

Sample Questions

Level 4 Certificate in Sale of Residential Property

- **Unit 1: Legal Aspects Relating to Residential Estate Agency (LAREA)**
- **Unit 2: Practice Relating to Residential Estate Agency (PREA)**
- **Unit 3: Market Appraisal and Valuation Relating to Residential Estate Agency (MAVREA)**
- **Unit 4: Building Design and Defects for Residential Estate Agency (BDDREA)**
- **Unit 5: Business Practice (IOM)**
- **Unit 6: Business Management (AOM)**

NOTE

These questions are samples of the type of questions asked in examinations.

Each examination has 5 scenarios with 2 questions asked per scenario.

10 marks are available per question. 100 marks are available per examination.

Unit 1: Legal Aspects Relating to Residential Estate Agency (LAREA)

Scenario 1

Your father Peter decides to sell his house privately and advertises it in the local paper at £370,000. Paul arranges with your father directly to view the property, likes the house and subsequently makes an offer of £367,000. Your father tells Paul that he will only accept the full asking price of £370,000. The following Monday, Paul receives an email from Peter to say he will sell the house for £367,500 and he has until Friday to think about it. On Wednesday evening Paul meets his brother John for a drink, and John tells Paul that Peter has now actually sold the house earlier that day to a work colleague for £367,000. On returning home he emails your father accepting his offer to sell at £367,500. The next morning your father emails Paul and simply says "You are too late, I have sold the house to a work colleague".

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Explain fully, in terms of contract law if a contract exists between Peter and Paul.

Question 2

If Peter had actually instructed your estate agency to sell the property on his behalf, but was in breach of contract with your firm by still agreeing a "private" sale directly with his work colleague, explain what remedies you may have against Peter to recover your aborted costs?

Scenario 2

You are the manager of a branch office of a four office firm of estate agents. You have recently recruited a new member of staff, Lucy, who has no previous experience in agency but is very enthusiastic and very keen to learn.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Your branch is selling a property for Ben, with an asking price of £399,995. Adam, a possible buyer, wishes to view Ben's property, and Lucy tells Adam that there are three interested buyers and that the highest offer so far is £390,000. She also tells Adam that this offer was from a cash buyer. However, Lucy is fully aware that in actual fact there is only one interested buyer and the offer from them was only for £375,000 and the potential buyers need a mortgage. Explain the consequences of Lucy's over enthusiasm.

Question 2

Adam now discovers that Lucy has misled him with regard to the offers on Ben's house and reports the matter to the local trading standards department. After investigation, you receive notification that the authorities are to take action. Explain what this action will be, and the procedures they will follow.

Scenario 3

Mike is buying a substantial freehold Edwardian property through your agency and intends to carry out his own conveyancing.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Mike contacts you and says that a neighbour is stating they own a strip of garden at the rear as they have used this for a long period of time. Explain on what grounds the neighbour may claim title to this area of land.

Question 2

Mike now telephones you to say he is ready to exchange contracts, but is unsure of the procedure. Explain what he needs to do.

Scenario 4

You are one of two partners (and NAEA members) about to establish a single office residential estate agency business. You have been asked by your new partner to enquire about redress schemes.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

With reference to legislation (if any) explain what redress schemes are available and how they work.

Question 2

Several months later you receive instructions to market a property. The client reveals they are hoping to buy another property but have a shortfall between the possible sale price of their existing house and purchase price of the one they wish to buy. They ask your advice about "cashing in" an endowment policy which does not mature for a few years, and if they are best looking for a fixed interest rate or tracker mortgage. You have only personal experience of endowments and mortgage deals having moved house yourself twice in the last 4 years. Explain, again with reference to specific legislation (if any) what you should do in this situation, and by which process you can give advice

Unit 2: Practice Relating to Residential Estate Agency (PREA)

Scenario 1

Your estate agency is acting for the seller of a property and has received an offer from a potential purchaser. When the negotiator who has been dealing with this property becomes unwell and has to take sick leave, a less experienced member of staff takes over their duties and has been dealing with this potential purchaser.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

The member of staff is not aware that the potential purchaser has arranged for a building survey to be carried out by the building surveying department of your estate agency. Explain the possible implications of this for your estate agency.

Question 2

When the less experienced member of staff takes over the property, as there is no EPC yet available, they assume it has been commissioned by the client. Explain the procedures to be followed and the possible implications for your estate agency.

Scenario 2

You have been asked to carry out a market appraisal of a detached house in a pleasant location in your area. The prospective client has recently been made redundant and wishes to downsize their property and release equity to enable them to start their own business. They will need to sell their own house before they can buy a smaller property.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Set out what factors and information you will need to obtain in order to undertake your market appraisal.

Question 2

At the end of the market appraisal appointment the prospective client says they wish to consider what you have said. They require more time to decide if they will give you their instructions or possibly consult other estate agents. Explain what you can do to gain their instructions.

