

Conveyancer knowledge test

Sample questions



The sample questions provided in this document do not represent the full range of question types and do not necessarily represent the difficulty of actual test items. An example of a response that would achieve full marks has been provided. The sample answers do not always indicate the full range of acceptable responses.

(FNSSCONV501B) Take instructions in relation to a transaction

Sample question 1

Describe **three** exceptions to the right to cool off.

3 x 1 = 3 marks

Sample question 2

When does the cooling off period commence?

- A. as the hammer falls to the successful bidder at the auction
- B. when the purchaser signs the contract note
- C. as soon as the vendor signs the contract of sale
- D. when the deposit is paid in full

Circle the letter that corresponds to the correct answer.

1 mark

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Sample questions



(FN5CONV502B) Prepare and/or analyse and execute documents

Sample question 3

The vendor and purchaser sign a contract with the following special condition:

- In Condition 4 of Table A, the word 'two' shall be replaced by the word 'five'.

What will the purchaser have to pay?

- A. 5% above the current penalty interest rate
- B. 5% penalty interest on the balance of the purchase price
- C. two times the current penalty interest rate
- D. five times the current penalty interest rate

Circle the letter that corresponds to the correct answer.

1 mark

Sample question 4

In the blank provided, write the phrase that **best** completes the sentence. Select **one** of the following: *a solicitor, the conveyancer, an independent witness, the Registrar of Titles, a person authorised to certify documents.*

When the transfer is signed by the vendor or purchaser, it must always be signed in the presence of _____.

1 mark

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Sample questions



(FN5CONV503B) Establish, manage and administer trust accounts

Sample question 5

For what period must the trust account records of a conveyancing business be kept in a permanent form?

- A. 10 years from the last journal entry
- B. 10 years from the date of the annual audit
- C. 7 years from the settlement date
- D. 7 years from the last transaction entry in the record

Circle the letter that corresponds to the correct answer.

1 mark

Sample question 6

Note: each trust accounting test includes a practical exercise – the actual format/style of the practical exercise varies between different versions of the test. The following is a summary example of the type of practical exercise you may be asked to complete. Not all the information is given and consequently no answers are provided.

Suppose you are a licensed conveyancer, practising under the business name of Smith & Associates. Using the following information, complete all parts of the Trust Account Reconciliation for Smith & Associates Conveyancing for the month ending 31 May 2008.

As at 30 April 2008:

- Your trust account bank statement recorded a credit balance of \$1,225,000.
- The bank reconciliation for 30 April 2008 recorded cheque 230 for \$15,000 as unpresented.
- Your cash book balance was \$910,000.
- *etc.*

This question is continued on the next page.

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Sample questions



Sample question 6 - continued

Note: The following Trust Ledger and Trust Bank Account statements are abridged and for demonstration purposes only. They have fewer entries than what would be found in the actual test.

➤ Your Trust Ledger balances were as follows:

| CLIENT | MATTER | MATTER NO. | AMOUNT \$ |
|-----------|-------------------------------------|------------|------------|
| Aarons, T | Purchase - 1/475 North St, Box Hill | 111/12 | 435,000.00 |
| Gordon, B | Sale - 23 Beacon La, Rye | 35/51 | 1,800.00 |
| : | : | : | : |
| : | : | : | : |
| Xavier, W | Sale - 71 Damien Rd, Bendigo | 154/11 | 7,250.00 |

➤ Your Trust Bank Account statement for the month ending 31 May 2008 was as follows:

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|---|-------------------|-----------|----------|-------------|
| Smith & Associates - Conveyancers | | | | |
| 1234 Victoria Street, Collingwood | | | | |
| MELBOURNE | | | | |
| Conveyancing Business Trust Account 1093752 | | | | May 2008 |
| Date | Particulars | Debit | Credit | Balance |
| 30 April | Balance B/Forward | | | \$1,000,000 |
| 3 May | Cheque 229 | \$150,000 | | \$850,000 |
| : | : | : | : | : |
| : | : | : | : | : |
| 31 May | Deposit | | \$52,000 | \$1,467,500 |

You will also be presented with extracts from a Trust Account Receipts Cash Book and a Trust Account Payments Cash Book.

Using the above information, you would be asked to complete the following:

- Cash Book Reconciliation
- Bank Reconciliation
- Total of all Trust Ledger Accounts
- Unpresented Cheques
- Statement of Trust Ledger Balances

20 marks

You will also be provided with a layout in which to insert your responses.

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Sample questions



(FN5CONV504B) Finalise conveyancing transactions

Sample question 7

Benito, a purchaser, was charged penalty interest because he defaulted and his settlement was delayed.

