

Agent Roles and Obligations in Maryland Practice Test (Sample)

Study Guide



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SAMPLE

Questions

- 1. If Terry and Roberta are designated as intra-company agents, can George serve as the dual agent?**
 - A. No. Only the broker can be the dual agent.**
 - B. No. The dual agent can't be on the same team as the ICAs.**
 - C. Yes, as long as he's also the broker.**
 - D. Yes, as long as the buyer and seller consent.**
- 2. What distinguishes a special agent's authority compared to a general agent's?**
 - A. A special agent has broad authority over all transactions.**
 - B. A special agent has limited authority to act on behalf of their client.**
 - C. A special agent can make final decisions without client input.**
 - D. A special agent represents multiple clients simultaneously.**
- 3. What should a fiduciary do if a client seeks advice outside of their expertise?**
 - A. Attempt to provide the best guess possible.**
 - B. Refer the client to an expert.**
 - C. Offer personal opinions based on experience.**
 - D. Consult with other agents for advice.**
- 4. Which of the following is a requirement before a licensee may show a property to a prospective buyer in Maryland?**
 - A. The buyer must sign a list of previous transactions.**
 - B. The licensee must inform the buyer of all potential listings.**
 - C. The buyer must sign a representation agreement or acknowledgment of sub-agency.**
 - D. The buyer must provide a purchase offer before viewing.**
- 5. In what scenario might a court appointed guardian be considered a universal agent?**
 - A. When they manage only the financial assets of the principal.**
 - B. When their authority is restricted to property transactions only.**
 - C. When they are empowered to make all decisions regarding the person and their property.**
 - D. When they only negotiate contracts on behalf of the principal.**

- 6. Who does a sub-agent owe their duties to in a selling transaction?**
- A. The buyer exclusively**
 - B. The listing agent**
 - C. The sellers and the seller's agents**
 - D. No one**
- 7. What does a seller's intra-company agent specifically do in a dual agency situation?**
- A. Represents the buyer's interests exclusively.**
 - B. Handles negotiations between agents.**
 - C. Exclusively represents the seller.**
 - D. Acts as an intermediary without any loyalty to either party.**
- 8. What is the role of a sub-agent in a real estate transaction?**
- A. A licensee who represents the buyer only**
 - B. A licensee who performs agency functions on behalf of another firm's client**
 - C. A licensee who only assists the seller**
 - D. A licensee who has a direct agreement with the buyer**
- 9. What outcome occurs if Devon and Courtney withdraw their consent to dual agency?**
- A. Crab Shack may terminate the listing agreement.**
 - B. Devon and Courtney may terminate their agency relationship with Crab Shack and find another broker.**
 - C. Devon and Courtney will be held to their previous dual agency consent and the transaction will continue unhindered.**
 - D. The buyers may find another broker to represent them.**
- 10. What must dual agents maintain regarding confidential information?**
- A. They can discuss all terms with both parties**
 - B. They must disclose any secret motivations**
 - C. They must keep sensitive information confidential unless written consent is given**
 - D. They are allowed to advocate for one party over the other**

Answers

SAMPLE

1. B
2. B
3. B
4. C
5. C
6. C
7. C
8. B
9. C
10. C

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Explanations

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1. If Terry and Roberta are designated as intra-company agents, can George serve as the dual agent?

A. No. Only the broker can be the dual agent.

B. No. The dual agent can't be on the same team as the ICAs.

C. Yes, as long as he's also the broker.

D. Yes, as long as the buyer and seller consent.

The correct answer highlights the unique considerations tied to intra-company agents (ICAs) within a real estate brokerage context. When agents are designated as intra-company agents, they are assigned specific roles within their brokerage to represent either the buyer or the seller, which typically limits their ability to take on additional roles that could conflict with their representation duties. The role of a dual agent involves representing both the buyer and seller in the same transaction, which can create potential conflicts of interest. The presence of ICAs means that George, serving as a dual agent, could face challenges in balancing the interests of both parties without compromising the specific obligations owed to each under their designated roles. This creates the potential for conflicts that could impact the integrity of the agency relationship and the obligations owed to the respective parties. Therefore, the answer underlines that, under Maryland law, a dual agent cannot simultaneously oversee the same transaction as agents who are designated in a specific capacity within the brokerage, like intra-company agents. This reflects the broader principle of maintaining clear boundaries and designated roles in agency relationships to uphold ethical standards in real estate practices.

