

Humber/Ontario Real Estate Course 2 Exam Practice Sample Study Guide



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Featuring practice questions, answers, and explanations for each question.

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SAMPLE

Questions

- 1. What should a buyer aware of before viewing homes in terms of obtaining a mortgage?**
 - A. A credit check must be completed before viewing any property.**
 - B. A downpayment must be at least 25% of the final selling price.**
 - C. Complete a mortgage application before viewing any property.**
 - D. The maximum mortgage amount can be influenced by the property's location, type, and value.**

- 2. If a buyer client wants his deposit returned due to mortgage rejection, what is the brokerage's course of action?**
 - A. Automatically return the deposit.**
 - B. Release the deposit with mutual party consent.**
 - C. Broker of record decides on deposit issue.**
 - D. Cheques sent out after certain days.**
 - E. Deposit kept till alternative solution found.**
 - F. Broker sends a notice regarding the deposit.**

- 3. In advising a client concerned about insuring an old home with outdated wiring, what should a salesperson recommend?**
 - A. Assure the client that age and outdated wiring are not concerns for fire insurance.**
 - B. Explain that older homes with outdated wiring cannot be insured.**
 - C. Inform that age might be a problem, but outdated wiring is not when acquiring insurance.**
 - D. Suggest including a condition in the agreement for sufficient time to investigate insurance matters.**
 - E. Assure the client outdated wiring won't affect insurance possibilities.**
 - F. Recommend immediate insurance application irrespective of wiring conditions.**

- 4. If a buyer suspects encroachment, what should a salesperson advise?**
- A. Check the line and assure them**
 - B. Expert advice should be sought**
 - C. Confirm with the seller verbally**
 - D. Visually check and advise**
- 5. Which of the following best describes the function of a lintel in construction?**
- A. Is a term used only in relation to doors.**
 - B. Essentially performs the same structural function as an archway.**
 - C. Is used with exterior siding to ensure a minimum clearance is provided between the bottom of the siding and the finished grade level.**
 - D. Must be constructed of steel in order to provide the needed support.**
 - E. Is used to vent hot air from a fireplace.**
 - F. Acts as an insulator in wall construction.**
- 6. What should a salesperson do if a buyer asks about past flooding issues in a low-lying area?**
- A. Advise the buyer that past flooding issues have been resolved**
 - B. Inform the buyer that flooding problems occurred on the street and suggest further investigation**
 - C. Refrain from mentioning past flooding to avoid harming the seller's interests**
 - D. State that they are unaware of any current flooding in the area**
 - E. Advise the buyer that past flooding problems cannot be disclosed**
 - F. Refer the buyer to environmental records for information**

- 7. If a seller expects multiple offers and instructs the salesperson to delay offer presentations, which of the following is true?**
- A. The salesperson cannot delay offers as it violates ethical standards.**
 - B. Buyers cannot submit offers before the specified date.**
 - C. The salesperson must present any received offers immediately regardless of instruction.**
 - D. The seller can manage pre-emptive offers based on guidance from the listing salesperson.**
 - E. The seller's instructions must be analyzed by legal counsel first.**
 - F. The realtor must follow a strict 48-hour rule for presenting offers.**
- 8. When a seller counters a buyer's offer by changing the purchase price, what additional action should be taken for the counter offer to be complete?**
- A. Both the deposit and purchase price should be amended.**
 - B. Change the 'pay a further sum' amount.**
 - C. The 'pay a further sum' amount should only be changed if the deposit amount is changed.**
 - D. No further action is needed, as the agreement is still irrevocable by the buyer.**
- 9. When listing a unique property, what should be prominently displayed on the first page of the listing agreement?**
- A. The forecast of real estate trends.**
 - B. The property area and zoning details.**
 - C. The expiry date with seller's initials.**
 - D. Local economic conditions.**
 - E. Background checks of potential buyers.**
 - F. The commission percentages for salespersons.**

10. Which party is responsible for ensuring that a property complies with the municipal zoning regulations?

- A. Owner of the property**
- B. Municipal zoning board**
- C. Real estate salesperson**
- D. Lawyer representing the buyer**
- E. Mortgage lender**
- F. Previous owner of the property**

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Answers

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

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Explanations

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1. What should a buyer be aware of before viewing homes in terms of obtaining a mortgage?

- A. A credit check must be completed before viewing any property.**
- B. A downpayment must be at least 25% of the final selling price.**
- C. Complete a mortgage application before viewing any property.**
- D. The maximum mortgage amount can be influenced by the property's location, type, and value.**

Before viewing homes, a buyer should be aware that the maximum mortgage amount they can obtain may be influenced by factors such as the property's location, type, and value. This is important information to consider as it can impact the buyer's ability to afford a particular property. Conducting a credit check or completing a mortgage application before viewing properties is not typically required at this early stage in the home-buying process. Additionally, while a downpayment is a crucial aspect of obtaining a mortgage, stating that it must be at least 25% of the final selling price is not accurate as downpayment requirements can vary depending on the type of mortgage and other factors.

