

# Workbook and Final Exam

Complete with a pen and scan back in order to receive clockhours



# Business Management

by  
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*A Washington State Approved Real Estate School under R.C.W. 18.85.*

# Section 1

## Business Planning

### Write a Business Plan for a fictitious company.

You can use the Small Business Administration or any other resource online. You can choose a location such as Redmond, WA. You can choose to be any size firm. It is required for this class to fill out this in detail. You can go online and look at the competition to get ideas.

### Business Plan

#### Mission Statement

What company do you want to become? What is the mission of your company? What will make your company stand out from the competition? Why would a broker or a client choose your company?

#### Business Description

What kind of business will you open? \_\_\_\_\_

Will you have residential or commercial sales? \_\_\_\_\_

Will you join the MLS and/or CBA? \_\_\_\_\_

Will you have property management under your firm? \_\_\_\_\_

Who will run the firm? Designated broker? \_\_\_\_\_

What will it offer? \_\_\_\_\_

Where will it be located generally? \_\_\_\_\_

What makes it different from the competition? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Describe your business. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

#### Ownership structure

Considerations will affect your choice? Location? Partner?

\_\_\_\_\_

How does it differ from other structures when it comes to debts? \_\_\_\_\_

\_\_\_\_\_

Sole Proprietorship, Partnership, Corporation, LLC... and why?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Market Analysis**

What is your competition? \_\_\_\_\_  
Is there a need and why? \_\_\_\_\_  
\_\_\_\_\_  
How will you fill that need? \_\_\_\_\_  
\_\_\_\_\_  
Is the industry in a time of growth? \_\_\_\_\_  
Do you think growth will continue and why? \_\_\_\_\_  
\_\_\_\_\_  
How will you handle and still have a clientele if the business economy changes?  
\_\_\_\_\_  
Where will your brokers come from... the community or experienced from another firm?  
\_\_\_\_\_  
Can your market support more brokers? Why? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Operations Plan** (Go online and search for location)

Your location? Choose an actual location. \_\_\_\_\_  
Would the office be virtual? Home? Commercial space? \_\_\_\_\_  
Rent office space? \_\_\_\_\_  
How much will you spend? \_\_\_\_\_  
What type of lease will you sign? Fixed, Net, Percentage? \_\_\_\_\_  
What would the rent cover under that lease? \_\_\_\_\_  
Go online and find out what is for lease and how much square footage you might decide to take?  
\_\_\_\_\_  
\_\_\_\_\_  
If you choose to work from your house, what percentage of space will you write off for the IRS?  
\_\_\_\_\_

**Ownership and management**

Who is going to run the business? \_\_\_\_\_  
What kind of management style? \_\_\_\_\_  
How do you see it in contrast to where you hang your license? \_\_\_\_\_  
\_\_\_\_\_

**Furnishings, fixtures, and technology**

What are you going to need to invest to make the business viable? \_\_\_\_\_  
\_\_\_\_\_  
(When I started I bought three used desks, a copy machine and chairs. I found a used phone system.)  
What will you need for the space you are planning to lease. \_\_\_\_\_  
\_\_\_\_\_  
Even if you work from your house you will have needs for equipment? \_\_\_\_\_  
\_\_\_\_\_

## Policy and procedures Manual.

Read the manual from your current office.

Write an outline of your office policy manual.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

More as needed

What is one policy that you would include in your manual?

What is the policy that is required to be in every manual for real estate offices?

\_\_\_\_\_

Management responsibilities for brokers and staff. Who will report to whom?

Who will staff report to? \_\_\_\_\_

Will there be meetings? \_\_\_\_\_

Legal needs and requirements

Will you hire an attorney or prepaid legal? \_\_\_\_\_

What issues will you need an attorney for? \_\_\_\_\_

\_\_\_\_\_

### Transaction Management

Recordkeeping and accounting.

Who will keep your books? \_\_\_\_\_

How will you handle client funds when the broker brings a check in to the office?

\_\_\_\_\_

Emergency Preparedness.

What will you institute to be prepared? \_\_\_\_\_

### Personnel Plan

Staffing

What will be your requirements for staff including education and experience?

\_\_\_\_\_

\_\_\_\_\_

Staff requirements? How many staff will you require? \_\_\_\_\_

What will they do? \_\_\_\_\_

Will staff be licensed? \_\_\_\_\_

## Recruiting

Number of brokers you are anticipating at the start? In 6 months? In one year?

\_\_\_\_\_

How will you recruit brokers? \_\_\_\_\_

Will you have requirements for brokers that want to join the firm? \_\_\_\_\_

Check online for companies that are currently recruiting brokers with offers that include discount brokerages, high splits, desk fees. \_\_\_\_\_

Make a list of six items the other companies will provide if you join them. Check craigslist, for example.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

List three traits they are looking for in real estate recruiting ads. Experienced agent? Self starter?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

What are six points that are covered in your own independent contractor agreement with your office?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

## Financing plan

Where will you obtain the seed money to start up your company? \_\_\_\_\_

Will you obtain funds from loans? \_\_\_\_\_

## Choose a Business Name

Choose a business name that would be legal under the Department of Licensing.

