to the out of state broker.
  - Yes, the Missouri broker can pay a real estate commission.
  - Yes, the seller can send compensation to the out of state broker.
  - No, as the broker is not licensed in Missouri they can't get paid for property sold in Missouri.
42. A real estate attorney who is not a licensed real estate person gives a referral to a real estate company. Can the attorney receive a referral fee from the licensee?
- Yes, if it is the standard fee paid to the lawyer's firm.
  - Yes, because the attorney does not actually sell the real estate.
  - No, as the attorney does not have a real estate license.
  - No, as an attorney can not receive referrals by law.

43. Under which of the following conditions would a salesperson NOT give earnest money to their own broker immediately?
- If the earnest money was in cash requiring it to be converted to a money order.
  - If the buyer instructed the salesperson to hold the check for 3 days.
  - Only upon the instructions of their broker.
  - Only upon instructions from the MREC.
44. Regarding trust or escrow accounts, the MREC:
- Can only audit a trust account if there is a complaint.
  - Can only audit with sufficient notice given to the broker before hand.
  - Limits the broker's personal funds in an escrow account to \$500.
  - Can petition the attorney general's office to institute a lawsuit to stop any violations regarding the trust account.
45. A broker left interest earned on the escrow account to be used for Christmas party funds. The broker:
- Has to transfer all interest earned out of the escrow account within 10 days of earning it.
  - Can't keep personal funds for a party in the escrow account.
  - Can't keep more than \$100 of personal money in the escrow account.
  - Must obtain consent all parties to the contract to do this.
46. A licensee has to deposit earnest money in to an escrow account within \_\_\_\_\_ days after acceptance of an offer.
- 3 banking days.
  - 5 banking days
  - 10 banking days
  - 15 banking days.
47. A buyer and seller were involved in a dispute over earnest money on a real estate deal which didn't close. After 60 days of neither party going to court or starting court proceedings, the broker sent out a certified letter to both parties saying the earnest money should be distributed to the one that did not back out of the contract. Which of the following is true?
- The broker can disburse the earnest money if the broker has not heard from either party within 10 days.
  - The broker has to wait until a court order is issued stating who should receive the money.
  - The broker can disburse the earnest money pursuant to the certified latter if neither party responds to the letter within 15 days.
  - The Broker must give the earnest money to the seller due to the fiduciary relationship with the seller.
48. A salesperson gets an offer and earnest money check from a buyer on a listed property. The buyer asks the salesperson to personally hold the earnest money until acceptance of the offer. Which of the following statements is true?
- The salesperson can hold the money in their own escrow account.
  - The salesperson must comply with the request of the buyer.
  - The salesperson is required to give the earnest money to their broker immediately.
  - The salesperson can never personally hold escrow money.

49. A buyer signed a contract and put up \$5,000 earnest money. The offer was accepted by the seller and the money has been deposited in the broker's escrow account. The buyer now needs \$350 to pay for an appraisal. Can the broker take the \$350 out of the escrow account and give it to the buyer or pay for the appraisal?
- No, the earnest money can never be used for anything other than the down payment.
  - No, not unless the seller provides written agreement.
  - Yes, providing all parties to the contract agree in writing.
  - Yes, provided written authorization is received from the buyer.
50. Which of the following statements is true regarding MREC auditing a broker's escrow account?
- The broker has to invite the MREC to audit their escrow account.
  - The broker has to sign a separate form giving the MREC authority to audit the broker's accounts.
  - The broker must send the MREC an analysis every six months of all transactions.
  - The MREC can audit a broker's business and personal accounts.
51. A buyer wants to use a speed boat as earnest money to buy a property. Since the value of the boat is known could it be used as earnest money?
- Yes, with the seller's written consent.
  - Yes, as long as the salesperson is sure of the true value of the speed boat.
  - No, since the earnest money is required to be a check, cash or note.
  - No, since personal property can't be used as earnest money on real property.
52. Why does a broker need an escrow account? What is its purpose?
- To protect against claims of other people who have sued a broker.
  - To protect the funds of clients and customers.
  - To protect salespeople and brokers from unpaid claims.
  - To protect the rights of a broker to help them collect earned commissions.
53. Which of the following statements is true regarding a broker's escrow account?
- The broker is required to notify the MREC with the name and information of the bank where the escrow account is held.
  - The broker can't deposit the broker's personal funds in the account.
  - The account can't be in another state.
  - It has to be a non-interest bearing account.
54. If a client asks his salesperson to fill out a lease on a property containing 12,000 feet of space and the salesperson is not familiar with commercial leases what should they do?
- Go a head and do it as a salesperson can do any kind of activity in Missouri since they are licensed.
  - Fill out a standard form lease agreement that has been approved by their own broker's attorney, an attorney for a trade association or the bar association.
  - Refuse to help with this transaction as this is their first lease transaction.
  - Get help from a prepaid legal service before finalizing the documents.
55. What is the period of time a broker is required to keep closing statements in their office files?
- 1 year
  - 2 years
  - 3 years
  - 4 years

