

Humber/Ontario Real Estate Course 2 Exam Practice (Sample)

Study Guide



Everything you need from our exam experts!

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SAMPLE

Questions

- 1. How is the aging population impacting the housing market?**
 - A. Developers are not altering designs to accommodate this age group.**
 - B. The focus has shifted to more accessible housing options.**
 - C. This demographic is moving to industrial regions.**
 - D. The Ontario real estate market remains unaffected.**
 - E. Rural areas are seeing an influx of these residents.**
 - F. Off-grid living developments are gaining popularity.**
- 2. When multiple buyers from the same brokerage compete for the same property, what is this situation called?**
 - A. It is not considered multiple representation since both clients are buyers**
 - B. It is not considered multiple representation as different salespeople represent each buyer**
 - C. It must involve a conflict where one client is released**
 - D. Clients from the same brokerage do not compete**
 - E. Brokerage must notify the clients about the situation**
 - F. This is a multiple representation situation**
- 3. Under the REBBA Code of Ethics, which statement is accurate?**
 - A. The information required to be given to a buyer or seller before entering an agreement varies, depending on whether they are a client or customer**
 - B. The required content for a representation agreement differs from that of a customer service agreement**
 - C. A seller customer service agreement must include an effective date, expiry date, and remuneration details**
 - D. The rules on agreements longer than six months apply to representation agreements but not to customer service agreements**
 - E. A buyer customer service agreement must be renewed annually**
 - F. A buyer representation agreement has no mandatory content requirements**

- 4. Which type of comparable would be most useful for appraising a new four-bedroom, two-storey home?**
- A. Recently sold homes within one mile of the area.**
 - B. Properties with a similar lot size only.**
 - C. Four-bedroom, two-storey homes sold within the past month and in close proximity.**
 - D. Homes listed but not sold in the last three months in the neighborhood.**
 - E. Homes irrespective of the number of storeys.**
 - F. Homes with identical floor plans.**
- 5. Who should Cottage Owner Fogel speak to about installing a private sewage system?**
- A. Local municipality's building department**
 - B. Technical Standards and Safety Authority**
 - C. Builder or contractor**
 - D. Municipal environmental services**
 - E. Real estate agent**
 - F. Ministry of Natural Resources**
- 6. During the requisition period, if a buyer's lawyer files an objection regarding a defect in title because an old severance did not comply with the Planning Act, this is known as:**
- A. An environmental compliance objection.**
 - B. A survey discrepancy.**
 - C. A title abstract issue.**
 - D. A zoning bylaw infraction.**
 - E. An objection to a root of title.**
 - F. An encroachment issue.**

- 7. Buyer Luciani is considering purchasing a condominium that lacks any residential units. How is this condominium categorized?**
- A. Common elements condominium**
 - B. Common property condominium**
 - C. Industrial condominium**
 - D. Luxury condominium**
 - E. Proportionate share condominium**
 - F. Residential freehold condominium**
- 8. If a buyer wants an option to purchase a property but not the obligation, which document might they use?**
- A. Right of first refusal**
 - B. Exclusive agency agreement**
 - C. Leasehold agreement**
 - D. Option to purchase**
 - E. Exclusive right to sell**
 - F. Listing agreement**
- 9. What purpose does an escape clause serve in real estate transactions?**
- A. Allows the buyer to back out if they can't sell their current property.**
 - B. Allows the seller to continue showing the property while accepting contingent offers.**
 - C. Is minimally impactful for a property's marketability.**
 - D. Is emphasized more in a seller's market conditions rather than a buyer's.**
 - E. Requires sellers to cease further viewings once an offer is accepted.**
 - F. Ensures the sale must close within a short time.**

10. During a pre-listing inspection of a cottage, a salesperson observes cracks in the walls and uneven floors in some rooms. What could be a likely cause?

