



Broker Beware: Protect Your Real Estate License

Activity # 2

Choose one of the following numbered terms for answers to the situations listed below:

- A. Fraud
- B. Negligent misrepresentation
- C. Negligence

1) The broker failed to disclose defects in the HVAC system, which he was aware of.

Answer = _____

2) The broker knew nothing about the condition of the roof, the electrical panel, or anything else. The broker told the buyer that the house just needed some "TLC" and it would be a good rental property. Shortly after closing, the property was condemned by the city and destroyed.

Answer = _____

3) The broker failed to walk through the property before listing the home on the MLS, however, they wrote "All in Top Shape" in the MLS listing. After the buyers moved in, they discovered many issues with a room addition. They moved out and sued the broker.

Answer = _____

4) A broker working with a buyer who could not get financing stepped in and bought the property on a real estate contract. Despite telling the buyer that they would sell it to them on precisely the same terms, they inflated the interest rate and pocketed the difference every month.

Answer = _____

5) The broker recommended a roofer to his seller client without bothering to check on the roofer's license or insurance. The roofer burnt the house down.

Answer = _____