56. Which one of the following items would a broker not have to keep in their office files?
- Voided checks
  - Advertising copy
  - Listing agreements.
  - Closing statements.
57. A broker's files have to have all of the following EXCEPT:
- All sales contracts.
  - All listing agreements.
  - Any correspondence regarding real estate transactions.
  - A copy of the title insurance policies issued on the property.
58. A salesperson procured a buyer who bought a property through the agent that was listed by another company. The salesperson, who in this case is acting as a cooperating (selling) agent, wants to handle the closing of the transaction. Can the salesperson close this transaction?
- Yes, with the permission of the listing broker.
  - Yes, with the permission of both the buyer and the seller.
  - No, the salesperson can't close this transaction as they were not part of the listing company.
  - No, salespeople can't close transactions. Only brokers are allowed to handle closings.
59. Prior to closing, a broker charged a buyer \$35 for completing the standardized contract forms for the buyer. Which of the following statements is correct?
- The seller can pay the \$35.
  - The buyer can pay the \$35.
  - Either the buyer or the seller can pay the \$35.
  - Neither the buyer nor seller can be charged for this service.
60. A broker talked to a friend who wants the broker to list their property for as long as it takes for the property to sell. The broker must:
- Cross out the expiration date portion of the listing agreement.
  - Put in an automatic extension clause in the listing contract.
  - Agree with the seller as to a specified termination date and include the termination date in the listing agreement.
  - Do as the friend asks as the broker is required to follow the seller's instructions.
61. A neighbor of a Broker wants the broker to fill out a quitclaim deed. Can the broker help the neighbor do this?
- Yes, because under Missouri law a broker can prepare quitclaim deeds.
  - Yes, because the broker didn't ask for any compensation is doing this as a favor.
  - No, because under Missouri law, a broker can never fill out a quitclaim deed.
  - No, because a broker can't fill out forms if the broker hasn't been retained as an agent of either the seller or the buyer.
62. Once a closing is complete who would receive copies of the closing statement?
- The buyer
  - The seller
  - The buyer and seller.
  - The buyer, seller and agents.

63. A broker has just got a signed acceptance on a property they have listed from the seller and given copies to the buyer. When they get back to the office, they find another offer on the same property. What should the broker do?
- Present the new offer to the seller in case the seller wants to make a counteroffer contingent upon the first contract not closing.
  - Present the second offer to the seller as the seller has the right to rescind the first contract within 24 hours.
  - Do not show the second offer to the seller as this might encourage the seller to break the first contract.
  - Do not show the second offer to the seller as the seller is bound by the first agreement.
64. An offer was made on April 5<sup>th</sup> and the seller accepted it the next day. Loan approval was given on May 12<sup>th</sup>. It closed on May 21<sup>st</sup>. Which is the date of the contract?
- April 5<sup>th</sup>
  - April 6<sup>th</sup>
  - May 12<sup>th</sup>
  - May 21<sup>st</sup>
65. A licensee showed a property and wrote an offer. It was accepted by the seller. What date would be listed on the contract?
- The date the property was shown.
  - When the final signatures and initials were obtained.
  - Only the date of writing the offer.
  - The date the offer was presented.
66. A licensee has a property listed without finding a buyer. The seller asks the licensee to find a renter for a short term rental and says they will pay a fee for the service. Does the licensee need a written agreement to do this?
- Yes, the broker would need to sign a new listing to lease the property.
  - Yes, the broker needs to have a property management agreement to lease the property.
  - No, the broker's listing agreement to sell the property should automatically include the right to lease if requested by the owner.
  - No, as renting a residential property for short periods of time falls outside the jurisdiction of the MREC license law.
67. While a salesperson is showing a buyer properties they drive by a For Sale By owner property. If the buyer asks to stop and look at it, what should the salesperson do?
- Stoop and try to make an appointment for later in the day.
  - Not show the property because the salesperson has no written authorization to show it.
  - Have the company broker call for an appointment.
  - Advise the buyer that the salesperson can't show the property unless the buyer agrees to pay a commission.
68. XYZ Real Estate company has a title company do all of their closings. If a mistake is found on the closing statement a few days after closing, who is responsible under Chapter 339?
- The title company as they prepared the closing statement.
  - The listing Broker.
  - The seller broker
  - The seller.