- a. Briefly explain how penalty interest is calculated. Cite the relevant authority.

- b. Briefly explain if a vendor is entitled to charge extra interest payable on the vendor's own purchase because of the delay.

2 + 1 = 3 marks

Sample question 8

For what period leading up to settlement date is a purchaser entitled to inspect a property. Cite the relevant authority.

2 marks

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Sample questions



(FNSSCONV601B) Obtain and analyse all information for the transaction

Sample question 9

A zoning certificate states that there is a development overlay. The purchaser:

- A. should not be concerned because it means the council will prevent further development in the area.
- B. should look for another house that does not have this overlay.
- C. should enter a Section 173 agreement with the council.
- D. should determine if the overlay will affect their plans for the property.

Circle the letter that corresponds to the correct answer.

1 mark

Sample question 10

In the list below, tick (✓) the **five** items that **must** be included in a vendor's statement.

- _____ whether there is road access to the property
- _____ an attached copy of the parent certificate of title
- _____ any building approvals granted in the previous seven years
- _____ a certificate from the council detailing the current rates
- _____ disclosure about any renovations built without a permit
- _____ details of planning schemes and zones
- _____ an itemised list of all rates and outgoings
- _____ a copy of the last transfer of land registered on the certificate of title
- _____ particulars of any unregistered easements
- _____ details of any breaches of covenant by the vendor

5 x 1 = 5 marks

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Sample questions



(FNSICORG603B) Negotiate to achieve goals and manage disputes

Sample question 11

Sharona has decided to move her business from Ray's conveyancing firm to a different conveyancer. The particulars of her proposed sale are still at Ray's office.

Ray is entitled to refuse Sharona's request to pass on the file until:

- A. ordered by VCAT.
- B. any outstanding professional fees are paid.
- C. he receives written notification of the request by registered post.
- D. he completes all of the conveyancing work that he was engaged to undertake.

Circle the letter that corresponds to the correct answer.

1 mark

Sample question 12

Taz is the purchaser in a conveyancing matter that Dolores is handling. Taz rings Dolores the day before settlement to complain that the vendor has removed the clothesline from the backyard and left two old car wrecks on the property. Taz expects these to be removed before he takes possession and does not want to settle until these issues are resolved.

- a. Briefly outline **two** approaches Dolores could take to try to resolve this issue.

- b. What are **two** other pieces of information Dolores should check?

2 + 2 = 4 marks

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Answers to sample questions

Sample question 1

Exceptions to the right to cool off are:

- a previous contract exists for the same land in substantially the same terms (1 mark)
- the purchaser is a real estate agent (1 mark)
- where advice is sought and received from a legal practitioner (1 mark)

Note: other responses are acceptable for achieving full marks for this question. As the question asks for 3 items, only your first 3 responses will be considered.

Sample question 2

B (1 mark)

Sample question 3

A (1 mark)

Sample question 4

When the transfer is signed by the vendor or purchaser, it must always be signed in the presence of:

- an independent witness (1 mark)

Sample question 5

D (1 mark)

Sample question 6

Guide only - answers not provided.

Sample question 7

a. *How penalty interest is calculated:*

- 2% above the current published penalty interest rate (1 mark)

Relevant authority:

- General Condition 4, Table A (1 mark)

b. *Explanation should refer to:*

- while 'reasonably foreseeable' loss is claimable under GC7 contract, it is limited and such interest is not considered claimable (1 mark)

Note: variations to this response are acceptable for achieving full marks for this question part.

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Answers to sample questions



Sample question 8

Period which a purchaser is entitled to inspect a property:

- within 7 days prior to settlement (1 mark)

Relevant authority is:

- GC15, Table A, *Transfer of Land Act* (1 mark)

Sample question 9

D (1 mark)

Sample question 10

Items that must be included on a vendor's statement are:

- ✓ whether there is road access to the property
- ✓ any building approvals granted in the previous seven years
- ✓ details of planning schemes and zones
- ✓ particulars of any unregistered easements
- ✓ details of any breaches of covenant by the vendor

One mark will be awarded for each correctly ticked item (up to 5 marks). As the question asks for 5 items, only your first 5 responses will be considered.

Sample question 11

B (1 mark)

Sample question 12

a. *Approaches to the issues may include:*

- explain to the client that GC2.3 provides for compensation only (1 mark)
- negotiate a resolution, eg purchaser to forget clothesline if wrecks are removed (1 mark)

Note: other responses are acceptable for achieving full marks for this question.

b. *Further information to check may include:*

- if the car wrecks were present on the day of sale (1 mark)
- if the clothesline was on the chattels list (1 mark)

Note: other responses are acceptable for achieving full marks for this question.