

Humber College Real Estate Course 1 Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Don't worry about getting everything right, your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations, and take breaks to retain information better.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning.

7. Use Other Tools

Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly — adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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1. What is an encroachment?

- A. A legal right to build on another person's property**
- B. An incident where a property owner violates the property rights of their neighbor**
- C. A type of ownership agreement among tenants**
- D. A survey of property boundaries**

2. What is the purpose of a home inspection?

- A. To set the asking price of the home**
- B. To assess the condition of a property before purchase**
- C. To determine the property tax rate**
- D. To evaluate neighborhood safety**

3. In contract law, what is "consideration" primarily concerned with?

- A. The legality of the parties involved**
- B. The mutual exchange of value or benefit**
- C. The clarity of the agreement terms**
- D. The ability of parties to understand the contract**

4. What happens to a property during the foreclosure process?

- A. The owner voluntarily sells the property**
- B. The lender assumes ownership after the borrower defaults on payments**
- C. The property gets auctioned before a default occurs**
- D. The listing price drops significantly**

5. What distinguishes an open house from a private showing?

- A. An open house is a public event, while a private showing is scheduled individually with potential buyers**
- B. An open house has a set time limit, while a private showing does not**
- C. An open house includes more than two agents, while a private showing includes only one**
- D. An open house is available only to real estate agents, while a private showing is for everyone**

6. What is the process of "foreclosure"?

- A. A method for property appraisal**
- B. A legal process by which a lender takes possession of a property due to the owner's failure to meet mortgage obligations**
- C. A way to renegotiate mortgage terms**
- D. An investment strategy in real estate**

7. What is the key difference between a client and a customer in real estate transactions?

- A. A client is a potential customer; a customer is currently transacting**
- B. A client is owed loyalty and confidentiality, while a customer is not**
- C. A client pays a fee to the realtor; a customer does not**
- D. A client is only interested in buying; a customer can be either buying or selling**

8. What does the process of "closing" in real estate involve?

- A. The signing of preliminary agreements**
- B. The formal transfer of property ownership**
- C. The marketing phase of a property sale**
- D. The financing stage of a transaction**

9. What is the primary objective of the Planning Act?

- A. To encourage property investment in urban areas**
- B. To regulate land use planning and development across Ontario**
- C. To manage building permits in residential areas**
- D. To oversee zoning laws in rural regions**

10. What is typically a requirement for obtaining a mortgage?

- A. Full cash payment for the property**
- B. A minimum credit score**
- C. Permits for land use**
- D. An appraisal of the property value**

Answers

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

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Explanations

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1. What is an encroachment?

- A. A legal right to build on another person's property**
- B. An incident where a property owner violates the property rights of their neighbor**
- C. A type of ownership agreement among tenants**
- D. A survey of property boundaries**

An encroachment refers to a situation where a property owner infringes upon the rights of a neighboring property owner, typically by building or extending structures over the boundary line into the neighbor's property. This can involve fences, driveways, or any part of a structure that crosses onto another's land, thus violating the property rights that that neighbor holds. Encroachments can lead to disputes and legal actions, as property lines are legal boundaries that are entitled to protection. The other options do not accurately describe encroachment. The first choice suggests a legal right to build on someone else's property, which is contrary to the concept of encroachment since encroachment implies an infringement of rights without permission. The third option refers to a type of ownership agreement, which is not related to property boundaries or rights infringement at all. Lastly, the choice about a survey of property boundaries relates to the determination of property lines rather than the act of infringing upon them. Therefore, the understanding of encroachment centers on the idea of violating neighboring property rights, making the correct answer focused on that infringement.

2. What is the purpose of a home inspection?

- A. To set the asking price of the home**
- B. To assess the condition of a property before purchase**
- C. To determine the property tax rate**
- D. To evaluate neighborhood safety**

The purpose of a home inspection is to assess the condition of a property before purchase. This evaluation typically involves a thorough examination of the home's structure, systems, and components, such as plumbing, electrical, roofing, and appliances. The goal is to identify any current issues or potential future problems that could affect the value or safety of the home. By providing this detailed analysis, a home inspection allows prospective buyers to make informed decisions, negotiate repairs, or reconsider their purchase based on the findings. Setting the asking price of the home is typically not within the scope of a home inspection, as pricing is usually determined by market analysis and comparable sales data. Similarly, a home inspection does not relate to determining property tax rates, as tax assessments are based on various factors, including market value and local tax regulations. Additionally, while neighborhood safety can be a concern for buyers, it is typically evaluated through other means, such as crime statistics and community feedback, rather than through the home inspection process itself.