- A. The roof has a high pitch instead of a low pitch.**
- B. The footings may be inadequately sized or placed on weak soil.**
- C. The footings have been extended below the frost line.**
- D. Ice damming has occurred on the south side of the structure.**
- E. The attic is improperly ventilated.**
- F. The insulation is insufficient in the attic.**

Answers

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- 1. B**
- 2. F**
- 3. C**
- 4. C**
- 5. A**
- 6. E**
- 7. A**
- 8. D**
- 9. A**
- 10. B**

SAMPLE

Explanations

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1. How is the aging population impacting the housing market?

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The aging population is impacting the housing market by shifting the focus to more accessible housing options. As individuals get older, they may require homes that are more suitable for aging in place, such as single-level properties or those equipped with safety features like grab bars and ramps. Developers are altering designs to meet the changing needs of this demographic, making it easier for them to find suitable housing options. This demographic is less likely to move to industrial regions or rural areas but instead tends to prefer locations with amenities and services that cater to their needs. As a result, the housing market is adapting to accommodate the aging population by offering more accessible housing options.

2. When multiple buyers from the same brokerage compete for the same property, what is this situation called?

- A. It is not considered multiple representation since both clients are buyers**
- B. It is not considered multiple representation as different salespeople represent each buyer**
- C. It must involve a conflict where one client is released**
- D. Clients from the same brokerage do not compete**
- E. Brokerage must notify the clients about the situation**
- F. This is a multiple representation situation**

In the context of real estate, when multiple buyers from the same brokerage compete for the same property, it creates a complex situation that generally falls under the concept of multiple representation. Multiple representation occurs when a real estate brokerage represents more than one party in a transaction, which can sometimes lead to conflicts of interest. The correct understanding is that the situation could potentially be considered a type of multiple representation despite the fact that both parties are buyers. It is important to note that the collective representation does not automatically preclude the practice of multiple representation, especially if the same salespeople or brokerage are involved in negotiating on behalf of both buyers. The clients involved need to be informed of any such circumstance in line with regulatory obligations. While some aspects of multiple representation focus on the dual representation of buyers and sellers, having multiple clients competing for the same asset—despite being buyers—introduces the potential for conflicts and necessitates clear communication and disclosures from the brokerage to ensure compliance with ethical obligations. Therefore, understanding that relationships and representation within the same brokerage can lead to what is deemed multiple representation is key in navigating real estate transactions professionally.

- 3. Under the REBBA Code of Ethics, which statement is accurate?**
- A. The information required to be given to a buyer or seller before entering an agreement varies, depending on whether they are a client or customer**
 - B. The required content for a representation agreement differs from that of a customer service agreement**
 - C. A seller customer service agreement must include an effective date, expiry date, and remuneration details**
 - D. The rules on agreements longer than six months apply to representation agreements but not to customer service agreements**
 - E. A buyer customer service agreement must be renewed annually**
 - F. A buyer representation agreement has no mandatory content requirements**

Under the REBBA Code of Ethics, a seller customer service agreement must include an effective date, expiry date, and remuneration details. This is an accurate statement as per the regulations governing the real estate industry in Ontario. Option A is incorrect because the information required to be given to a buyer or seller does not vary based on whether they are a client or customer. Both clients and customers have specific information that must be provided to them before entering into an agreement. Option B is incorrect as the required content for a representation agreement is different from that of a customer service agreement. Each type of agreement has its own specific content requirements as per the regulations. Option D is incorrect because the rules on agreements longer than six months apply to both representation agreements and customer service agreements. Both types of agreements are affected by the regulations regarding agreements longer than six months. Option E is incorrect as a buyer customer service agreement does not necessarily need to be renewed annually. The renewal of such agreements depends on the terms outlined in the agreement itself and the agreement between the parties involved. Option F is incorrect because a buyer representation agreement does have mandatory content requirements set out by the REBBA Code of Ethics. The agreement must include specific details and terms to be valid and enforceable.

4. Which type of comparable would be most useful for appraising a new four-bedroom, two-storey home?
- A. Recently sold homes within one mile of the area.
 - B. Properties with a similar lot size only.
 - C. Four-bedroom, two-storey homes sold within the past month and in close proximity.**
 - D. Homes listed but not sold in the last three months in the neighborhood.
 - E. Homes irrespective of the number of storeys.
 - F. Homes with identical floor plans.

