



Topic 2A- 2021/22
Disclosing Material Fact

Compulsory
Continuing Professional Development (CPD)
1 hour

- ASSESSMENT QUESTIONS -

Real Estate Training Solutions

PO Box 682, Richmond, NSW, 2753

Phone: 1300 850 980 | Email: enquiries@rets.com.au | www.rets.com.au

Assessment Cover Sheet and Declaration Form

Disclosing Material Fact

Compulsory - CPD

STUDENT NAME: _____

COURSE: _____

DATE: _____

I, _____ declare that the enclosed assessment material is my own work.

Student Signature: _____

Date: _____

Disclosing Material Fact

QUIZ

1. Material fact is only relevant to a sales transaction, and not a leasing transaction. True or false?
2. The principle of 'Caveat Emptor' means that an agent cannot be held liable to a purchaser for loss flowing from a misrepresentation made by the agent. True or false?
3. Penalties apply for breaches of section 30 of the Australian Consumer Law. The maximum penalty is
 - A. \$220,000 in each case, whether person or company
 - B. in the case of a person is \$220,000 and for a company is \$1.1 million
 - C. cancellation of agent license or registration
 - D. \$22,000 for a person and \$120,000 for a company
4. If a licensee has an interest in a property as an owner, they must have which of the following in their advertisement
 - A. The estimated selling price
 - B. The highest offer received to date
 - C. Information disclosing their interest as owner
 - D. All of these
5. Which of the following would need to be disclosed as a *prescribed material fact* under legislation that commenced on 23rd March 2020?
 - A. 10 years ago there was a bushfire in the area
 - B. the property is subject to a major mould and rising damp problem, but has been recently painted to make it look 'fresher'
 - C. the last tenants used to smoke marijuana occasionally in the backyard
 - D. the property is strata and the property above has wooden floor boards so it is very noisy

6. Which of the following is **correct** with regards to an agent's responsibility regarding finding out about material facts:

- A. The agent should ask the client if there are any material facts to disclose, but if they say 'no', then the agent cannot be held accountable.
- B. The agent should ask the owner but must also carry out their own enquires
- C. The agent has no responsibility to disclose material facts, the buyer must make their own enquiries
- D. Using an agency authority that asks the owner to disclose material facts is not a good idea as it may offend some owners.

7. Which of the following statements are **correct**:

- A. Any photographs taken on the property itself that are used to advertise the property do not require labelling.
- B. Agents must not zoom in on a photograph of a view from the property to make that view appear closer.
- C. Photographs not taken on the property itself but within the immediate surrounding area will require the labelling 'location shot'.
- D. All of these

8. The agent rules of conduct require an agent to be honest with their client, but the customer in the transaction is not owed any obligation of honesty or fairness. True or False?

9. During a particular sale, a change in circumstance means that information already provided by the agent to the purchaser is now incorrect. In this situation:

- A. Silence about the changed information may be deemed as misleading and deceptive
- B. The agent cannot be held responsible for the change as the correct information at the time was given out
- C. Silence of the agent is not considered to be failure to disclose
- D. This is an example of bait advertising

10. A wildly exaggerated or vague claim about a product or service is known as

- A. misrepresentation
- B. misleading and deceptive conduct
- C. puffery
- D. best practice advertising techniques