

**2011 Broker Examination
Sample Case & Questions**

Effective July 1, 2011

Seller has agreed to sell a duplex to Buyer for \$170,000. Broker, who had listed Seller's property under an exclusive right of sale agreement, is to receive a commission of 7% of the sales price. Broker agreed to act as escrow agent for the parties and deposit Buyer's \$3,000 binder deposit in her escrow account. Closing is to occur on July 3 and the closing day belongs to the buyer. Buyer will be getting a new 80% LTV mortgage.

A hazard insurance policy was issued to Buyer with an annual premium of \$800. Buyer is to pay the policy premium at closing. The taxes on the property for this year will be \$3,400.

Broker examined the duplex unit leases and found that Unit A rents for \$800 per month, payable in advance on the first of each month. Unit B rents for \$850 per month, payable in advance on the 16th of each month. Seller had not collected any type of deposit from the tenants.

Buyer had asked for a pest inspection and for a new survey, both conducted at Seller's expense. Broker located a pest inspector who charged \$150 and a surveyor who charged \$500. Seller agreed to purchase a title insurance policy for the buyer at a cost of \$1,500. Buyer decided to have his attorney participate in the closing at a cost to him of \$750. Broker was advised that an \$18.50 fee would be charged to record the deed. Seller is to pay this expense.

All prorations will be based upon a 365-day year.

SAMPLE QUESTIONS

1. How much are the government transfer taxes for Buyer and Seller and where is this information placed on the HUD-1?

- A. Seller \$952; Buyer \$204; Page Two
- B. Seller \$952; Buyer \$748; Page One
- C. Seller \$1,190; Buyer \$748; Page Two**
- D. Seller \$1,190; Buyer \$748; Page One

ANSWER: C

2. How much is the Buyer's new mortgage and where is this information placed on the settlement statement?

- A. \$136,000 Credit to Buyer; Page One
- B. \$136,000 Debit to Buyer; Page Two
- C. \$158,100 Credit to Buyer; Page Two
- D. \$158,100 Credit to Seller; Page One

ANSWER: A

3. The binder deposit on the HUD-1 is

- A. \$11,900 Debit to Seller; Page One.
- B. \$11,900 Credit to Buyer; Page Two.
- C. \$ 3,000 Debit to Buyer; Page Two.
- D. \$ 3,000 Credit to Buyer; Page One.

ANSWER: D

4. Where is the sales price placed on the settlement statement?

- A. Page One, Debit to Seller only
- B. Page One, Credit to Seller, Debit to Buyer
- C. Page One, Debit to Seller, Credit to Buyer
- D. Page Two, Credit to Seller only

ANSWER: B