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**Development of a Center for Real Estate Research and Training (CRERT)
Yerevan, Armenia**

(September through October 1996)

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ABSTRACT

During September and October 1996, ICMA consultant Edie Shannon assisted ICMA-Yerevan and three MBA students from the American University in Armenia in the development of a new Center for Real Estate Research and Training (CRERT). This institution is designed to provide informational support, research services, education services, and certification assistance for real estate market participants (both professional buyers and sellers).

CRERT proposes to: 1) offer classes for individuals, the public sector, the private sector, and non-governmental organizations, and 2) conduct on-going research in the areas of comparative real estate, Armenian real estate policy and law, appraisal methods, and real estate methodology. This research will lead to developmental activities in real estate law and practice in Armenia and will encourage the development of professional standards for those involved in buying and selling real estate.

Specifically, the proposed training programs will cover: Real Estate Law, Practice and Ethics; Appraisal; Agency Managers; Real Estate Attorneys; Property Management; Condominiums; and Real Estate for the Public. Additionally, CRERT will provide consulting and information support via brochures, radio and TV spots, newsletters, videos, and a speakers bureau.

Consultant Edie Shannon was also asked to meet with Karen Avetsian, President of the Newly formed Union of Real Estate agencies of Armenia.

Ms. Shannon also conducted an evening seminar for interested Real Estate practitioners.

REPORT

Ms. Shannon assisted three MBA candidates at the American University of Armenia (AUA) along with their project manager in the development of a Center for Real Estate Research and Training (CRERT). Ms. Shannon's efforts were concentrated in 1) the development of a Charter for CRERT to register with the local authorities and 2) the preparation of operational, financial, and marketing plans for CRERT.

For the six week duration of her assignment, Ms. Shannon met three times weekly with the students and project manager. The rest of the time, the students worked independently on the Charter, obtaining pertinent legal information on registration processes and organizational structure.

At the end of six weeks, the Charter was finalized, the operational, financial, and marketing plans were in good order, and the project was ready both to be registered and to be presented to the MBA advisor for graduation credit. Additional time was spent advising the students on presentation methods.

Information pertaining to the granting of funds by USAID is yet to be received.

Additional time outside of this group project was spent preparing testing materials for the Real Estate Broker Certification Course at Yerevan State University.

Ms. Shannon was a guest speaker at an evening seminar sponsored by ICMA, the Armenian Real Estate Association (AREA), and the newly formed Union of Real Estate Agencies (UREA). Approximately ninety realtors attended this event. Her speech dealt primarily with Real Estate listings and marketing. Marketing is an area in urgent need of development in Armenia.

RECOMMENDATIONS

Funding for the center will enable the education of those involved in the buying and selling of real estate and will help guide practitioners toward professionalism.

The newly formed Union of Real Estate Agencies brings needed competition into the field. They should be monitored and encouraged if they are a legitimate organization.

The Real Estate Brokers course, which is ready to be taught, should be offered at Yerevan State for a cost significant enough to represent value to the attendees. A 75% grade on the test is minimal for certification. A grade of 92% and above should be awarded a certification of excellence.

The public must be made aware that it is worthwhile to deal with brokers certified through this course. The AUA MBA students have prepared trial advertisements for this purpose.

A strong marketing course taught by a TDY aimed at those who have passed the Broker Certification course is suggested. It should be delivered over a series of weeks, perhaps in two hour sessions, twice a week.

ATTACHMENT A

CHARTER FOR THE CENTER FOR REAL ESTATE RESEARCH AND TRAINING

THE CHARTER
of Center for Real Estate Research and Training

I General Provisions

OK

1.1 Center for Real Estate Research and Training (hereinafter referred to as "the Company") is a not-for-profit organization established in the organizational-legal form of a limited liability company according to the foundation agreement of "_____" 1996.

1.2. Company is acting according to the Law on Enterprises and Entrepreneurial Activity, Law on Non-profit Seeking Organizations, other pertinent legislative acts of the Republic of Armenia, the foundation agreement and this Charter.