For appraising a new four-bedroom, two-storey home, the most useful type of comparable would be other four-bedroom, two-storey homes that were sold within the past month and are in close proximity. This option provides the most accurate representation of the current market value of the subject property as it focuses on properties that are similar in terms of size, style, and timing. Options A and D involve properties that may not be directly comparable in terms of features or timing, which could lead to inaccurate valuations. Option B only focuses on lot size, which is just one of many factors influencing a property's value. Options E and F, focusing on homes irrespective of the number of stories or identical floor plans, do not specifically match the criteria of a new four-bedroom, two-storey home, making them less relevant for accurate appraisal in this case.

5. Who should Cottage Owner Fogel speak to about installing a private sewage system?
- A. Local municipality's building department**
 - B. Technical Standards and Safety Authority
 - C. Builder or contractor
 - D. Municipal environmental services
 - E. Real estate agent
 - F. Ministry of Natural Resources

Cottage Owner Fogel should speak to the local municipality's building department about installing a private sewage system because they are responsible for overseeing and regulating building codes, permits, and inspections related to sewage systems. The building department will ensure that the installation is done in compliance with all relevant regulations and standards to protect the environment and public health. Regarding the other options: - The Technical Standards and Safety Authority (TSSA) typically deals with technical standards and safety regulations for specific regulated industries and equipment, but they may not be directly involved in the installation of private sewage systems. - Builders or contractors may be involved in the physical installation of the system, but it is essential to consult with the building department for regulatory compliance. - Municipal environmental services may be responsible for broader environmental initiatives and services in the municipality, but for the specific installation of a private sewage system, the building department would be the appropriate contact. - Real estate agents are involved in property transactions and may not have the expertise or authority to advise on sewage system installations. - The Ministry of Natural Resources focuses on natural resource management and conservation, which may not be directly related to the installation of a private sewage system at the cottage.

6. During the requisition period, if a buyer's lawyer files an objection regarding a defect in title because an old severance did not comply with the Planning Act, this is known as:
- A. An environmental compliance objection.
 - B. A survey discrepancy.
 - C. A title abstract issue.
 - D. A zoning bylaw infraction.
 - E. An objection to a root of title.**
 - F. An encroachment issue.

During the requisition period in a real estate transaction, if a buyer's lawyer files an objection regarding a defect in title because an old severance did not comply with the Planning Act, this is known as an objection to a root of title. In real estate transactions, the root of title refers to the deed and its conveyance back to a previous owner. When an objection is made to the root of title, it means that there is a defect or issue with the ownership history that could affect the buyer's ability to obtain clear and marketable title. The other options are incorrect because: - An environmental compliance objection would pertain to issues related to environmental regulations and compliance. - A survey discrepancy would involve differences or errors in survey measurements or boundaries. - A title abstract issue would relate to problems with the summary of the history of the property's title. - A zoning bylaw infraction would refer to a violation of zoning regulations. - An encroachment issue would involve a situation where a structure or improvement on one property extends onto another property.

7. Buyer Luciani is considering purchasing a condominium that lacks any residential units. How is this condominium categorized?
- A. Common elements condominium**
 - B. Common property condominium
 - C. Industrial condominium
 - D. Luxury condominium
 - E. Proportionate share condominium
 - F. Residential freehold condominium

This condominium is categorized as a "Common elements condominium." In this type of condominium, all units within the property have access to shared common elements such as hallways, elevators, parking lots, and recreational facilities. The fact that it lacks any residential units indicates that the focus is on the common elements rather than individual living spaces. Option B, Common property condominium, refers to a type where units individually own the interior space while certain areas like the land and building exteriors are owned in common. Option C, Industrial condominium, are typically zoned for commercial and industrial use, not residential. Option D, Luxury condominium, refers more to the quality or luxurious amenities of the building rather than the specific type of ownership structure. Option E, Proportionate share condominium, indicates that each unit owner has a share in the ownership of the entire property based on their unit's size and value. Option F, Residential freehold condominium, typically includes individual residential units rather than focusing solely on common elements.