2. What distinguishes a special agent's authority compared to a general agent's?

A. A special agent has broad authority over all transactions.

B. A special agent has limited authority to act on behalf of their client.

C. A special agent can make final decisions without client input.

D. A special agent represents multiple clients simultaneously.

The distinguishing feature of a special agent's authority compared to a general agent's is that a special agent has limited authority to act on behalf of their client. This means that the special agent is typically appointed to handle specific tasks or transactions and does not have the broad powers that a general agent possesses. A general agent can negotiate and make decisions on various matters as authorized by the principal across a wider scope of activities. In contrast, a special agent's role is confined to the particular purpose for which they were appointed, such as completing a single transaction or managing a specific project. This limitation on authority ensures that the special agent is only able to act within the boundaries set by the principal. For instance, in real estate, a special agent might be hired to sell a specific piece of property, and their authority is strictly to facilitate that sale, without the power to handle other transactions or make independent decisions. This clear definition of authority helps establish roles and responsibilities, promoting accountability in the agent-client relationship. It is important for clients to understand that special agents are bound by these limitations, as it influences how they interact and conduct business on behalf of their principals.

3. What should a fiduciary do if a client seeks advice outside of their expertise?

- A. Attempt to provide the best guess possible.**
- B. Refer the client to an expert.**
- C. Offer personal opinions based on experience.**
- D. Consult with other agents for advice.**

When a fiduciary encounters a situation where a client seeks advice that falls outside their expertise, the appropriate and responsible action is to refer the client to an expert. This choice reflects the key ethical obligation fiduciaries have to act in their clients' best interests. By referring the client to someone with specialized knowledge or skills relevant to the inquiry, the fiduciary ensures that the client receives accurate, credible, and relevant information. This protects the client from potentially misleading or incorrect advice and maintains the fiduciary's professional integrity and trustworthiness. Providing a best guess, offering personal opinions without a solid foundation, or consulting with other agents who may also lack expertise does not fulfill the fiduciary's obligation to deliver proper guidance or ensure the client has access to the best possible resources. Thus, referring the client to an expert is the best course of action, showcasing a commitment to professionalism and a focus on the client's needs.

4. Which of the following is a requirement before a licensee may show a property to a prospective buyer in Maryland?

- A. The buyer must sign a list of previous transactions.**
- B. The licensee must inform the buyer of all potential listings.**
- C. The buyer must sign a representation agreement or acknowledgment of sub-agency.**
- D. The buyer must provide a purchase offer before viewing.**

The correct choice is that the buyer must sign a representation agreement or acknowledgment of sub-agency before a licensee may show a property to a prospective buyer in Maryland. This requirement is rooted in the principles of agency law and emphasizes the importance of establishing a clear, legally recognized relationship between the agent (licensee) and the buyer. A representation agreement formalizes the understanding of the services the agent will provide and the obligations of the parties involved, ensuring that the buyer comprehensively understands their rights and the commitments of the licensee. This agreement is crucial as it clarifies the roles and duties within the agency relationship, promoting transparency and trust. The options referencing the buyer signing a list of previous transactions, the licensee informing the buyer of all potential listings, or the buyer providing a purchase offer before viewing do not constitute necessary or mandated steps under Maryland law. Such practices might be useful in some contexts but do not fulfill the specific legal criteria that must be met before a licensee can show properties to prospective buyers. The agency relationship and the necessary agreements are what govern these interactions, thereby ensuring both compliance with legal standards and the protection of the involved parties' interests.

5. In what scenario might a court appointed guardian be considered a universal agent?
- A. When they manage only the financial assets of the principal.
 - B. When their authority is restricted to property transactions only.
 - C. When they are empowered to make all decisions regarding the person and their property.**
 - D. When they only negotiate contracts on behalf of the principal.

A court-appointed guardian is considered a universal agent when they possess the authority to make all decisions regarding both the personal care and the financial matters of the individual they are appointed to protect. This broad scope of power enables the guardian to act in the best interest of the individual in multiple capacities, thereby encompassing all aspects of their life. Universal agents have the ability to handle significant responsibilities, including healthcare decisions, managing assets, and making legal decisions, reflecting a comprehensive fiduciary role. In contrast, other scenarios where the authority is limited—such as managing only financial assets, being restricted to property transactions, or negotiating contracts—would not qualify as universal agency because they do not encompass the full range of personal and financial decision-making responsibilities entrusted to a guardian. Each of these limitations suggests a narrower focus and, thus, a more limited agency role.

6. Who does a sub-agent owe their duties to in a selling transaction?
- A. The buyer exclusively
 - B. The listing agent
 - C. The sellers and the seller's agents**
 - D. No one

In a selling transaction, a sub-agent has a fiduciary duty primarily to the seller and the seller's agents. This relationship arises from the fact that the sub-agent is appointed by the listing agent to assist in the sale of the property. As a representative of the seller, the sub-agent must act in the best interests of the seller, uphold confidentiality, and work toward fulfilling the seller's goals in the transaction. The sub-agent's obligations to the seller include showing the property, negotiating offers, and providing relevant information, all while maintaining the fiduciary responsibilities established through the agency relationship. Since the primary goal in this context is to facilitate the successful sale of the property for the seller, it is essential that the sub-agent prioritizes the needs and interests of the seller and the listing agent in the process. This understanding clarifies the course of duties for all parties involved. The choice indicating that a sub-agent owes duties exclusively to the buyer, or solely to the listing agent, does not align with the proper agency relationship established in a selling transaction. Additionally, the notion that the sub-agent owes duties to no one overlooks the essential responsibilities inherent in the agency relationship.