Google the name. Does it show up in the search? Do you have to change your name? \_\_\_\_\_

Go to GoDaddy or another site such as Wordpress.com and see if the name you chose is available as a url. \_\_\_\_\_

Go to the secretary of State office online and see if you have chosen a name that is listed as a corporation. \_\_\_\_\_

Look up Washington State Master Business License Application. What do you need to fill it out? \_\_\_\_\_

What are 5 requirements to start a firm in Washington State under the Dept of Licensing.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

## Trust Accounting

Will your business open a trust account? \_\_\_\_\_

Who will be the signatory on the account? \_\_\_\_\_

If you do not have a trust account, where will trust funds be deposited?  
\_\_\_\_\_

Will the trust account be interest bearing? \_\_\_\_\_

Who will get the interest? \_\_\_\_\_

## Transaction Management

Which Transaction Management program will you utilize and why?

Go online and research at least two programs.

a. Your office program

b. Program 2

## Broker Compensation

What compensation package will you offer new brokers in business less than 2 years?  
\_\_\_\_\_  
\_\_\_\_\_

What compensation package will you offer experienced brokers?  
\_\_\_\_\_  
\_\_\_\_\_

# Washington Business Management

## Final Exam

**You must include the workbook, final exam and evaluation to get clockhours.**

1. T / F Real estate is a business where the inventory is houses.
2. T / F A franchise typically does not require any up front costs.
3. T / F The theory about franchising is that consistency helps the individual companies build brand recognition.
4. T / F A business plan is like a map to make a business a reality.
5. T / F A mission statement is a brief description of what you plan to do as a business.
6. T / F A married couple can own a business as a sole proprietorship.
7. T / F An LLC stands for a limited licensing corporation because of the way liability is divided.
8. T / F A general partnership means that one partner takes the liability for all business debt.
9. T / F A governance document called an Operating Agreement is required for an LLC.
10. T / F A limited partnerships are common for real estate ownership.
11. T / F A limited partnership is the same as an LLC.
12. T / F A corporation has directors and shareholders.
13. T / F A corporation is a business entity that must file federal tax returns.
14. T / F A limited liability company must be filed with the Secretary of State.
15. T / F When three brothers start a company they can structure it as a sole proprietorship.
16. T / F A market analysis for a business plan would help determine if there is a need for your service.
17. T / F It is important to analyze your pricing strategy and how it relates to the competition.
18. T / F When hiring only one employee, you do not have to deal with state regulations and minimum wage.
19. T / F Federal laws for employees require overtime pay.
20. T / F In Washington State, real estate brokers are required to pay workers comp.
21. T / F Real estate brokers do not get the benefits from workers comp if injured on the job.
22. T / F When creating a budget for a business it is not necessary to have future projections on cash flow.
23. T / F Revenues less expenses equal the net worth of a company.
24. T / F Assets less the Expenses equals the net profit or loss.
25. T / F When choosing a name for a business it is important to search the business licensing service in WA.
26. T / F If you are going to incorporate, search the name you are choosing with the Secretary of State.
27. T / F The Department of licensing has no jurisdiction over the name of a real estate firm.
28. T / F When starting a business, it is required to file a Washington Business License Application.
29. T / F The Department of Revenue only deals with sales tax.
30. T / F A UBI number is a United Business Insurance that identifies a company for L&I.
31. T / F A real estate firm must have one designated broker who has the authority to act for the firm.
32. T / F A managing broker can be a designated broker for a firm even if his broker's license was suspended.
33. T / F A firm must provide the Department of Licensing with a business mailing address in Washington state.
34. T / F A designated broker can actually be a business entity such as an LLC.
35. T / F With a sole proprietorship, the owner must be a designated broker.
36. T / F A firm organized as a sole proprietorship can hire a person to be the designated broker.
37. T / F To be a designated broker, a managing broker must take a test and apply to the Dept of Licensing.
38. T / F The address on the designated broker's license for a firm will be at the location of the firm.
39. T / F A registered designated broker is a managing broker with an endorsement.
40. T / F Most real estate agents are independent contractors for federal tax purposes.
41. T / F A real estate broker does not have to pay workers comp because that is only required for employees.
42. T / F A firm can be located in a home office but it must have a separate entrance for the DOL.
43. T / F A gross commercial lease is where the rent does not cover any utilities.
44. T / F A net lease requires a tenant to pay fixed rent plus some or all the operating expenses.