1.3. The Company is a legal person (it may enter into agreements on its own behalf, acquire property and personal non-property rights and obligations, appear as a plaintiff or a defendant in a court, economic court or an arbitration court), it has its own balance sheet, bank account and seal.

1.4. The Company is prohibited from generating profits from its investment property and economic activities. It also cannot become a member of any economic union that is allowed to generate profit. The Company may use its revenues only for purposes related to its activity and specified in this Charter.

1.5. The Company can establish affiliates for affording activities specified in its Charter.

1.6. The founders of the Company are: Anahit Karapetian, _____, and Diana Avetian.

1.7. Legal address of the Company:

1.8. Short name of the Center for Real Estate Research and Training: CRERT.

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II The Objectives of the Company

The objectives of the Company:

- 2.1. Investigation of the real estate, real estate market, and agents/agencies activities based on the internal and foreign information and the dissemination of its results.
- 2.2. Training and certification of real estate market participants.
- 2.3. Development of the real estate policy, modern real estate market, laws, legislative suggestions, some professional methodology and standards for this field, and training programs for real estate market participants.

III The Rights and Duties of the Company

3.1 In order to provide functions and obligations reflected in its Charter, the Company has the right of:

- to acquire equipment, stocks, and other assets according to the Legislation of RA; use and own them, revenue and/or any other positive outcome; to use equipment, rights, and foreign currency of others on contract basis.
- to borrow money and lend loans.
- to plan its activities, to define the levels and prices of production and services.
- to create its financial resources.
- to sell, to lease, to transfer ownership rights according to the Legislation of RA, to be mortgage and collateral giver and taker.
- to invest its financial resources into other enterprises and organizations.
- to sign contracts and to bear obligations according to the Legislation of RA.
- to export and import its own production or bought goods, to provide services and perform activities, to use other organizations' and citizens' (also foreign) works and services.
- to conduct foreign economic activities accordingly to RA Legislation.
- to define its organizational structure and types of activities.

- to hire contractors, sign contracts with them and define their wages according to RA Legislation.
- to create affiliates, branches, representative offices, etc.
- to exercise other rights, according to legislation.

3.2 Company's duties:

- to use received revenues only for purposes reflected in its Charter, not to generate profits.
- to have written contracts with all contract workers when hiring them.
- to bear responsibility and to recover damages caused by its activity.
- to pay taxes and to make other payments to the budget, to provide accounting documentation concerning its financial conditions.
- to conduct accounting records and provide statistical data to the appropriate state agencies according to RA Legislation.
- to publish any financial and accounting materials required by the Law.

IV The Management of the Company

4.1 A Council of Founders of the Company shall be a paramount body of the Company. The number of votes of each Founder is defined by its share in Founding Capital. Meetings of the Founders Council shall be conducted semiannually and as needed.

4.2 Director of the Company is Ms. Diana Avetian.

4.3 An audit of the Company shall be conducted according to the Law of Enterprises and Entrepreneurial Activities.

4.4 A Council of Founders of the Company will decide on:

- a. Approval and/or amendment of the Charter and Foundation Agreement of the Company if necessary (unanimously).
- b. Approval of the Director of the Company and wages of the staff workers of the Company presented by Director.
- c. Approval of the Company's performance programs presented by Director.

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- d. Approval of annual reports of the Company.
- e. Announcement of distrust to the Director of the Company.
- f. Wages of the top management of the Company.
- g. Volume, shape, timing and order of additional payments of Founders (unanimously).
- h. Creation of affiliates, branches, representative offices, their Charters, etc.
- i. Replacement of a Founder and/or admission of new one.
- j. Termination of the Company's activity (unanimously).

4.5 Decisions of a Council of Founders of the Company will be valid in the presence of at least 60 per cent of the members (their proxies) by the majority of votes.

4.6 The Director of the Company will be hired by the Council of Founders. An agreement will be signed between the Company and the Director. This agreement will define the rights, obligations, responsibilities and relations of the Director. It also sets the terms of job-payments, time period of agreement, firing conditions, bases for termination of agreement, and other necessary conditions related to Legislation of RA.