Scenario 3

A young professional couple have asked you to undertake a market appraisal of their property, an elegant townhouse in a popular, central location. The prospective clients have recently gained promotion and wish to move to larger premises in a more rural location with increased parking and garage facilities. They will need to sell their current property to proceed and want to achieve as high a price as possible as the property they are seeking to purchase will be more expensive. They do not have a required timescale for the sale.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Identify and explain what type of agency instructions are likely to be best for the sellers in this case?

Question 2

Advise the prospective clients as to the most appropriate method of sale. Explain the reasons why the advised method is appropriate and when the advice should be given.

Scenario 4

You have been asked to prepare particulars for a semi-detached three-bedroom house in a residential area on the outskirts of town, around two miles from a mainline train station, within a mile of a good secondary school and around three miles from the sea. The house has two reception rooms, kitchen, bathroom and gas central heating. The garden is private and south facing, and there is a garage to the side of the property. The house requires some modernisation.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Explain how you would set out the particulars for this property, what would be included and why this format is appropriate.

Question 2

Set out your marketing strategy for the property.

Scenario 5

Current market conditions are poor and sales are quite slow. You are selling a detached property that has an asking price of £349,500. You gave an indication to the seller at the market appraisal that you estimated the property might realise around £340,000. An offer of £330,000 has been received from a potential buyer. They have stated they have an offer on their own property and their buyer is keen to exchange contracts as soon as possible.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

In view of this, explain what information you now need to obtain and what you would report to your client, including your view relating to what actions should be considered by the seller for the sale to proceed?

Question 2

A price of £330,000 is eventually agreed between the parties and the buyer is still keen to proceed. It transpires, however, that the buyer's lender will not lend them the amount they need, so the buyer may not be able to continue with the purchase. Why might a lender have increased their general restrictions on borrowing and what assistance, if any, can you give the potential purchaser?

Unit 5: Business Practice (IOM)

Scenario 1

You have been brought into a well-established small company as a manager and soon realise that it is very inefficient due to its lack of record keeping.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

You decide to write a report to give to the directors to demonstrate your findings. Identify the principle headings you would use, their purpose and discuss the process of writing the report.

Question 2

Using examples of different kinds of records, explain why they are important.

Scenario 2

As a branch manager you must appraise the performance of your staff but also be able to evaluate your own performance and create an effective work life balance.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Explain the different ways of undertaking appraisals and explain the benefits to the organisation

Question 2

In appraising one of your managers, it transpires that the employee is not managing their work/life balance. Produce some notes for the member of staff explaining what work/life balance is and how to improve it.

Scenario 3

You have been successfully managing an office for four years. Your employees ask you to take on managerial responsibility for a second office which you know will add considerably to your workload.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Explain the steps you should consider taking to ensure your time is managed effectively so that you can take on the opportunity of extra responsibility.

Question 2

If you take on another role, you will need to delegate effectively. Explain what the benefits of delegation are to you in your new role.

Scenario 4

Customers have criticised your premises as being tired and old fashioned. You feel that this image is possibly affecting your business.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Sponsorship and in-house magazines are two initiatives that could be used to enhance and modernise your company's image. Give five alternative examples of PR initiatives and explain how they could be of benefit.

Question 2

Summarise the routine and non-routine maintenance you will target to improve the kerb appeal of your office given the adverse comments and give examples of how they would improve kerb appeal.

Unit 6: Business Management (AOM)

Scenario 1

In your role as branch manager you re increasingly aware of the tension and disharmony amongst your team members.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Explain the potential consequences of conflict in the effectiveness of the branch.

Question 2

You may have to consider disciplinary action in order to resolve the conflict. Describe the disciplinary policy and process you would follow.

Scenario 2

Clive is having problems dealing with his core duties. He appears to be spending significant amounts of working time dealing with staff absences and one-off emergencies.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

In order to reduce the incidence of future emergency events due to regular IT system failures, Clive decides to undertake a Risk and Business Impact Analysis (RBIA) of the branch's IT systems to identify and be pre-warned of risk areas. Explain how Clive will undertake this RBIA and which areas he might be focussing on.

Question 2

Explain the various methods available to a property agency to securely back up its commercial data.

Scenario 3

As manager of a new branch you are tasked to prepare the premises for trading. Considerations will be security against theft, security of the staff, compliance with health and safety regulations, applying the appropriate corporate image through the decor and the personal presentation and attitudes of the front-line staff.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Identify and explain the security risks to any branch premises. What are the consequences of failing to manage those risks.

Question 2

Identify and explain the security risks to any branch personnel. What are the consequences of failing to manage those risks.

Scenario 4

You have just been promoted to manager of an established team of staff with varying levels of experience. You already know the dynamics of the team and decide to make a few changes in order to balance workload and maximise efficiency where necessary.

Below are two questions that will now need to be answered relating to the above scenario

Question 1

Compare and contrast different ways to encourage everyone to embrace the proposed changes with reference to recognised theories.

Question 2

Using a recognised theory, explain how the types of characters within a team can best fill reach role to ensure it goes beyond simply performing its functioning requirements.