2. If a buyer client wants his deposit returned due to mortgage rejection, what is the brokerage's course of action?

- A. Automatically return the deposit.**
- B. Release the deposit with mutual party consent.**
- C. Broker of record decides on deposit issue.**
- D. Cheques sent out after certain days.**
- E. Deposit kept till alternative solution found.**
- F. Broker sends a notice regarding the deposit.**

In this scenario, if a buyer client is unable to secure a mortgage and wants their deposit returned, the appropriate course of action for the brokerage is to release the deposit with mutual party consent. This means that both the buyer and the seller must agree to the release of the deposit before it can be returned to the buyer. This process ensures that both parties are in agreement and protects the interests of all involved in the transaction. Options A, C, D, E, and F are not the correct course of action in this situation. Automatically returning the deposit without mutual party consent may lead to disputes between the buyer and seller. It is not solely the decision of the broker of record to decide on the deposit issue. Sending out cheques after a certain number of days or keeping the deposit until an alternative solution is found may not be in line with the mutual agreement of both parties, which is essential in a real estate transaction. Sending a notice regarding the deposit is not sufficient; mutual consent is needed to release the deposit back to the buyer.

3. In advising a client concerned about insuring an old home with outdated wiring, what should a salesperson recommend?
- A. Assure the client that age and outdated wiring are not concerns for fire insurance.
 - B. Explain that older homes with outdated wiring cannot be insured.
 - C. Inform that age might be a problem, but outdated wiring is not when acquiring insurance.
 - D. Suggest including a condition in the agreement for sufficient time to investigate insurance matters.**
 - E. Assure the client outdated wiring won't affect insurance possibilities.
 - F. Recommend immediate insurance application irrespective of wiring conditions.

When advising a client concerned about insuring an old home with outdated wiring, it is important to recommend including a condition in the agreement for sufficient time to investigate insurance matters. This is the correct answer because it allows the client to have the necessary time to assess the insurance options available for a property with outdated wiring. By including such a condition, the client can make an informed decision based on the insurance requirements and potential risks associated with the property. The other options are incorrect for the following reasons: - Option A is incorrect because age and outdated wiring can indeed be concerns for fire insurance. - Option B is incorrect as older homes with outdated wiring can still be insured, but the terms and conditions may vary. - Option C is incorrect as outdated wiring can be a potential problem when acquiring insurance, and it should not be downplayed. - Option E is incorrect because outdated wiring can affect insurance possibilities and should not be assured otherwise. - Option F is incorrect as recommending immediate insurance application without considering the wiring conditions can lead to potential issues and risks for the client.

4. If a buyer suspects encroachment, what should a salesperson advise?
- A. Check the line and assure them
 - B. Expert advice should be sought**
 - C. Confirm with the seller verbally
 - D. Visually check and advise

When a buyer suspects encroachment, it is important for a salesperson to recommend seeking expert advice. Encroachment issues can be legally complex and potentially have significant consequences, so it is crucial to involve a professional who can provide a thorough assessment of the situation. Advising the buyer to seek expert advice demonstrates a commitment to protecting the buyer's interests and ensuring that any encroachment concerns are properly addressed. The other options are not as appropriate as they may not provide the level of expertise and thorough evaluation needed when dealing with encroachment issues.

5. Which of the following best describes the function of a lintel in construction?
- A. Is a term used only in relation to doors.
 - B. Essentially performs the same structural function as an archway.**
 - C. Is used with exterior siding to ensure a minimum clearance is provided between the bottom of the siding and the finished grade level.
 - D. Must be constructed of steel in order to provide the needed support.
 - E. Is used to vent hot air from a fireplace.
 - F. Acts as an insulator in wall construction.

A lintel in construction essentially performs the same structural function as an archway. It is a horizontal piece of material (typically steel, concrete, or wood) that spans an opening such as a door or window. Lintels support the weight of the structure above the opening and help distribute the load to the vertical supports on either side of the opening. This ensures that the opening maintains its structural integrity and does not collapse. Therefore, option B is the correct answer as it accurately describes the function of a lintel in construction.

