

Chapter 18 Quiz

1. The value of a company's brand name is
 - a. an intangible asset.
 - b. similar to projected earnings.
 - c. calculated according to specific industry guidelines.
 - d. not likely to affect day-to-day operations.
2. There are many events that can propel a company into a crisis. Which is *MOST* likely to affect a real estate company?
 - a. Principal broker arrested for fraud
 - b. Manager in jail because of drug trafficking
 - c. Salesperson violates the state license law
 - d. Bookkeeper embezzles trust funds
3. What is one of the ways to prepare for the departure of a key player in the organization?
 - a. Mentoring pairs for each position
 - b. Hire back-ups for each position
 - c. Institute in-house training for key positions
 - d. Implement cross training
4. The smaller the organization, the more important it is to have
 - a. a reorganization plan.
 - b. a succession plan.
 - c. a plan to replace a disliked manager, if that should occur.
 - d. a restructuring discussion.
5. A real estate company must develop policies and procedures that direct the way that their sales agents interface with company files because
 - a. most sales agents are not very computer literate.
 - b. the company owns the computers and can easily control their use.
 - c. most of the mobile devices are owned by the agents, not the company, and are more difficult to control.
 - d. the company can repossess the computer or other mobile device when a sales agent leaves the company.
6. What is one simple method to protect company files from computer hackers?
 - a. Frequently change passwords
 - b. Encourage the use of unsecured wireless networks
 - c. Indefinitely retain computer data
 - d. Avoid making rules about posting on social media sites
7. In terms of risk management, a company should develop a contingency file of emergency contact information that is
 - a. locked in the office with other important information.
 - b. carried daily by the manager or broker in charge.
 - c. reviewed once a year.
 - d. stored off-site.

8. Which is a proactive approach to risk management?
 - a. Burden the company with extra procedures that may never be needed
 - b. Build offensive strategies by identifying potential threats or anticipating crises
 - c. Do nothing if the company has adequate cash reserves
 - d. Distract salespeople from concentrating on production

9. Which strategy is *MOST* effective for managing risk?
 - a. Dousing the brushfires as they flare up
 - b. Hiding vulnerabilities
 - c. Budgeting for costs to bail the company out of problems
 - d. Creating a proactive risk-management culture

10. Failing to properly display an equal opportunity notice could be a violation of
 - a. antitrust laws.
 - b. fair housing laws.
 - c. workplace safety laws.
 - d. disability laws.

11. RESPA specifically prohibits
 - a. kickbacks and certain referral fees.
 - b. steering and blockbusting.
 - c. price-fixing.
 - d. workplace harassment.

12. A company's *BEST* tool to protect itself from various risks relating to customer service is its
 - a. business plan.
 - b. errors and omissions (E&O) insurance.
 - c. policy and procedures manual.
 - d. social media efforts.

13. Which sales training technique could be a valuable tool to minimize risk?
 - a. Encourage sales people to take short cuts to get the deal done
 - b. Allow salespeople to fill in the blanks after the fact
 - c. Foster a pattern of behavior in which consumer rights and laws are observed
 - d. Engage in practices that contradict the company's ideals

14. Which attitude is *MOST* valuable for managing risk in a real estate office?
 - a. See nothing, hear nothing, say nothing
 - b. Discover, disclose, document
 - c. Buyers are liars and sellers are too
 - d. The best deal is the done deal

15. Is there any reason for a broker to maintain any relationship with licensing authorities and fair housing agencies?
 - a. They are invaluable resources for clarifying laws as the broker conducts business.
 - b. They are adversaries and management should keep its distance from them.
 - c. Contacts with them should be handled through the company's attorney.
 - d. Their job is to enforce their laws and not provide information.