4.7 The Director of the Company:

- is organizing activities of the company and bear the responsibilities according to the legislation
- is creating the staff of the company by the proved staff list
- in the frame of his position he is acting in the name of the company, is representing the Company's rights, is managing Company's equipment, financial assets, signing different agreements, is giving written recommendations, is opening accounts in banks, is giving orders, is giving guidelines for Company's employers.
- is performing other obligations according to the Law of the RA.

4.8 The rights of the Founder are:

- to get information about the activity of the Company, to be aware of accounting and other documentation.
- in the case of the termination of the Company and/or leaving the Company to get back invested funds.

4.9 The duties of the Founder are:

- to invest and to make additional payments in the Company's assets according to the Foundation agreement and/or to the decision of Council of Founders.
- to perform assigned obligations toward the Company.
- to keep requirements of this Charter.

4.10 By the decision of the Council of Founders that Founder of the Company which systematically does not perform its obligations or perform them in not correct manner can be dismissed from the Company by majority of votes. This person can apply to the court if he/she finds that his/her rights are violated by the Company.

V Assets and Revenues of the Company

5.1 Assets of the Company belong to the Company according to the Law. They have been formed by the Founders capital investments, revenues, and other means acquired according to the Law.

5.2 The assets of the Company shall be accumulated:

- from financial and other investments of the Founders
- from income derived from training courses
- from sums donated to the Company by its sponsor
- from the sales of materials published by the Company.
- from other paid services provided by the Company.
- from grants and benevolent investments .
- from other sources not forbidden by the Law of the RA.

5.3 The amount of the Equity Capital of the Company is 50,000 AMD.

5.4 By the unanimous decision of the Council of Founders additional payments can be required.

5.5 The Founder is obliged to invest its share to the date specified in the Foundation Agreement, otherwise the Founder can be dismissed from the company and his/her share is

distributed equally among other Founders, or the amount of Equity Capital can modified with the simultaneous changes in this Charter.

5.6 The Company can have Reserve Fund that is not less than is required by legislation. It can be used to cover unexpected losses and damages.

5.7 The main financial indicator of the Company is the profit derived from the entrepreneurial activities, which can be used only for purposes reflected in this Charter.

5.8 All financial transactions and payments of wages of the Company are conducted through banking system.

5.9 The accounting records and statistical data of the Company is performed according to the Legislation of the RA.

VI The Termination and Reorganization of the Company

6.1 The reorganization and termination of the Company can be done according to the Legislation of the RA, including by a court's decision.

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ATTACHMENT B

THREE YEAR PLAN FOR TRAINING AND RESEARCH PROGRAMS

T R A I N I N G & R E S E A R C H P R O G R A M S

S C H E D U L E (1 9 9 6 - 1 9 9 7)

| N | Programs | 1996 | 1997 | | | | | | | | | | | | |
|---|----------------------------|------|------|---|---|---|---|---|---|---|---|----|----|----|---|
| | | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 1 | Condominium # 101 | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| 2 | Condominium # 201 | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| 3 | Property Management | | | | | | | | ■ | | | ■ | | | |
| 4 | Real Estate Brokerage | | ■ | | | ■ | | | ■ | | | ■ | | | |
| 5 | Appraisal | | | | | | | | | | | ■ | ■ | ■ | ■ |
| 6 | Real Estate Lawyer | | | | | | | | | | | | | | |
| 7 | Real Estate Agency Manager | | | | | | | | | | | | | | |
| 8 | Real Estate Owner | | | | | | | | | | | | | | |



- T R A I N I N G A C T I V I T I E S

R - R E S E A R C H A C T I V I T I E S

13

T R A I N I N G & R E S E A R C H P R O G R A M S
S C H E D U L E (1 9 9 8)

| N | Programs | 1998 | | | | | | | | | | | |
|---|----------------------------|------|---|---|---|---|---|---|---|---|----|----|----|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | Condominium # 101 | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| 2 | Condominium # 201 | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| 3 | Property Management | ■ | | | ■ | | | ■ | | | ■ | | |
| 4 | Real Estate Brokerage | ■ | | | ■ | | | ■ | | | ■ | | |
| 5 | Appraisal | | | | ■ | | | ■ | | | ■ | | |
| 6 | Real Estate Lawyer | | | | | | | | | | | | |
| 7 | Real Estate Agency Manager | | | | | | | R | R | R | R | R | R |
| 8 | Real Estate Owner | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |



- T R A I N I N G A C T I V I T I E S

R - R E S E A R C H A C T I V I T I E S

H

TRAINING & RESEARCH PROGRAMS SCHEDULE (1999)

| N | Programs | 1999 | | | | | | | | | | | |
|---|----------------------------|------|---|---|---|---|---|---|---|---|----|----|----|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | Condominium # 101 | ■ | | | ■ | | | ■ | | | ■ | | |
| 2 | Condominium # 201 | ■ | | | ■ | | | ■ | | | ■ | | |
| 3 | Property Management | ■ | | | ■ | | | ■ | | | ■ | | |
| 4 | Real Estate Brokerage | ■ | | | ■ | | | ■ | | | ■ | | |
| 5 | Appraisal | ■ | | | ■ | | | ■ | | | ■ | | |
| 6 | Real Estate Lawyer | R | R | R | R | R | R | R | R | R | ■ | | |
| 7 | Real Estate Agency Manager | R | R | R | ■ | | | ■ | | | ■ | | |
| 8 | Real Estate Owner | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |



- TRAINING ACTIVITIES

R - RESEARCH ACTIVITIES

5

ATTACHMENT C

TEST FOR REAL ESTATE BROKER'S CERTIFICATION COURSE

Test Questions: Real Estate Broker Certification Course

WHAT IS REAL ESTATE (5 points)

1. Real Estate is

- A. Land
- B. Land and improvements on the land
- C. Land, improvements and automobiles
- D. Land, starting at the center of the earth, passing through the earth's space and continuing on into space, and the improvements on the land.

(Answer D)

2. What determines if something is a fixture

- A. Intention
- B. Attachment
- C. Agreement
- D. All of the above

(Answer D)

3. What are the physical Characteristics of land?

- A. Permanent, fixed, immovable, limited supply, and irreplaceable
- B. Permanent, fixed, movable, limited supply, and irreplaceable
- C. Permanent, valuable, movable, limited supply and irreplaceable
- D. Permanent, valuable, movable, unlimited supply and irreplaceable.

(Answer A)

4. Allotments are to be registered at

- A. The Ministry of the Interior
- B. The State Cadaster of the Republic of Armenia
- C. The Department of Land Taxation
- D. The Hotel Armenia

(Answer B)

5. An improvement can be

- A. A building
- B. A shed
- C. A fence
- D. Any of the above

(answer D)

RIGHTS AND INTERESTS IN LAND (7 points)

1. Match the term to the correct definition

- A. Easement (C) A claim one person has on the property of another to secure payment of a debt or other obligation.
- B. Title (D) The extent of one's rights in land
- C. Lien (B) The right to ownership of something, also the evidence of ownership, such as a deed or bill of sale.
- D. Estate (A) The right or privilege one party has to use land belonging to another, not inconsistent with the owner's use of the land.

2. Which is an example of Police Power in Real Estate in Armenia

- A. Document checks
- B. Traffic laws
- C. Privatization

(Answer C)

3. What is the most complete estate an individual can own

- A. a dacha
- B. a Fee Simple estate
- C. a condominium

(Answer B)

4. Those who can own Real Estate in Armenia are:

- A. The Republic
- B. Communities that are represented by local governments
- C. Citizens of the Republic of Armenia
- D. Non state enterprises and organizations of the Republic of Armenia
- E. Foreign states and international organizations
- F. Foreign citizens

- A, B, D, and E
- A,C,D,and E
- A,B,C and D
- X A,B,C, D and E.

