**Errata (2019-12-09)**

At Dearborn™ Real Estate Education, we are proud of our reputation for providing the most complete, current, and accurate information in all our products. We are committed to ensuring the kind of quality you rely on. Please note the following changes, which will be reflected in the next printing of *Guide to Passing the PSI Real Estate Exam, Seventh Edition*.

|  |  |  |
| --- | --- | --- |
| **Page/Location** | **Was** | **Change to** |
| 30, after 17. |  | Add:  18. Trade fixture—an item installed by a commercial tenant according to the terms of a lease and removable by the tenant before the expiration of the lease—personal property. If not removed, the trade fixture becomes real property of the building owner by accession. |
| 79, Federal lending laws | Consumer Financial Protection Board | Consumer Financial Protection Bureau |
| 95, question 1 | Adam agrees to buy Beatrice’s real estate for $123,000. Beatrice signs a sales contract and deposits $12,300 earnest money with Bea­trice’s broker, Cornelius. Beatrice is unable to show good title, and Adam demands the return of his earnest money from Cornelius, as provided in the contract. What should Cornelius do?   * 1. Deduct the commission and return the balance to Beatrice   2. Deduct the commission and pay the bal­ance to Beatrice   3. Return the entire amount of earnest money to Beatrice   4. Pay the entire amount to Beatrice to dispose of as Beatrice sees fit | Adam agrees to buy Beatrice’s real estate for $123,000. Beatrice signs a sales contract and the $12,300 earnest money check is deposited with Bea­trice’s broker, Cornelius. Beatrice is unable to show good title, and Adam demands the return of his earnest money from Cornelius, as provided in the contract. What should Cornelius do?   * 1. Deduct the commission and return the balance to Beatrice   2. Deduct the commission and pay the bal­ance to Beatrice   3. Return the entire amount of earnest money to Adam   4. Pay the entire amount to Beatrice to dispose of as Beatrice sees fit |
| 99, question 1 | Beatrice is not entitled to any com­pensation, as she was responsible for breaching the contract. Cornelius can­not deduct commission, because the sale did not close. (92) | Beatrice has breached the contract because she could not produce clear (marketable) title. Therefore, the earnest money should be returned to the buyer, Adam. (92) |
| 101, question 12 | K | J |
| 111 N. | Lead-based paint | Lead risk assessment |
| 118, Purchase Contracts (offers) | 3. When the contract has been prepared and signed by the purchaser, it is an offer to purchase; the subject of real estate. | 3. When the contract has been prepared and signed by a ready, willing, and able buyer, it is an offer to purchase; the subject of real estate. |
| 120, after G. |  | Add:  H. Broker Protection Clause—states that the property owner will pay the listing broker a commission if, within a specified number of days after the listing expires, the owner transfers the property to someone the broker originally introduced to the owner. |
| 123, question 22 | An exclusive-right-to-sell listing contract is a unilateral contract and may be considered | An exclusive-right-to-sell listing contract is a bilateral contract and may be considered |
| 125, question 16 | The open and exclusive agency listings allow the sellers to sell the property personally on their own without owing the broker a commission. (120) | The open and exclusive agency listings allow the sellers to sell the property personally on their own without owing the broker a commission. (117) |
| 126, question 22 | The listing contract is both a unilateral contract and an employment agreement. It is considered a unilateral contract, because the seller obligates himself or herself to pay a commission only if a buyer is procured by the broker. How­ever, the broker doesn’t promise the seller that emphatically he or she will find a buyer. The broker only promises to try. Therefore, what legally exists is a promise for an act, which is the defini­tion of a unilateral contract. (115–117) | The exclusive-right-to-sell listing contract is a bilateral contract and is also an employment agreement. It is considered a bilateral contract because the seller promises to pay a commission and the broker promises to use diligence to procure a purchaser. Therefore what legally exists is a promise for a promise which is the definition of a bilateral contract. (115-117) |
| 138, question 12 | (3) | (2) |
| 140, Answer Key: Matching Quiz | 1. I  2. J  3. F  4. H  5. C  6. K  7. A  8. B  9. G  10. E  11. N  12. Q  13. S  14. L  15. D  16. T  17. R  18. P  19. M  20. O | 1. N  2. J  3. Q  4. R  5. O  6. T  7. P  8. A  9. D  10. C  11. B  12. I  13. L  14. F  15. G  16. M  17. S  18. H  19. E  20. K |
| 144. M. | 1. A civil penalty against the respondent, not exceeding $10,000 for the first offense.  2. A penalty not exceeding $25,000, if another offense was committed within the past five years.  3. A penalty not exceeding $50,000, if two or more discriminatory practices have been found in the past seven years.  4. An order for “appropriate” relief that may include actual damages, injunctive relief, and “other equitable relief.”  5. A recommendation for disciplinary action against a named  respondent whose licensure by a governmental agency is related to the complaint (including license suspension or revocation). | 1. A civil penalty against the respondent, not exceeding $16,000 for the first offense.  2. A penalty not exceeding $37,500, if another offense was committed within the past five years.  3. A penalty not exceeding $65,000, if two or more discriminatory practices have been found in the past seven years.  4. An order for “appropriate” relief that may include actual damages, injunctive relief, and “other equitable relief.”  5. A recommendation for disciplinary action against a named  respondent whose licensure by a governmental agency is related to the complaint (including license suspension or revocation). |