3. In contract law, what is "consideration" primarily concerned with?

- A. The legality of the parties involved
- B. The mutual exchange of value or benefit**
- C. The clarity of the agreement terms
- D. The ability of parties to understand the contract

"Consideration" in contract law refers to the mutual exchange of value or benefit that is essential for a contract to be enforceable. This concept signifies that both parties involved in the contract must provide something of value, which could be money, services, goods, or a promise to perform a task. The presence of consideration demonstrates that there is a reciprocal obligation between the parties; it confirms that each party is willing to give up something in exchange for what they receive. This principle is foundational in establishing that a contract is not merely a one-sided promise but rather a balanced agreement where both parties have a stake in the outcome. Without consideration, a contract typically cannot be enforced in a court of law, as it lacks the necessary element of exchange that validates mutual consent to the terms. Considering the other options, the legality of the parties, the clarity of the agreement terms, and the understanding of the contract are important aspects of contract law but do not capture the core essence of what consideration is. These elements pertain to different legal principles, such as capacity to contract and the overall legitimacy of the agreement, rather than focusing specifically on the exchange of value that consideration embodies.

4. What happens to a property during the foreclosure process?

- A. The owner voluntarily sells the property
- B. The lender assumes ownership after the borrower defaults on payments**
- C. The property gets auctioned before a default occurs
- D. The listing price drops significantly

The foreclosure process occurs when a borrower defaults on their mortgage payments, leading the lender to take action to recover the outstanding debts. In this situation, the correct answer is that the lender assumes ownership after the borrower defaults on payments. When a borrower fails to meet their mortgage obligations, the lender has the legal right to initiate foreclosure proceedings. This process typically involves taking the property back from the borrower through legal means, allowing the lender to reclaim their investment. Once the foreclosure is completed, the lender then becomes the rightful owner of the property. This answer reflects the fundamental principle that foreclosure represents a transfer of ownership from the borrower to the lender when the borrower can no longer make payments. Understanding this process is essential for those involved in real estate, as it illustrates the consequences of mortgage default and the rights of lenders in protecting their financial interests.

5. What distinguishes an open house from a private showing?

- A. An open house is a public event, while a private showing is scheduled individually with potential buyers**
- B. An open house has a set time limit, while a private showing does not**
- C. An open house includes more than two agents, while a private showing includes only one**
- D. An open house is available only to real estate agents, while a private showing is for everyone**

An open house is characterized by its public nature, allowing anyone interested in the property to drop in during designated hours without an appointment. This format encourages a broader audience to view the property simultaneously, which can create a lively atmosphere and a sense of urgency. In contrast, a private showing involves individual appointments arranged between a real estate agent and prospective buyers, providing a more personalized experience. This setting allows for a detailed walkthrough of the property, where the agent can address specific concerns and questions from the buyers. The personal interaction often enables deeper discussions about features, pricing, and potential negotiations. The other choices highlight aspects that do not accurately define the core difference between an open house and a private showing, such as time limits or the number of agents involved, which can vary more broadly based on individual circumstances rather than determining the fundamental distinction between the two types of viewing experiences.

6. What is the process of "foreclosure"?

- A. A method for property appraisal**
- B. A legal process by which a lender takes possession of a property due to the owner's failure to meet mortgage obligations**
- C. A way to renegotiate mortgage terms**
- D. An investment strategy in real estate**

The process of "foreclosure" refers to a legal procedure whereby a lender seeks to recover the balance owed on a defaulted loan by taking possession of the mortgaged property. This typically occurs when a property owner fails to make the required mortgage payments over a period of time, thereby violating the terms of the mortgage contract. As a result, the lender has the legal right to initiate foreclosure proceedings to enforce their security interest in the property. When foreclosure is initiated, the lender will usually follow a specific legal process that may involve a court review or an auction of the property. This process allows the lender to recoup some or all of the money owed, often by selling the property at a public auction. Once the property is sold, the proceeds are used to settle the debt on the loan, although there are instances where the sale may not cover the total amount owed. Understanding the foreclosure process is crucial for real estate professionals as it involves various legal and financial implications for both lenders and borrowers, shaping the landscape of property ownership and the broader real estate market.