6. What should a salesperson do if a buyer asks about past flooding issues in a low-lying area?
- A. Advise the buyer that past flooding issues have been resolved
 - B. Inform the buyer that flooding problems occurred on the street and suggest further investigation**
 - C. Refrain from mentioning past flooding to avoid harming the seller's interests
 - D. State that they are unaware of any current flooding in the area
 - E. Advise the buyer that past flooding problems cannot be disclosed
 - F. Refer the buyer to environmental records for information

When a buyer asks about past flooding issues in a low-lying area, it is crucial for a salesperson to provide honest and accurate information without misleading the buyer. Option B, which suggests informing the buyer that flooding problems occurred on the street and recommending further investigation, is the most appropriate course of action. By acknowledging the past flooding issues and encouraging the buyer to conduct more research, the salesperson is being transparent and assisting the buyer in making an informed decision. This approach demonstrates professionalism and ethical behavior in real estate transactions. Options A, C, D, E, and F are not the best choices in this situation because they either provide incomplete or inaccurate information, fail to acknowledge the issue, or suggest withholding information from the buyer. It is essential for a salesperson to be transparent and disclose relevant information that could potentially impact the buyer's decision-making process.

7. If a seller expects multiple offers and instructs the salesperson to delay offer presentations, which of the following is true?
- A. The salesperson cannot delay offers as it violates ethical standards.
 - B. Buyers cannot submit offers before the specified date.
 - C. The salesperson must present any received offers immediately regardless of instruction.
 - D. The seller can manage pre-emptive offers based on guidance from the listing salesperson.**
 - E. The seller's instructions must be analyzed by legal counsel first.
 - F. The realtor must follow a strict 48-hour rule for presenting offers.

In this scenario, the correct answer is D because it highlights the importance of the seller having the ability to manage pre-emptive offers based on guidance from the listing salesperson. When a seller is expecting multiple offers and decides to delay offer presentations, they should have the right to assess and consider any pre-emptive offers that may come in before the specified date. It is crucial for the seller to be able to make informed decisions about these offers and work closely with the listing salesperson to navigate the situation effectively. Options A, B, C, E, and F are not the correct choices because they do not accurately reflect the seller's rights and the role of the salesperson in this specific scenario. Option A incorrectly suggests that delaying offers violates ethical standards, which is not the case when the seller wants to manage multiple offers. Option B restricts buyers from submitting offers before the specified date, which may not align with the seller's strategy. Option C states that the salesperson must present any received offers immediately, which may not be in the best interest of the seller in this situation. Option E suggests consulting legal counsel before following the seller's instructions, which may not be necessary for standard offer management. Option F references a strict 48-hour rule for presenting offers, which may not apply in a situation where the seller wants to delay offer presentations to manage multiple offers effectively.

8. When a seller counters a buyer's offer by changing the purchase price, what additional action should be taken for the counter offer to be complete?
- A. Both the deposit and purchase price should be amended.**
 - B. Change the 'pay a further sum' amount.
 - C. The 'pay a further sum' amount should only be changed if the deposit amount is changed.
 - D. No further action is needed, as the agreement is still irrevocable by the buyer.

When a seller counters a buyer's offer by changing the purchase price, it is essential to amend both the deposit and purchase price for the counter offer to be complete. This is because changing only the purchase price without adjusting the deposit amount might leave room for confusion or disagreements between the parties. By ensuring that both the deposit and purchase price are amended in the counter offer, the terms of the agreement are clearly outlined, reducing the potential for misunderstandings or disputes. Therefore, option A is the correct choice as it highlights the importance of amending both the deposit and purchase price to complete a counter offer effectively.

9. When listing a unique property, what should be prominently displayed on the first page of the listing agreement?

- A. The forecast of real estate trends.**
- B. The property area and zoning details.**
- C. The expiry date with seller's initials.**
- D. Local economic conditions.**
- E. Background checks of potential buyers.**
- F. The commission percentages for salespersons.**

When listing a unique property, having the expiry date with the seller's initials prominently displayed on the first page of the listing agreement is crucial. This helps in clearly indicating the duration for which the agreement is valid and ensures that both parties are aware of the timeline involved in the listing process. It also serves as a form of protection for both the seller and the real estate agent by establishing a clear end date for the agreement. The other options are not typically required to be prominently displayed on the first page of the listing agreement. While some of them may be important considerations in the real estate transaction process, they do not serve the same immediate purpose as clearly stating the expiry date with the seller's initials.

10. Which party is responsible for ensuring that a property complies with the municipal zoning regulations?

- A. Owner of the property**
- B. Municipal zoning board**
- C. Real estate salesperson**
- D. Lawyer representing the buyer**
- E. Mortgage lender**
- F. Previous owner of the property**

The correct answer is the owner of the property. It is the owner's responsibility to ensure that a property complies with the municipal zoning regulations. Zoning regulations dictate how a property can be used and what can be built on it, so it is crucial for the owner to be aware of and adhere to these regulations to avoid any legal issues or penalties. The other options - municipal zoning board, real estate salesperson, lawyer representing the buyer, mortgage lender, and previous owner of the property - do not have the primary responsibility of ensuring compliance with municipal zoning regulations; this responsibility falls solely on the current owner of the property.