| 166 | $3.3534 ÷ 348 = $1,166.99 debit to the seller and credit to the buyer (rounded) | $3.3534 x 348 = $1,166.99 debit to the seller and credit to the buyer (rounded) |
| 171 | $800 (monthly payment) × 360 moths = $288,000 | $800 (monthly payment) × 360 months = $288,000 |
| 182, question 7 | $320,000 – (210,000 + $3,000) = | $320,000 – (210,000 + $30,000) = |
| 191, 8. | Bill of sale—a written instrument given to pass title to real property | Bill of sale—a written instrument given to pass title to personal property |
| 192, question 4 | 3. new lease. | 3. net lease. |
| 201, question 40, 3. | the principle. | the principal. |
| 203, question 50 | A listing broker is consider to have earned a commission from a principal when which of the following events occur? | A listing broker is considered to have earned a commission from a principal when which of the following events occur? |
| 205, question 66 | 4. $100,000. | 4. $1 million |
| 206, question 77 | Using the information in question 83, what is the total interest paid over the life of the loan? | Using the information in question 76, what is the total interest paid over the life of the loan? |
| 207, question 6 | (36–37) | (26–27) |
| 207, question 8 | (36–37) | (26–27) |
| 207, question 11 | (28) | (29) |
| 208, question 25 | (59) | (58, 59) |
| 208, question 30 | (57) | (57–58) |
| 209, question 36 | (74) | (73–74) |
| 209, question 39 | (148) | (91) |
| 209, question 46 | (92) | (94) |
| 209, question 47 | (1) | (3) |
| 210, question 50 | (90) | (118, 286) |
| 210, question 64 | (130) | (131) |
| 211, question 66 | In addition to the maximum fine, the broker may have to serve up to three years in prison. (150) | In addition to the maximum fine, the broker may have to serve up to ten years in prison. (150) |
| 211, question 69 | arrangements. | arrangements. (142) |
| 211, question 73 | $644 ÷ $3.40 = $2,189.60, annual taxes | $644 × $3.40 = $2,189.60, annual taxes |
| 211, question 75 | 18 days ÷ $14.675 = $264.15 (169) | 18 days × $14.675 = $264.15 (169) |
| 221, question 6 | (21) | (30) |
| 221, question 7 | (165) | (165–167) |
| 221, question 12 | (23) | (23–24) |
| 222, question 16 | (162) | (162–163) |
| 222, question 20 | (142) | (144) |
| 223, question 37 | (23) | (24) |
| 224, question 47 | $193,950 sales price × 6% (0.06) com­mission = $11,637, broker commission  $11,637 × 60% (0.60) = $6,982.20 × 0.05 = $3,491.10, selling salesperson’s commission (160) | $193,950 sales price × 6% (0.06) com­mission = $11,637, broker commission  $11,637 × 60% (0.60) = $6,982.20 × 0.50 = $3,491.10, selling salesperson’s commission (160) |
| 224, question 57 | (165) | (169–171) |
| 225, question 68 | The Sherman Antitrust Act also pro­vides for a maximum $100,000 fine. (150) | The Sherman Antitrust Act also pro­vides for a maximum $1 million fine. (150) |
| 225, question 73 | (23) | (23–26) |
| 225, question 74 | (25) | (24–25) |
| 228, question 30 | Using the information in question 30, what is the total interest paid over the life of the loan? | Using the information in question 29, what is the total interest paid over the life of the loan? |
| 233, question 73 | Jessica borrowed from several banks to get into an investment he could not have financed on his own. This is an example of | Jessica borrowed from several banks to get into an investment she could not have financed on her own. This is an example of |
| 234, question 3 | (17) | (27) |
| 234, question 8 | (27) | (28) |
| 235, question 20 | (58) | (57–58) |
| 235, questions 24–26 | 24. (1) The Federal Deposit Insurance Corporation provides insurance for up to $250,000 per depositor. (73)  25. (3) Special assistance programs are administered by GNMA. (74)  26. (4) Deposits in commercial banks are insured by the FDIC. (73) | 24. (4) Deposits in commercial banks are insured by the FDIC. (73)  25. (3) Special assistance programs are administered by GNMA. (74)  26. (1) The Federal Deposit Insurance Corporation provides insurance for up to $250,000 per depositor. (73) |
| 251, question 41 | The Equal Credit Opportunity Act does not protect people on the basis of sexual orientation. (142) | The federal Equal Credit Opportunity Act does not protect people on the basis of sexual orientation. (145) |
| 253, question 71 | (93) | (92) |
| 253, question 72 | (93) | (92) |
| 254, question 4 | With permission, a tenant is going to place a window air conditioner in a rented space. In order to purchase the right size air conditioner, the tenant must compute the square feet of a room that is 90' × 60'. What is the square feet of this room? | With permission, a tenant is going to place new carpeting in a rented space. In order to purchase the right size carpeting, the tenant must compute the square feet of a room that is 90' × 60'. What is the square feet of this room? |
| 255, question 14 | All of the following statements correctly describe the relationship of a salesperson working for a broker *EXCEPT* | All of the following statements correctly describe the relationship of a salesperson working for a broker as an employee *EXCEPT* |
| 263, question 4 | (3) | (1) |
| 263, question 14 | (149) | (148) |
| 263, question 15 | (151) | (144) |
| 264, question 19 | (24) | (26) |
| 264, question 29 | (141) | (142) |
| 265, question 46 | (92) | (94) |
| 266, question 50 | (131) | (130) |
| 267, question 70 | (149) | (148) |