FORMS OF OWNERSHIP (5 points)

1. When may a Real Estate Agent give legal advise?

- A. When you first talk to a customer about a Real Estate Purchase.**
- B. When the customer indicates an interest in a specific property.**
- C. When a customer writes a contract to purchase a property.**
- D. Never**

(Answer D)

2. If Real Estate belongs to one person, with this person having the right to possess the property and make decisions concerning all issues of usage and disposal of the property, and receiving all benefits and having all the responsibilities of the property it is called

- A. Estate**
- B. Sole Ownership**
- C. Common Ownership**
- D. Privatization**

(Answer B)

3. In a common partnership, in case of the death of one partner, his share is transferred to:

- A. His Heirs**
- B. His partners**
- C. Divided between his heirs and partners equally.**

(Answer A)

4. In a common joint ownership, in case of the death of one partner, his share is transferred to:

- A. His Heirs**
- B. His partners**
- C. Divided between his heirs and partners equally.**

(Answer B)

5. In a limited partnership, the management is done by the limited partners. True or false.

THE TRANSFERRING OF TITLE (5 points)

1. Ownership of Real Estate can be transferred by

- A. Inheritance
- B. Exchange
- C. Purchase
- D. Privatization
- E. Gift
- F. All of the above

(Answer F)

2. An individual may own

- A. Land
- B. Land and improvements
- C. Improvements
- D. Any of the above

(Answer D)

3. In Armenia, title is transferred when:

- A. The contract to purchase is signed.
- B. When the seller receives the money for his property.
- C. When the buyer takes possession of the property.
- D. When the deed is registered in the State Cadastre.

(Answer D)

4. A deed must include

- A. Names and passport numbers of grantor and grantee, and a description of land.
- B. Names of grantor and grantee, description of land, signature of grantor
- C. Names of grantor and grantee, signature of grantor and price of land
- D. All of the above.

(Answer B)

5. In Armenia to be valid and enforceable, a will must be notarized. True or false

CONDOMINIUMS (8 points)

Fill in the proper term from the list below.

1. A condominium is a form of ownership in which an individual owns the airspace between the floors, ceilings, and wall and has an ownership in all the common areas of the condominium.
2. The ownership share of the common areas of the condominium is indivisible and may not be separated from the ownership right of that apartment
3. The expenses for the condominium needs are not equal for all owners, but are proportional to their ownership shares.
4. The structure and the management order of the condominium are determined by its Charter.
5. Decisions for the condominium are made at the general meeting.

Terms: expenses, ownership, charter, general meeting, separated, proportional, individual, indivisible.

CONTRACT LAW (10 points)

1. To be enforceable a contract must include
 - A. capable parties
 - B. Mutual agreement
 - C. lawful objective
 - D. be written
 - E. All of the above

(Answer E)

2. Armenian law describes four kinds of capacity. Fill in the blanks with the proper terms..

Full Capacity appears when the person becomes adult at age 18, or if the person is married before age 18, he/she becomes an adult at the moment of marriage.

Partial capacity defines two groups of citizens: minors under age 15, and minors age 15 to age 18.

Limited capacity can be assigned by law. The rights of alcohol abusers or addicts can be restricted and they can be assigned a trustee.

Incapacity can be defined by the court in the case of mental insanity or mental disability.

3. A contract may be disputed if it is
- A. made by a person age 15-18
 - B. made by fraud
 - C. made as a result of difficult conditions
 - D. Made by a foreign citizen
 - E. Made without lawful intent.

A,B, D and E
 B,C,D, and E
 AB,C, and E
 A,C, D and E

4. A representative can make contracts for an individual or legal entity if he/she is empowered by a mandate. There are three kinds of mandates:

- A. General mandate in which the representative is authorized to make different actions, for instance to be engaged in real estate brokerage and to make contracts in the name of the firm.
- B. For One Time Mandate in which the representative is authorized to make one contract.
- C. Special mandate in which the representative is authorized for a certain time period to make legal actions.

5. A contract is a legally enforceable agreement to or not to do a particular thing. True or False

REAL ESTATE CONTRACTS (5 points)

1. In Armenia, to be valid and enforceable, a Real Estate contract must first be notarized and if one of the parties is an urban inhabitant, must be registered in the State Cadastre.

