

Chapter 13

1. A real estate company wants to ensure that all necessary tasks between contract signing and closing/escrow are completed correctly. The people who provide the company with some quality assurance that transactions will proceed smoothly to closing are called
 - a. personal assistants.
 - b. extra secretaries.
 - c. transaction coordinators.
 - d. risk management consultants.

2. A top-producing real estate licensee wants someone to help with non-sales-related clerical tasks related to listings and closings. Who is likely to fulfill these tasks?
 - a. A personal assistant
 - b. An extra secretary dedicated to the top producer
 - c. A transaction coordinator
 - d. A risk management consultant

3. What is the problem with using desk costs to determine the required number of salespeople?
 - a. Factors in too much profit
 - b. Does not accurately portray break-even in the real estate company
 - c. Accurately reflects what a new person costs the company
 - d. Easy to calculate the benefits of each salesperson

4. A better designation than full-time versus part-time sales staff is
 - a. independent contractor.
 - b. desk cost.
 - c. calculating break-even per salesperson.
 - d. establishing minimum production levels.

5. One of the strongest reasons for brokers to consider the employee model when hiring salespeople is
 - a. gaining greater control over sales activities.
 - b. it is easier to pay withholding taxes and Social Security.
 - c. reaping the most income benefit.
 - d. being less likely to be charged with wage discrimination.

6. What reason would a company have for wanting to hire newly licensed salespeople?
 - a. Do not have to pay as much for their production
 - b. Do not have to deal with discontent
 - c. Easier to train in the company's way of doing business
 - d. Easier to provide a solid revenue base

7. When supervising independent contractors, brokers can
 - a. require that they attend sales meetings.
 - b. determine their vacation schedules.
 - c. expect that they comply with laws that affect the business.
 - d. restrict the territory in which they can list properties.

8. When brokers structure the commission program for their salespeople, considering equity with the competition is important because
 - a. the salespeople evaluate the broker's program for fairness in comparison with other brokers.
 - b. licensing laws require equity with the competition.
 - c. antitrust laws require equity with the competition.
 - d. management must always seek to protect the company's profit margin.

9. A top producer decided to hire a personal assistant who is not licensed. The top producer pays an hourly rate to the assistant to work two hours a day, five days a week. In this situation, can the top producer pay the assistant as an IC (without paying Social Security, etc.)?
 - a. Yes, so long as the assistant keeps accurate hourly records
 - b. Yes, because the assistant works only 10 hours a week
 - c. No, because the assistant does not have a real estate license
 - d. No, because the assistant is working less than 40 hours a week

10. The difference between exempt and nonexempt salaried workers is important when determining
 - a. pay scales.
 - b. overtime pay.
 - c. independent contractors status.
 - d. holiday pay.

11. The *BEST* way for a broker to determine the company's commission structure is to
 - a. ask the salespeople to find out what the other brokers are charging.
 - b. have private lunches with individual brokers to discuss commission rates.
 - c. use the MLS membership as a guide.
 - d. analyze market conditions, transactions costs, and profit requirements.

12. When determining compensation for independent contractors, brokers have traditionally favored
 - a. straight salary.
 - b. straight commission.
 - c. base salary plus bonus.
 - d. draw against commission.

13. One problem with accountability-based compensation plans for managers of real estate licensees is that
 - a. managers receive compensation for little or no actual accountable work.
 - b. it is difficult to justify paying them when the salespeople are actually doing the work of selling.
 - c. they have little control over the variables that affect the performance outcomes of those they supervise.
 - d. salespeople resent managers being paid.

14. Equal employment laws apply to
 - a. employees and not ICs.
 - b. employers who hire over 50 employees.
 - c. hiring rather than recruiting practices.

