Real Estate

New-Jersey-Real-Estate-Salesperson

New Jersey Real Estate Salesperson Exam

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Question: 1

A salesperson working with buyers secures an offer on a property. The offer calls for an initial deposit of $1,000 to be held in escrow. The salesperson instructs the buyer to issue a personal check in that amount payable to the salesperson. This action is

A. prohibited, because the salesperson accepted a personal check.
B. permissible, because the salesperson is acting as agent for the broker.
C. prohibited, because checks for deposits to be held in escrow may only be payable to the broker's escrow account.
D. permissible if the salesperson immediately writes a check for the deposit amount payable to their broker's escrow account.

Answer: C

Explanation:
According to the New Jersey Real Estate Commission (NJREC) Rules and Regulations, a salesperson is not permitted to accept funds in their own name under any circumstances. All earnest money deposits, whether in cash or check form, must be made payable directly to the broker or the broker's trust (escrow) account, never to the salesperson.
The law is very clear that a salesperson works on behalf of and under the supervision of their broker. This means that the salesperson cannot hold or control escrow funds personally. The proper handling of escrow deposits is a strict trust account requirement under N.J.A.C. 11:5-5.1.
Key points from the New Jersey Salesperson study guide:
Salespersons cannot maintain escrow accounts.
All deposit checks must be made payable to the broker's escrow or trust account.
Accepting a check payable to the salesperson, even with the intent to transfer it, is a violation of NJREC trust account rules.
Therefore, the correct answer is C, because any deposit intended for escrow may only be payable to the broker's escrow account.
Reference: New Jersey Real Estate Commission, Rules and Regulations, N.J.A.C. 11:5-5.1 (Escrow and Trust Accounts); New Jersey Real Estate Salesperson Pre-Licensure Course Study Guide, Chapter on Trust Accounts and Escrow Handling.

Question: 2

A licensee must provide disclosure of licensed status when acting as a principal if

A. the agent of the other party asks about this specifically.
B. the licensee does not have errors and omission insurance.

C. the licensee has any economic interest in the property.
D. any relative of the licensee has ever lived in the residence.

Answer: C

Explanation:
Under N.J.A.C. 11:5-6.4, any licensed New Jersey real estate broker, salesperson, or broker-salesperson must disclose in writing their licensed status when they have a direct or indirect ownership interest in property being sold, purchased, or leased. This is known as disclosure of economic interest.
The purpose of this regulation is to ensure the public is fully aware that they are dealing with a licensed real estate professional, who may have specialized knowledge or influence in the transaction. Disclosure must appear in the contract of sale, lease, or any offer made.
Therefore, the correct answer is C, since a licensee must disclose whenever they have an economic interest in the property.
Reference: NJREC Rules and Regulations, N.J.A.C. 11:5-6.4; New Jersey Real Estate Salesperson Pre-Licensure Course Guide, Chapter on Ethical and Legal Responsibilities.

Question: 3

A contract of sale prepared by a licensee MUST include an attorney review clause if it pertains to which of the following types of properties?

A. Six-family dwelling unit, a portion of which is used for non-residential purposes
B. Commercial building that does not exceed 10,000 square feet
C. Subdivision of fifteen or more lots
D. Single family residential vacant lot

Answer: D

Explanation:
According to the New Jersey Supreme Court Mandated Attorney Review Clause (as adopted by NJREC, N.J.A.C. 11:5-6.2(g)), all contracts prepared by licensees for the sale of one-to-four family residential properties and residential vacant lots must contain the three-day attorney review clause.
The purpose is to protect consumers in residential transactions by giving them the right to have their attorney review and potentially cancel or modify the contract within three business days.
Therefore, the correct answer is D, because the attorney review clause is mandatory for contracts involving a single-family residential vacant lot.
Reference: NJREC Rules and Regulations, N.J.A.C. 11:5-6.2(g); NJ Attorney Review Clause Requirement, New Jersey Real Estate Salesperson Pre-Licensure Course Guide.

Question: 4

A salesperson is selling a leased commercial property. What will happen to the lease after the sale is consummated?

A. The lease is assigned to the new owner.
B. The lease expires and the tenant must move.
C. The tenant and the new owner must negotiate a new lease.
D. The new owner has the option of canceling the lease or accepting the lease.

Answer: A

Explanation:
In New Jersey, under landlord-tenant law, a lease is considered a contract that runs with the land. When a property is sold while a lease is in effect, the new owner automatically assumes the rights and responsibilities of the landlord under the existing lease.
The tenant does not need to renegotiate and cannot be forced to vacate until the lease term expires, unless both parties agree otherwise. This transfer is known as an assignment of lease to the new owner.
Therefore, the correct answer is A.
Reference: NJ Real Estate Salesperson Pre-Licensure Course Guide, Chapter on Leases; NJ Landlord-Tenant Law principles.

Question: 5

A broker who charges or collects an advance fee in excess of $25 for services to be rendered MUST:

A. deduct the amount collected from the commission or settlement
B. give the principal receipts for all expenditures
C. furnish within ninety days of its collection an accounting of how the money was used
D. retain the difference between the amount of money collected and the amount spent

Answer: C

Explanation:
According to N.J.A.C. 11:5-6.1(j), any broker who collects an advance fee greater than $25 for services to be rendered must provide the client with a written accounting within 90 days of the collection date. This accounting must detail how the money was used and what services were performed.
This rule prevents abuse of advance fees and ensures transparency between brokers and clients. Brokers cannot simply keep advance fees without providing an itemized report.
Therefore, the correct answer is C.
Reference: NJREC Rules and Regulations, N.J.A.C. 11:5-6.1(j); NJ Real Estate Salesperson Pre-Licensure Course Guide, Chapter on Brokerage Business Practices.