2. A Real Estate contract must contain:

- A. Names of buyer and seller
- B. Adequate description and condition of the real estate.
- C. Any rights of third parties to the real estate
- D. The price and payment method
- E. Any deadlines which buyer or seller must meet
- F. All of the above

(answer F)

3. Natural persons must sign their first and last names, address and passport data.

4. Juridical persons must indicate name, address, bank account, the name of the authorized person who signs the contract and the corporate seal.

REAL ESTATE LEASES (4 points)

1. An owner can lease

- A. land
- B. improvements
- C. land and improvements
- D. only the property rights the owner possesses
- E. all of the above

(answer E)

2. A lease contract between two individuals, for nine months, usually must be in written form.

- A. True
- B. False

(answer B.)

3. A lease contract for nine months, with one of the parties being an enterprise which does not have the status of a judicial person, must always be in written form.

- A. True
- B. False

(answer A)

4. All lease contracts must contain:

- A. Names of lessor and lessee
- B. Passport data of lessor and lessee
- C. Property description
- D. Pay amount and method
- E. Start date and duration
- F. Corporate seal
- G. Signatures

 A,C,D,F, and G.

 X A,C,D,E, and G.

 A,B,D,E, and G

 A,B,C,D, and G.

CLOSING PRACTICES 5 points)

1. Any contract for the transfer of ownership of real estate must be ratified by a notary.
2. After the ratification, the contract must be registered in the State Cadastre.
3. The seller, during the ratification must present:
 - A. A ratified, notarized contract for construction of the real estate.
 - B. A ratified, notarized sales, gift or exchange contract for the real estate.
 - C. Privatization evidence of the real estate
 - D. All of the above
 - E. Any of the above

(answer E)

4. Responsibilities of the Real Estate Broker regarding closing may include:
 - A. accompanying the buyer and/or seller to the notary.
 - B. Accompanying the buyer and/or seller for the registration.
 - C. Holding the contractual money
 - D. Ensuring the proper transfer of contractual money

- A, B, and D
- A, C, and D
- A, B, C, and D
- B, C, and D

RECORDING TITLE (four points)

1. What must be registered in the state cadastre?
 - A. Lands and improvements
 - B. Contracts for purchase or exchange
 - C. Acts concerning Real Estate legislation
 - D. Lands privatized by collect farms.

- A, B, C, and D
- A, C and D
- B, C, and D
- A, B, and D

2. The legal document for registration will include:

- A. quantity
- B. type of ownership
- C. location
- D. size
- E. all of the above

(answer E)

3. What is the purpose of registration of real estate?

(Answer: Guaranteed protection of the public who own property. (or of the owners, the citizens, the people))

4. New records will be added in the future if the data changes. True or False

TAXES (4 points)

1. When may a real estate agent give tax advice?

- A. The first time he meets with a buyer.
- B. The first time he meets with a seller.
- C. When he has a contract between buyer and seller.
- D. Never

(Answer D.)

2. What are the subjects of property tax?

- A. land and improvements
- B. broker's income
- C. dachas
- D. apartments, houses, and garages

A,B,C. and D

A,B, and C

A, C, and D

A and D only

3. How is the amount of the property tax determined?

- A. The value of the property.
- B. The income of the seller
- C. The income of the buyer
- D. The income of the Real Estate Broker

(answer A)

4. The current fee paid in Armenia to the notary for the transfer of title is:
- A. 10% of the real estate assessment value
 - B. 2% of the real estate assessment value
 - C. 1% of the real estate assessment value
 - D. .001% of the real estate assessment value.

(answer B) Need to verify this

APPRAISAL (5 points)

1. An appraisal is good:
- A. forever
 - B. for a year
 - C. on a specific date
 - D. for two years

(answer C)

2. An appraisal is
- A. Absolute
 - B. An estimate
 - C. A guess
 - D. Guarantee of a sale
- A and D
 B and D
 A only
 B only

3. Fill in the blank: Market Approach, Cost approach, Income approach.

A. Method used for rental property which converts expected monetary returns a property can be expected to produce into today's value. Income approach

B. Method used for one of a kind properties which determines how much it would cost to rebuild, added to the value of the land. Cost approach

C. Method used for houses and apartment which determines the most probable price for the real estate. It is determined by comparing similar properties which have sold recently. Market approach.