69. A broker receives 4 offers on property they have listed. Which of the following would best describe what the broker should do?
- Submit the highest or best offer.
  - Submit all offers at the same time.
  - Submit the lowest offer first.
  - Submit the offers one at a time starting with the highest to let the seller evaluate them all.
70. A salesperson is asked to prepare a standard form lease with an option to purchase. What should the sales associate do?
- Prepare the lease but not the option.
  - Prepare the lease with an option to purchase and give it to the broker before presenting it.
  - Prepare the option but not the lease agreement.
  - Have an attorney prepare the legal documents.
71. Which one of the following is an **ILLEGAL** way for a licensee to take a listing?
- A broker agrees to take a \$2,500 flat fee.
  - A broker agrees to take all the money over \$75,000.
  - A broker agrees to take 7% if the property is sold at the list price but only 6% if sold for less than the listed price.
  - A broker gets a 6.5% commission and the owner agrees to pay all expenses.
72. A salesperson called on a “for-sale-by-owner” ad in the newspaper. The salesperson told the seller that he was a licensed real estate person. Is this adequate disclosure if he buys the property?
- Yes, verbal or written disclosure is adequate.
  - Yes, since the disclosure was done immediately this is adequate.
  - No, the disclosure has to be in writing.
  - No, the agent must get the seller’s acknowledgement of the licensee’s status.
73. A broker and a non licensed friend went in together to buy a piece of property. What is the minimum that the broker has to disclose to the seller?
- No disclosure is necessary since the broker is only part owner.
  - The exact percentage of the broker’s interest in the property must be disclosed.
  - The broker must disclose that they will have an interest in the property and are licensed.
  - The broker was acting as a middleman in the transaction.
74. A licensed salesperson is looking for a home for herself. She found one listed with another company. In order to purchase the home she should:
- Write the offer and deliver it to the seller herself.
  - Ask her broker to write the offer for her and then deliver it to the listing broker.
  - Disclose in the offer the fact they she, the buyer, is a licensed salesperson.
  - Write the offer herself but don’t disclose her identify since the seller may ask for more money when they realize the buyer is a professional.

75. A broker listed a property that is owned by an out of town seller. In the purchase agreement, the seller agreed to have the exterior of the house painted. The broker hired a painting contractor do the painting. One week before closing it became obvious the painting would not be completed in time for closing. The broker went in and painted the property personally in order to get it done. Which of the following is true regarding compensating the broker for the paint job?
- The broker could submit a bill from the painter and then reimburse himself.
  - The broker has to get the sellers written permission to charge for the additional painting.
  - The broker could obtain three bids and then submit the bill for the lowest bid.
  - No payment is allowed because the broker was already receiving a commission and the painting was jut part of the broker's attempt to make the deal close.
76. What would be the best way for a licensee to determine that the loan information is correct?
- Get the information from the seller's paperwork. Advise the buyer to check on the information and include an "as is" statement in the contract.
  - Check the public records for the current loan balance.
  - Advise the buyer to check on the information and include an "as is" statement in the contract.
  - Contact the lender for the loan information.
77. A broker had their license put on inactive. When they are ready to reactivate they would need to do which of the following?
- The broker would have to pay an extra fee of \$250 to reactivate.
  - The broker would have to take the 48-hour broker pre license course in order to reactivate.
  - The broker would have to pay a delinquent fee and then could reactivate.
  - The broker could reactivate if they do the 12 hours of required continuing education.
78. A licensee handed their broker a signed transfer form. Which statement is true?
- The broker must give the licensee their license to return to the MREC as soon as the licensee gives the broker their pocket card and a transfer form.
  - The licensee is responsible for obtaining their license from the broker and within the next 72 hours sending it to the MREC.
  - The Broker must give the licensee a timed and dated receipt and submit the license to the MREC within 72 hours.
  - The licensee has to disclose to the broker any violation of Missouri License Law the licensee may have been involved with prior to transfer.
79. If a broker-salesperson decides to leave their current broker and open their own company what would they be required to do?
- Go through a broker's pre-license class.
  - Pass the broker's examination.
  - Have the current broker return the broker-salesperson's license to the MREC and the original broker's license will be reinstated.
  - The broker-salesperson should return his current license to the MREC and ask for the return of his original broker's license.
80. What is the number of continuing education elective hours a licensee needs for renewal every 2 years?
- 3 hours
  - 12 hours
  - 9 hours
  - 6 hours