8. If a buyer wants an option to purchase a property but not the obligation, which document might they use?

- A. Right of first refusal**
- B. Exclusive agency agreement**
- C. Leasehold agreement**
- D. Option to purchase**
- E. Exclusive right to sell**
- F. Listing agreement**

An option to purchase gives the buyer the right, but not the obligation, to purchase a property within a certain period of time at a predetermined price. The other options listed are not the appropriate documents for this scenario. A right of first refusal is when the property owner grants someone the opportunity to purchase the property before it is offered to another party. An exclusive agency agreement is an agreement between a seller and a real estate agent, where the agent has the exclusive right to sell the property but the seller retains the right to sell it on their own without paying commission to the agent. A leasehold agreement is a contract between a property owner and a tenant, specifying the terms and conditions of the tenant's use of the property. An exclusive right to sell is similar to an exclusive agency agreement, where the agent has the exclusive right to sell the property and is entitled to commission regardless of who finds the buyer. A listing agreement is a contract between a property owner and a real estate agent, outlining the terms and conditions for marketing and selling the property. It does not give the buyer any option to purchase the property. Therefore, the correct choice for a buyer looking for an option to purchase a property but not the obligation is a document specifically titled "Option to

9. What purpose does an escape clause serve in real estate transactions?

A. Allows the buyer to back out if they can't sell their current property.

B. Allows the seller to continue showing the property while accepting contingent offers.

C. Is minimally impactful for a property's marketability.

D. Is emphasized more in a seller's market conditions rather than a buyer's.

E. Requires sellers to cease further viewings once an offer is accepted.

F. Ensures the sale must close within a short time.

An escape clause in real estate transactions serves the purpose of allowing the buyer to back out of the deal if they are unable to sell their current property. This clause provides a level of protection for the buyer by giving them an opportunity to exit the agreement if they are unable to meet a specific condition, in this case, selling their current property. This can be crucial for buyers who are relying on the sale of their existing home to fund the purchase of a new one. The other options are incorrect because they do not accurately describe the purpose of an escape clause. Option B is incorrect as it refers to the seller's ability to continue showing the property while accepting contingent offers, which is not related to an escape clause. Option C is incorrect because an escape clause can have a significant impact on a property's marketability, especially if it includes specific conditions. Option D is incorrect because the emphasis on an escape clause can vary depending on the specific circumstances of the real estate market, rather than being solely focused on either a seller's or buyer's market. Option E is incorrect as an escape clause does not necessarily require sellers to stop further viewings once an offer is accepted. Option F is incorrect as an escape clause does not mandate that the sale must close within a short time; it instead allows for an exit strategy for the buyer under specific conditions.

10. During a pre-listing inspection of a cottage, a salesperson observes cracks in the walls and uneven floors in some rooms. What could be a likely cause?

A. The roof has a high pitch instead of a low pitch.

B. The footings may be inadequately sized or placed on weak soil.

C. The footings have been extended below the frost line.

D. Ice damming has occurred on the south side of the structure.

E. The attic is improperly ventilated.

F. The insulation is insufficient in the attic.

During a pre-listing inspection of a cottage, cracks in the walls and uneven floors can indicate a problem with the footings. When footings are inadequately sized or not properly placed on weak soil, it can lead to the shifting and settling of the foundation, causing visible structural issues like cracks in the walls and uneven floors. This is why option B is the correct answer in this scenario. Options A, C, D, E, and F are not the likely causes of cracks in the walls and uneven floors in a cottage. Option A, relating to the pitch of the roof, is not likely to cause these symptoms. Options C and D, concerning footings and ice damming, do not directly relate to the observed issues. Options E and F, regarding attic ventilation and insulation, are unlikely to directly cause cracks in the walls and uneven floors.