MOMETRIX
SMARTER PREP. BETTER RESULTS.

PRACTICE QUESTIONS

COLORADO REAL ESTATE

SBFGKFFX

CO Broker

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

WEB www.mometrix.net

SUPPORT support@mometrix.net

Before you begin

What this is

9 practice questions for COLORADO REAL ESTATE `SBFGKFFX`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, `SBFGKFFX`
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1 MULTIPLE CHOICE

A Colorado real estate broker is responsible for supervising the activities of licensed real estate brokers and salespersons associated with the brokerage. Under Colorado broker supervision requirements, which of the following activities MUST the managing broker perform? (Choose two.)

- **A Establish a written office policy that clearly outlines the duties and responsibilities of licensees**
- B Personally conduct every real estate transaction handled by the brokerage
- **C Review and sign trust account records, including reconciliations, at regular intervals**
- D Pay all licensees' personal expenses out of the brokerage trust account

ANSWER **A · C**

WHY Under Colorado broker supervision rules (Commission Regulation 4.1 and §12-10-60 series), the managing broker must establish and maintain a written office policy and must review/sign trust account records (including reconciliations) at regular intervals. Brokers are not required to personally conduct every transaction, and trust funds may never be used to pay personal expenses of licensees.

QUESTION 2 MULTIPLE CHOICE

Which of the following are required elements of a proper Colorado real estate closing? (Choose two.)

- **A The closing must be conducted by, or under the supervision of, a licensed Colorado real estate broker**
- **B The seller must provide the buyer with a copy of the title commitment before closing**
- C The broker must collect an earnest money deposit and place it in a trust account
- D The buyer must obtain a 30-year fixed rate loan at closing

ANSWER **A · B**

WHY Colorado closings require that the closing be conducted by, or under the supervision of, a licensed Colorado real estate broker, and the seller must furnish a copy of the title commitment (or preliminary title report) to the buyer prior to closing. Earnest money handling and trust account procedures are broker duties but are not specific required closing elements. There is no requirement that the loan be a 30-year fixed rate.

QUESTION 3 TRUE FALSE

Under Colorado real estate licensing law, a broker's license may be revoked or suspended for failing to properly safeguard trust funds belonging to others.

- **A** **True**
- B False

ANSWER **A**

WHY True. Under §12-10-201 of the Colorado real estate licensing law, failing to properly account for, safeguard, or maintain trust funds entrusted to a licensee is grounds for disciplinary action, which can include suspension or revocation of the license.

QUESTION 4 SINGLE CHOICE

In a typical Colorado real estate transaction, what document is signed by the buyer and seller at closing to evidence the transfer of ownership of the property?

- A Promissory Note
- **B** **Deed**
- C Listing Agreement
- D Real Estate Contract

ANSWER **B**

WHY A deed is the instrument that conveys or transfers title/ownership of real property from the grantor (seller) to the grantee (buyer) at closing. The promissory note is evidence of a loan, the listing agreement is the contract between seller and broker, and the real estate contract is the underlying purchase agreement, not the transfer of title itself.

QUESTION 5 SINGLE CHOICE

A buyer obtains a loan in which the lender's security is the real property itself, giving the lender the right to foreclose if the buyer defaults. This type of loan is best described as:

A A personal loan

B **A mortgage loan**

C An unsecured line of credit

D A chattel loan

ANSWER **B**

WHY A mortgage loan is a loan secured by real property (real estate). The real estate serves as collateral, and the lender has the right to foreclose on the property upon default. Personal loans, unsecured lines of credit, and chattel loans (secured by personal property, not real property) do not describe this instrument.

QUESTION 6 SINGLE CHOICE

In Colorado, a real estate broker handling earnest money deposits must:

A Deposit all earnest money into the broker's personal account

B Mix earnest money with the broker's operating funds in one general account

C **Place earnest money into a separate Colorado real estate trust account**

D Hold earnest money only as cash at the brokerage office

ANSWER **C**

WHY Colorado law requires that earnest money and other trust funds belonging to others be placed into a Colorado real estate trust account, separate from the broker's personal or operating funds. Brokers may not commingle trust money with operating or personal funds, nor hold it as personal cash.

QUESTION 7 SINGLE CHOICE

Which of the following best describes the role of a 'managing broker' under Colorado real estate licensing law?

A A licensee who sells real estate and supervises only his/her own personal transactions

B The broker designated by a brokerage to be responsible for the supervision and management of the brokerage's licensees and trust account

C An unlicensed employee who processes real estate paperwork

D A salesperson authorized to act independently without supervision

ANSWER **B**

WHY In a Colorado real estate brokerage, a managing broker is the broker designated by the brokerage to oversee the activities of associated licensees and ensure compliance with licensing laws, including supervision and trust account oversight. A salesperson cannot act without supervision, and the managing broker must be a licensed broker (not an unlicensed employee).

QUESTION 8 SINGLE CHOICE

A Colorado real estate broker must disclose material facts about a property to a buyer. Which of the following is generally considered a 'material fact' that must be disclosed?

A The seller's favorite paint color

B A known latent structural defect in the foundation

C The neighboring property's planned exterior paint color

D The buyer's expected future plans for the home

ANSWER **B**

WHY A known latent structural defect, such as a foundation problem, is a material fact because it could affect the buyer's decision to purchase and the value of the property. Brokers must disclose known material facts. Personal preferences, neighbor cosmetic plans, or buyer's own future plans are not material facts the broker must disclose.

QUESTION 9 SINGLE CHOICE

Under Colorado closing procedures, who is typically responsible for preparing the deed and recording the necessary documents to transfer title from seller to buyer?

A The buyer's lender

B The closing broker or closing company conducting the closing

C The buyer's homeowner's insurance company

D The seller's appraiser

ANSWER **B**

WHY In Colorado, the closing broker or closing company handling the transaction prepares the deed and other closing documents and arranges for recording of the deed with the county clerk and recorder. The lender, insurance company, and appraiser do not handle deed preparation and recording as part of their normal roles.