7. What does a seller's intra-company agent specifically do in a dual agency situation?

- A. Represents the buyer's interests exclusively.**
- B. Handles negotiations between agents.**
- C. Exclusively represents the seller.**
- D. Acts as an intermediary without any loyalty to either party.**

In a dual agency situation, the seller's intra-company agent exclusively represents the interests of the seller, even while also representing the buyer within the same brokerage. This arrangement requires the agent to have a clear focus on the seller's objectives and needs throughout the transaction. The role of the intra-company agent is to advocate for the seller's position, negotiating terms, and ensuring that their interests are prioritized over those of the buyer, despite the dual representation. The responsibilities of the seller's intra-company agent include providing recommendations, presenting offers, and advising on market conditions, all aimed at achieving the best possible outcome for the seller. This singular focus is essential in maintaining trust and effectiveness in the representation of the seller's interests, which is especially important given the potential conflicts that may arise in a dual agency framework.

8. What is the role of a sub-agent in a real estate transaction?

- A. A licensee who represents the buyer only**
- B. A licensee who performs agency functions on behalf of another firm's client**
- C. A licensee who only assists the seller**
- D. A licensee who has a direct agreement with the buyer**

The role of a sub-agent in a real estate transaction specifically refers to a licensee who performs agency functions on behalf of another firm's client. This means that the sub-agent acts under the authority of a primary agent, representing the interests of the client of the primary agent rather than their own interests or those of a different party. In this capacity, the sub-agent must adhere to the same fiduciary duties and obligations as the primary agent, including loyalty, confidentiality, and full disclosure, thus ensuring that the client's confidential information and goals are protected during the transaction. This is particularly important in real estate deals, where multiple agents may be involved, maximizing support for the primary agent's client while striving for a successful transaction. The other options can be misleading or too narrow in scope. For instance, a sub-agent does not represent just the buyer or just the seller; rather, they represent the client of the primary agent, regardless of whether that client is buying or selling. The sub-agent also does not have a direct agreement with the buyer but works under the agency created by the relationship established by the primary agent. This understanding clarifies the sub-agent's role and responsibilities in real estate transactions.

- 9. What outcome occurs if Devon and Courtney withdraw their consent to dual agency?**
- A. Crab Shack may terminate the listing agreement.**
 - B. Devon and Courtney may terminate their agency relationship with Crab Shack and find another broker.**
 - C. Devon and Courtney will be held to their previous dual agency consent and the transaction will continue unhindered.**
 - D. The buyers may find another broker to represent them.**

If Devon and Courtney withdraw their consent to dual agency, the correct outcome is that they may terminate their agency relationship with the broker, Crab Shack, and find another broker. This is because dual agency requires the informed consent of both parties involved. When that consent is withdrawn, the broker can no longer remain in the dual agency role and must cease representing both parties in that capacity. The ability for Devon and Courtney to terminate their agency relationship reflects their fundamental rights as clients to control their representation in a real estate transaction. This ensures that they have the opportunity to find a broker who can fully advocate for their interests, free from the limitations of dual agency. In contrast, the other responses do not accurately capture the implications of withdrawing consent. The idea that they would be held to their previous consent does not account for the agency principles that allow clients to withdraw consent at any time, thereby putting their agency relationship at risk. The notion that the buyers might simply find another broker is an incomplete view of the situation, as it does not encompass the full implications for Devon and Courtney's relationship with their current broker. Thus, the outcome reflects the rights of the parties involved in the real estate transaction, reinforcing the importance of consent and the ability to change representation when necessary.

- 10. What must dual agents maintain regarding confidential information?**
- A. They can discuss all terms with both parties**
 - B. They must disclose any secret motivations**
 - C. They must keep sensitive information confidential unless written consent is given**
 - D. They are allowed to advocate for one party over the other**

Dual agents are required to maintain confidentiality regarding sensitive information obtained from both parties involved in a transaction. This is because a dual agent represents both the buyer and the seller, creating a unique situation where loyalty to one party can conflict with the obligations to the other. The correct answer emphasizes that unless written consent is provided by both parties, a dual agent must keep all sensitive information confidential. This duty of confidentiality helps to ensure trust and protect the interests of both parties, allowing them to feel secure in their negotiations and communications. The other choices do not align with the obligations of a dual agent. Discussing all terms with both parties could lead to a breach of confidentiality. Disclosing secret motivations could undermine the trust necessary for the agent-client relationship. Likewise, advocating for one party over another would conflict with the agent's duty to treat both parties fairly. Therefore, maintaining confidentiality is a critical obligation of a dual agent in Maryland.