7. What is the key difference between a client and a customer in real estate transactions?

- A. A client is a potential customer; a customer is currently transacting
- B. A client is owed loyalty and confidentiality, while a customer is not**
- C. A client pays a fee to the realtor; a customer does not
- D. A client is only interested in buying; a customer can be either buying or selling

The key difference highlighted in the correct choice revolves around the nature of the relationship established between the real estate professional and the individuals involved in the transaction. A client is someone with whom a formal agency relationship is established. This means that the real estate professional is legally and ethically obligated to provide services that prioritize the client's best interests, which includes loyalty and confidentiality. In contrast, a customer refers to someone who may be engaging with the real estate professional in a more casual manner, often without the formal obligations tied to loyalty and confidentiality. The professional might provide assistance, but the same level of fiduciary duty does not exist. Therefore, the client is granted specific rights and protections that a customer does not receive, making the relationship with a client much more protective and involved. This distinction is crucial in the real estate industry, as it defines how agents communicate with and represent the interests of the people they are working with during transactions. Understanding this difference helps ensure that agents operate within legal and ethical boundaries when serving their clients and customers.

8. What does the process of "closing" in real estate involve?

- A. The signing of preliminary agreements
- B. The formal transfer of property ownership**
- C. The marketing phase of a property sale
- D. The financing stage of a transaction

The process of "closing" in real estate primarily involves the formal transfer of property ownership. This stage marks the culmination of the real estate transaction where all parties finalize the necessary paperwork, settle financial obligations, and complete legal formalities that officially transfer title from the seller to the buyer. During closing, critical documents are executed and exchanged, including the deed, which is the legal document that conveys ownership of the property. Additionally, closing involves the settlement of any outstanding financial agreements, such as securing funds for the purchase and paying off any liens on the property. This is when the buyer receives the keys to their new property, signifying that the ownership transition is complete. Understanding this process is essential for participants in the real estate market as it ensures all legal and financial aspects of the sale are properly addressed, providing security and clarity for both the buyer and the seller.

9. What is the primary objective of the Planning Act?

- A. To encourage property investment in urban areas
- B. To regulate land use planning and development across Ontario**
- C. To manage building permits in residential areas
- D. To oversee zoning laws in rural regions

The primary objective of the Planning Act is to regulate land use planning and development across Ontario. This legislation establishes the framework for how land can be used and developed in different municipalities, aiming to ensure that growth and development are sustainable, orderly, and beneficial to the community as a whole. By setting out the guidelines for land use planning, the Planning Act enables municipalities to create official plans that reflect local needs and priorities. These plans guide decisions on zoning, land development, and infrastructure, ultimately affecting how communities grow and evolve. Effective land use planning ensures that resources are used efficiently, promotes public health and safety, protects the environment, and enhances community well-being. The other options focus on more specific aspects of land use or regional management, which, while important, do not capture the comprehensive scope and intent of the Planning Act itself.

10. What is typically a requirement for obtaining a mortgage?

- A. Full cash payment for the property
- B. A minimum credit score**
- C. Permits for land use
- D. An appraisal of the property value

A minimum credit score is a typical requirement for obtaining a mortgage because lenders use this metric to assess the borrower's creditworthiness. The credit score reflects the borrower's history of managing debt, repayment behavior, and overall financial responsibility. A higher credit score indicates a lower risk for lenders, making it more likely for borrowers to receive favorable loan terms, including lower interest rates. Lenders generally have specific thresholds for credit scores that applicants must meet for mortgage approval, ensuring that the borrower has a reliable track record of financial management. The other options do not align with the fundamental requirements for securing a mortgage. Full cash payment is not a prerequisite for obtaining a mortgage; instead, it represents a different financing method entirely. Permits for land use while important for development and property modifications, are not directly related to the mortgage application itself. An appraisal of the property value is commonly performed during the mortgage process to determine the home's worth relative to the loan amount but is not a requirement for the mortgage itself to be approved, as it is conducted after the financing application is submitted.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://humberrealestate1.examzify.com>

We wish you the very best on your exam journey. You've got this!

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