16. What is the purpose of workers' compensation?
- Protect employees against loss of income due to any illness or injury
 - Pay the company's legal costs to defend a lawsuit
 - Compensate the company for loss due to the interruption of business
 - Protect people against loss of income due to injuries sustained on the job
17. What insurance policy covers certain claims against a real estate company because of the professional actions of its salespeople?
- Business interruption
 - Employee practices liability
 - Errors and omissions insurance
 - Workers' compensation
18. The disputing parties sit with a person to help with negotiating a resolution to their dispute.
This is an example of
- arbitration.
 - mediation.
 - trial without a jury.
 - intervention.
19. Is there any value to the use of arbitration?
- No, it is more costly to resolve disputes through arbitration than in court.
 - No, arbitration cannot be used to resolve disputes in real estate transactions.
 - Yes, it is often less expensive for an arbitrator instead of a judge or jury to render a decision about a dispute.
 - Yes, the parties in dispute can negotiate a resolution with one another in the presence of an impartial third person.
20. How are *MOST* commission disagreements between brokers settled?
- Hearing before a panel organized by a professional real estate organization
 - Small claims court
 - Mediation
 - Arbitration

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1. a The brand name is an intangible asset, as opposed to projected earnings, but it has an enormous effect on a company's position in the marketplace and its future. 442
2. c The real estate company is far more likely to be affected by something one of its sales or broker licensees does in violation of the state license law. While it is possible that the broker could be arrested for fraud, drug trafficking, or even embezzlement, a license law violation is more probable. 443
3. d The people who take on temporary assignments during vacations or other absences of their superiors, or the companies that have job-shifting or cross-training programs provide readily available talent not just when the unexpected happens but during the normal course of attrition. 446
4. b Any organization, but especially a smaller one, should have a succession plan to assist the organization to rebound should a leader or manager leave for whatever reason. 445
5. c A company must develop an effective, defensive, aggressive security-management procedure and protects all of its data portals, including those in their workers' smart phones, tablets, notebooks, and laptops. Because they aren't typically owned or issued by the real estate company, the company doesn't have the ability to track or disable a device that has been compromised or misplaced. 446
6. a One of the simplest ways to protect company computer files is to frequently change passwords. People should be encouraged to avoid using unsecured wireless networks, and data should be regularly purged from hard drives and portable devices. 448
7. d The company should prepare a contingency file that is stored off-site. It should be updated regularly to ensure that the contact and other information is current and correct. 450
8. b A proactive approach to risk management builds offensive strategies by identifying potential threats, anticipating crises, and assembling procedures to eliminate or minimize risk to the organization. 452
9. d The best defense is to develop a proactive risk-management culture that requires responsibility from everyone in the organization. 452
10. b Failure to display equal opportunity notices could be considered a violation of the fair housing laws. Brokers must ensure that their salespeople treat everyone fairly, without regard to race, color, religion, national origin, sex, familial status, or disability. Some states and municipalities have added protected classes. 454
11. a RESPA specifically prohibits kickbacks and payment of certain referral fees. The fair housing laws prohibit steering and blockbusting, and the antitrust laws prohibit price-fixing. 455
12. c One of management's most useful tools is the company's policies and procedures manual, and it can become clear written evidence about how processes are to work and people are to behave. The company must be able to demonstrate that it purposely practices what it suggests in the manual. 457
13. c Sales training should be more than how to sell and make money. Training should form a basis for ethical and legal conduct (the legal liability and risk reduction issues) and foster patterns of behavior in which consumer rights and laws are faithfully observed. 457
14. b Today, the best attitude for dealing with risk is to encourage licensees to discover, disclose, and document everything. The days of caveat emptor—see nothing, hear nothing, say nothing—are long gone. 457-458
15. a Real estate licensing authorities and fair housing agencies are invaluable resources for clarifying laws as the broker conducts business. 459
16. d The purpose of workers' compensation is to protect people against loss of income

due to injuries sustained on the job. Business interruption insurance helps a business pay expenses when it cannot operate. 461

17. c The company's errors and omissions (E&O) insurance covers certain claims against the company because of the professional actions of its workers, including its salespeople, who should also have their own coverage. 462
18. b Mediation is a forum in which the parties sit with an impartial mediator and negotiate a resolution to their dispute. It differs from arbitration in that the arbiter(s) take testimony and render a decision, often as binding as a court decision would be. 462
19. c The arbiter (or panel of arbiters) hears testimony from both sides and then renders a decision, which is often as binding as any court decision would be. Arbitration is often speedier and less costly to resolve certain controversies. Mediation allows the parties to negotiate a resolution. 463
20. a Professional real estate organizations frequently offer their members an arbitration forum in which these matters can be settled, which is less costly than going to court. These organizations also provide forums for ethics complaints. 463