45. T / F A percentage lease has rent based on a percentage of the net income from the business.
46. T / F A branch office for an office in development when it is 35 miles or less from the main office.
47. T / F A broker must deliver any client funds to the firm within 2 business days.
48. T / F The day after thanksgiving is not a legal holiday in Washington State.
49. T / F Interest credited to a client's account must be recorded as a liability on a client ledger.
50. T / F The auditor provides for an audit trail accounting of all funds received by the designated broker.
51. T / F When the designated broker receives client funds, they must be deposited the next banking day.
52. T / F A contract can call for earnest money check to be held until certain terms are met.
53. T / F Saturday is considered a banking day because the bank is open to the public.
54. T / F The earnest money check shall be identified by date received in a receipt journal or duplicate receipt.
55. T / F The designated broker is responsible for preparing a monthly trial balance of a client's ledger.
56. T / F A disbursement from the trust account can only be made on verified funds deposited.
57. T / F The designated broker can destroy any voided check.
58. T / F When a firm has an earnest money check, it must be delivered to the bank within two business days.
59. T / F A firm must deposit earnest money no later than the next banking day.
60. T / F Commissions owed to another firm can only be paid from a business operating account.
61. T / F The designated broker must keep a total of \$1000 as a minimal amount to keep a trust account open.
62. T / F The designated cannot disburse funds from the trust account unless they pertain to a specific contract.
63. T / F Payment of commissions to licensees in the firm must be made from the business operating account.
64. T / F Bank charges for trust accounts are to be paid from the firm's business account.
65. T / F No disbursements from a trust account shall be made for items not pertaining to a specific transaction.
66. T / F A client has an option to deposit earnest money funds over \$10,000 into an interest bearing account.
67. T / F Real estate brokers must disclose in writing that a client can get interest on deposits over \$10,000.
68. T / F The Dept of Licensing requires that a home inspector referral policy be in every office policy manual
69. T / F The Dept of Licensing requires that every broker refer three home inspectors to clients.
70. T / F A broker must disclose any business relationship with a home inspector that is referred to a client.
71. T / F A designated broker is required to keep records for the firm for 5 years.
72. T / F When conducting an audit, the auditor will generally examine trust account bank records for 3 months.
73. T / F The auditor only looks for receipts for earnest money for sales transactions and not listings.
74. T / F Property management agreements must be signed by the listing broker and the owner.
75. T / F The audit is filed if any minor irregularities are brought into compliance by the designated broker.
76. T / F When hiring employees, Employment Security Department sets up a state unemployment account.
77. T / F At least 50% of a broker's income must be from commission sales to be an independent contractor.
78. T / F The earnings of an independent contractor are subject to self-employment tax.
79. T / F An unlicensed assistant may give information on published listing information to a prospect.
80. T / F If an assistant fills out legal forms for a client, the Dept of Licensing requires that he/she be licensed.
81. T / F An unlicensed assistant can write an place advertising for a broker.
82. T / F A broker must have a managing broker's license in order to hire an assistant.
83. T / F The designated broker can delegate management duties to a broker licensed at least 2 years.
84. T / F New brokers licensed less than 2 years must have a heightened level of supervision.
85. T / F The designated broker can delegate the duty to balance trust account records to a managing broker.
86. T / F If a designated broker delegates management duties, a record must be on file in the firm.
87. T / F Recruiting people to start a career in real estate can be done with a career day event.
88. T / F One of the top reasons a real estate agent changes firms is due to the management and culture in a firm.
89. T / F With the advent of technology, most real estate firms use Transaction Management programs.
90. T / F A privacy policy for a firm should contain a clause the deals with collection of personal data.

This test along with the workbook answers must be scanned along with the mandatory evaluation in order to receive clockhours for the Business Management 30 hour course.



## Mandatory Evaluation Business Management

Scan the evaluation along with workbook AND final exam in order to receive clockhours.

Did you read the material in the booklet on this date? YES / NO  
 Did you complete the workbook and final exam YES / NO  
 Did you fill out and sign this form? YES / NO  
 Pay by Visa/MC Use payment options on the website. Pay pal processes cards.. use the button that says check out  
 Why did you choose to take this course? Topic? Time? Cost? Ease? Other?  
 A "clock hour" is 50 minutes. This 30 hour class should take 25 hours plus breaks.  
 How long did it take you to complete the course? \_\_\_\_\_

|   |  |
|---|--|
| Will the material you learned improve your performance? |  |
| Were the course materials easy to follow?               |  |
| Was the course relevant to your profession?             |  |
| Were your objectives met by attending the class?        |  |
| Was the course material interesting?                    |  |

What are 3 things that you learned from the course?

- 1.
- 2.
- 3.

Would you take another correspondence course from Professional Direction? Yes/ No

|                                    |                     |
|------------------------------------|---------------------|
| <b>Business Management</b>         |                     |
| Print Name CLEARLY                 | Signature           |
| Company                            | Address             |
| City                      Zip Code | Twitter.com name    |
| Phone                              | Email               |
| License Renewal Date               | Date(s) Class taken |

*Thanks for taking this class! I really appreciate the agents that take clockhours from my school! Natalie*

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