PRINCIPLE-BROKER RELATIONSHIP (4 points)

1. Fill in the blank: ready willing and able, broker, exclusive right to sell, performance, expiration, mutual agreement.

- A. A person who is ready to buy without coaxing, and is financially able.
Ready, willing, and able.
- B. Listing in which the broker is paid a commission no matter who sells the property during the listing period. Exclusive right to sell.
- C. Listings may be terminated by : Performance, expiration, mutual agreement.
- D. A natural or legal person licensed to act independently in conducting a real estate brokerage business. Broker

AGENCY (4 points)

1. Agency is a relationship created when one person call the principal delegates to another person called the agent the right to act on his behalf.

2. Dual agency occurs when an agent attempts to represent buyer and seller in the same transaction. When can dual agency truly occur?

- A. When the buyer is your sister.
- B. When the seller agrees
- C. When the buyer agrees
- D. Never

(answer D)

3. An agents duties to his principal include:

- A. Loyalty and Obedience
- B. Disclosure and Confidentiality
- C. Reasonable Care and Diligence
- D. Accounting

 A,C, and D

 B,C, and D

 X A,B,C, and D

 A,B, and C

MEDIATORS (Five points)

1. A signed contract between buyer and broker obligates:
 - A. The buyer
 - B. The broker
 - C. Both the buyer and the broker
 - D. Neither the buyer or the broker

(answer C)

2. In case of non performance, who agrees to compensate the other.
 - A. The buyer
 - B. The broker
 - C. Both the buyer and the broker
 - D. Neither the buyer or the broker

(answer C)

3. A tripartite contract, buyer, seller and mediator
 - A. substitute for a sale and purchase contract
 - B. must be notarized
 - C. Must be registered
 - D. All of the above
 - E. none of the above.

(answer E)

4. The Broker may hold the contract monies until time of transfer. True
5. The Broker may use the contract monies as personal money until time of transfer. False

ETHICS

To achieve professional status, a real estate broker must act not only in accordance with existing laws, but also in accordance with certain sets of behavior which all reasonable men recognize as being based on principles, and aimed at the greatest good for the citizens and residents of their country.

True or False

1. When representing buyers, agents pledge themselves to protect the interests of their client. True
2. Representing the buyer relieves agents from the obligation to treat all parties fairly. False
3. A real estate agent may give legal advise. False

4. An agent may exaggerate homeowner benefits in order to get a person to purchase. False
5. An agent must present an offer to purchase immediately. True
6. Agents must discover and disclose material defects, reasonably apparent, if the defect affects the value of a property. True
7. If the seller instructs the agent not to disclose a material defect which affects the value of the sellers property, the agent must follow the sellers instructions. False
8. Realtors must cooperate with other brokers except when the cooperation is not in the clients best interest. True.
9. If a Realtor seeks to buy or sell a property for himself, he must disclose this to the potential buyer or seller. True
10. A Realtor may accept compensation from buyer and seller if he discloses the fact to both. True.
11. The buyer's down payment may be used as personal money by the broker until it is time to transfer the money to the seller. False
12. Whenever possible, the Realtor must insure that all agreements are in writing with clear, understandable specific terms and conditions. True
13. An agent may choose not to work with a potential buyer because the person has no way of getting funds to purchase. True.
14. An agent may choose not to work with a potential buyer with funds to buy because she is a woman. False
15. To be kind, a broker may offer to fix broken plumbing for a buyer, letting the buyer think he is also a plumber, altho he is not. False.
16. A Realtor may never offer a premium, or prize as an inducement to buy. False
17. Realtors may not offer for sale or lease property without authority. True
18. Realtors may not make false or misleading statements about other Realtors. True
19. Advertising by Realtors is considered unprofessional. False
20. The best rule of ethics is "Do unto others what you would have done to you. True.