81. A salesperson didn't complete the continuing education hours and renew the license when it was due. It expired 2 months ago. What will they have to do to get their license back?
- Pay a penalty of \$200 and take the state exam.
  - Pay a penalty of \$150 and take the pre license class for that type of license.
  - Repeat the pre-exam class for that type of license.
  - Repeat the pre-exam class for that type of license and take the state exam.
82. Once a licensee has taken the 3 hours of core required which of the following would not be acceptable for the elective hours?
- Code of Ethics, real estate law, new home construction.
  - Time management, real estate law, listing property.
  - Financing, agency, Contracts.
  - Real estate law, real estate & investing, Computers and real estate.
83. How many hours of continuing education does a license have to renew their license?
- 12 hours per year.
  - 12 hours every 2 years.
  - 24 hours every 3 years.
  - 6 hours and renew yearly.
84. A licensee took a continuing education class in another state. Will the MREC let them use this for Continuing education in Missouri?
- Yes, if it was approved by the MREC.
  - Yes, if it was approved by the real estate commission in the state it was given.
  - No, continuing education can't be taken in a state other than where the license is issued.
  - No, unless the broker was a resident of the state where the course was taken.
85. A broker planning to use the name Good sense realty has to register the name with the secretary of state because:
- All brokerage names must be registered with the secretary of state.
  - The name on the license will be different than the name of the company.
  - The secretary of state needs a company name to press any charges filed by a member of the public.
  - The secretary of state needs to know names and addresses of all companies operating in Missouri.
86. Is it legal for an experienced unlicensed secretary to negotiate a lease renewal on behalf of her broker/boss?
- Yes, as negotiating leases doesn't require a license.
  - Yes, as long as she only does renewals and not the initial lease agreement.
  - No, as only brokers can negotiate lease renewals.
  - No, as only a licensee can negotiate a lease.
87. A broker meets with all the new associates in their company and covers the broker's policies and procedures manual, including agency issues. What's the best way for the broker to keep the associates up to date on future changes?
- Have weekly sales meetings and require that everyone attend.
  - Required that all associates subscribe to real estate publications.
  - Have each associate (sales people and broker sales people) sign a statement that each one has been given a copy of any changes in the law or manual.
  - Have each salesperson read the real estate commission newsletters.

88. JR, an unlicensed person works for a real estate company. JR showed a friend a home listed by the real estate company. The friend purchased the home and the JR wants to be paid a 1.5% commission for making the sale. Can the broker of the company pay the commission?
- Yes, as this would be lower than the normal amount paid to a licensed agent.
  - Yes, as the employee was acting only on company listings.
  - No, as the employee was unlicensed.
  - No, as an employee can't be compensated over and above the normal salary
89. A broker is going to promote one of the associates to a managing position. Which of the following is not eligible?
- The founding broker of the real estate company.
  - One of the top listing salespersons.
  - A broker-salesperson.
  - A broker-officer of the company active in real estate.
90. The office secretary has completed the schooling and passed the state exam but her license hasn't arrived yet. This person could:
- Pass out business cards telling people that the actual license will be there soon.
  - List a person's property for sale but not show listed property as this might involve other companies' listings.
  - Give another salesperson in the office the address of the listed property the other salesperson wants to show.
  - Refer the listing to another salesperson and have that salesperson pay commission money to the new salesperson after receipt of their sale license.
91. A broker is moving their real estate office. When are they required to notify the MREC?
- Within 10 days after moving the office in writing.
  - Within 10 days before moving the office in writing.
  - Within 5 days after moving the office by certificated mail.
  - Within 5 days before moving the office by certificated mail.
92. A broker opened a new real estate office using the name Swanky Homes. The broker has to:
- Register the name with the MREC.
  - Register the name with the Missouri Secretary of State and send a copy to the MREC.
  - Have the Salespeople's name in letter type smaller than the brokerage name in advertising.
  - Conduct all advertising in both the broker's personal name and Swanky homes.
93. A licensed broker is opening a real estate office. The space will not be ready until 3 weeks after the proposed opening date. Which of the following BEST describes what the broker can do?
- The broker can operate without the office being open for not more than 30 days.
  - The broker can't operate as they are required to have a regular place of business.
  - The broker can begin to operate with the written permission of the MREC.
  - The broker can begin to operate but can't have licensed salespeople until the office is ready.
94. If a licensee terminates their relationship with their present broker how long do they have to place the license with another broker before the license lapses?
- 60 days.
  - 6 months
  - 1 year
  - The next renewal time.