- d. hiring and employment decisions for both employees and ICs.
- 15.** When designing employment applications and interview questions, it is appropriate to ask about
- a. references.
 - b. marital status.
 - c. family matters.
 - d. feelings about working with people who are older or younger.
- 16.** All of the following information is patently irrelevant and should not be included in personnel records *EXCEPT*
- a. number of children in the household.
 - b. availability to work on Saturday or Sunday.
 - c. childhood background.
 - d. income expectations.
- 17.** The Equal Employment Opportunity Commission (EEOC) receives the greatest number of discrimination complaints based on
- a. religion and national origin.
 - b. race and gender.
 - c. disability.
 - d. family leave requests.
- 18.** Management should establish
- a. a race relations policy.
 - b. an anti-harassment policy.
 - c. methods to determine if the applicant has adequate child care arrangements.
 - d. interview policies for determining marital status.
- 19.** Numerous state and local laws have added antiharassment policies prohibiting discrimination based on
- a. sexual orientation.
 - b. creditworthiness.
 - c. cultural diversity.
 - d. traditional values.
- 20.** When seeking a resolution to a sexual harassment charge, the careful broker will
- a. ignore at least two complaints before taking action.
 - b. assume that a charge is accurate.
 - c. document in writing all that transpires.
 - d. avoid putting anything in writing to reduce a paper trail.

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1. c Companies hire transaction coordinators to take the burden of tracking transactions from the salespeople to provide the company with some assurance that transactions will proceed smoothly and within the law to settlement. 294
2. a Personal assistants play an increasingly important role in today's real estate business, handling non-sales-related tasks for the salespeople. 295
3. b Desk cost does not accurately portray breakeven in the real estate company since it does not factor in the increased costs involved with a new hire, and it does not factor in profit. 297
4. d Establishing minimum production levels permits the company to use some excellent producers who may have another job. 300
5. a From a company's point of view, the employee model for the sales staff has a number of advantages, most importantly giving the company control over production and better-quality service. 300
6. c Although new licensees require considerable indoctrination, training, and supervision to get them started, they have not acquired any bad habits in the real estate business; it is relatively easy to train a newly licensed salesperson in the company's way of doing business. 299
7. c The employing company/broker is responsible for the independent contractor's (IC's) conduct in accord with real estate license law, but otherwise ICs are free to work wherever and however they choose (within the jurisdictional limits of their licenses). The IC contract typically states some mutually agreed-on amount of production. 300
8. a Equity is important because, in theory, a company can pay people whatever it wants to or can afford. In reality, people do go shopping for the best compensation package. 304
9. c The personal assistant may not be paid as an IC because the arrangement does not meet any of the three tests to determine statutory IC status: have a real estate license, a contract indicating the arrangement, and compensation calculated on transactions completed. 306
10. b The differences between exempt and nonexempt salaried workers is important when it comes to making overtime payments; overtime must be paid to nonexempt salaried workers. 305
11. d The company should base its commission structure on market conditions, transactions costs, and profit requirements; not based on what other brokers pay their salespeople. 304
12. b When determining compensation for independent contractors, brokers have traditionally favored the totally performance-based straight commission; the company reaps the most income benefit, without any obligations for tax withholding or statutory benefits. 309
13. c A flaw in an accountability-based compensation plan for managers in lower levels of the organization is they have less or little control over all the variables that affect the performance outcomes of the office or department they supervise. 312
14. d Equal employment laws do not distinguish between ICs and employees. The applicability of some laws, however, does differ depending on the number of workers a company has and other distinctions that an attorney skilled in employment law can interpret for the company. 313
15. a When designing employment applications and interview questions, it is appropriate to ask about references but not family matters, feelings about working with people of different ages, or marital status. 315
16. d During an interview, an employer may ask about income expectations, but may not gather information that relates in any way to the protected classes such as number of

children and child care arrangements, availability on weekends (a religious issue), and childhood background (can reveal nationality and race). 314-315

17. b The EEOC receives the greatest number of discrimination complaints based on race and gender, although it is clear that no class is immune from employment discrimination in today's culturally diverse workplace. 313
18. b Management should publish an anti-harassment policy that clearly defines behavior that is not tolerated and establish a nonthreatening, open door policy so that the offended person can bring the matter to management's attention without fear of reprisal. 316
19. a In addition to the equal employment laws and fair housing laws, there are numerous state and local laws prohibiting discrimination based on gender or sexual orientation. 316
20. c With any allegation of wrong-doing in the workplace, the careful broker will document in writing all that transpires. The broker should have a zero-tolerance attitude but recognize that not every charge is correct. 316