95. Which of the following is eligible for a broker's license in Missouri?
- Anyone that has passed the broker's test.
  - Anyone that has had at least 15 transactions in the last year.
  - Anyone that has completed the broker's pre exam course passed the test and has been active for at least 18 of the preceding 24 months.
  - Anyone that has been active for more than six months in another state.
96. Mary has passed her salesperson's exam but hasn't got the license back yet from MREC. She can:
- List but not sell property.
  - List and sell property with her broker along.
  - List and sell property because she has passed the exam and the license will be issued automatically.
  - Not do anything that requires a license until the MREC issues hers.
97. A salesperson took the broker pre exam course and completed it on April 10<sup>th</sup>. They passed the national exam in June but failed the state part. They passed the state part on October 22<sup>nd</sup>. Which of the following is correct concerning this applicant's ability to qualify for a broker's license?
- The applicant can not apply since it has been more then six months to pass both portions of the exam.
  - The applicant is not eligible since it has been more than six months since the completion of the pre license course.
  - The applicant can apply since the requirements of finishing the course and passing the exam have been satisfied.
  - The applicant can apply since both portions of the exam have been passed within a 6-month period.
98. All brokers and salespersons licenses must be displayed:
- In the reception area of the office in plain view.
  - Anywhere in the broker's office.
  - In a highly visible place in the broker's office.
  - Upon request.
99. A person is selling real estate in Missouri without having a license. Which of the following is the MOST likely action for the MREC to take?
- They will sue the unlicensed person in court
  - Ask for a restraining order to stop the unlicensed person from acting as a licensee.
  - Suspend or revoke the license of the person.
  - Ask the Attorney General for a restraining order to stop the person from acting as a licensee.
100. A broker would like to promote one of the top sales people in the office to a sales manager position. In order for this to be allowed, the salesperson would have to obtain a(an):
- inactive salesperson's license
  - inactive broker's license
  - broker's license
  - broker salesperson's license
101. Which of the following people would be eligible to manage a branch office?
- A broker-salesperson who manages full time.
  - A broker-partner who manages part time.
  - A broker-associate who manages part time.
  - A broker who manages several branch offices at one time.

102. A corporation is entering the real estate brokerage business. Which of the following is NOT true regarding the registration of the corporation?
- The corporation must be licensed by the MREC.
  - The corporation has to be registered with the MO secretary of state.
  - The articles of Incorporation must be filed with the local county recorder.
  - Fictitious names must be registered with the Secretary of State and the MREC.
103. A broker holds licenses for salespeople with the stipulation that they work independently and pay the broker a flat rate of \$750 per month. Is this legal?
- No, the salesperson must share in a percentage of commission earned with the broker.
  - No, the broker must directly supervise all sales people licensed under the broker.
  - Yes, if one of the salespersons becomes a broker-salesperson.
  - Yes, if the salesperson has at least two years of real estate experience.
104. An interior designer not licensed to sell real estate was the procuring cause for a buyer buying a listed property. The interior designer:
- Can be paid a fee if the buyer and seller negotiate the fee.
  - Can be compensated by the seller only.
  - Can be compensated by the buyer only.
  - Can not receive a fee for this service since they are not licensed.
105. What is the primary purpose of Chapter 339 of the Missouri statutes?
- To protect salespeople from actions caused by dishonest brokers.
  - To give real estate licensees a code for good business practice.
  - To protect the public by regulating the actions of brokers and sales people.
  - To give the MREC rules to fine and discipline licensees.

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MISSOURI LICENSE LAW PRACTICE EXAM

Answer key

1.	d	47.	c	93.	b
2.	d	48.	c	94.	b
3.	b	49.	c	95.	c
4.	b	50.	b	96.	d
5.	c	51.	a	97.	b
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8.	a	54.	b	100.	d
9.	a	55.	c	101.	a
10.	b	56.	b	102.	c
11.	c	57.	d	103.	b
12.	c	58.	c	104.	d
13.	c	59.	d	105.	c
14.	c	60.	c		
15.	a	61.	d		
16.	b	62.	d		
17.	c	63.	a		
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27.	b	73.	c		
28.	b	74.	c		
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30.	c	76.	d		
31.	c	77.	b		
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33.	c	79.	c		
34.	a	80.	c		
35.	b	81.	b		
36.	c	82.	b		
37.	b	83.	b		
38.	c	84.	a		
39.	c	85.	b		
40.	d	86.	d		
41.	a	87.	c		
42.	c	88.	c		
43.	c	89.	b		
44.	d	90.	c		
45.	b	91.	a		
46.	c	92.	a		