

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. Which method best protects a seller client's interests?**
 - A. Include the seller's reason for selling in the listing**
 - B. Assume the seller has read and understood documents before signing**
 - C. Add disclaimers for any details that can't be verified**
 - D. Only seek third party advice if the seller requests it**
- 2. When creating an agreement of purchase and sale, how should rental items be handled?**
 - A. Must be removed before closing**
 - B. Should not be mentioned in the agreement**
 - C. Should be clearly described along with rental terms**
 - D. Typically decrease the sale price of the home**
 - E. Must be transferred to the new owner without conditions**
 - F. Are a minor factor nowadays and usually ignored**
- 3. What is true about condominium ownership?**
 - A. It is limited to freehold ownership.**
 - B. It is restricted to high-rise buildings.**
 - C. It allows for title to an individual unit.**
 - D. It does not include any form of concurrent ownership.**
 - E. It excludes the need for individual insurance policies.**
 - F. It involves co-ownership of the entire building.**
- 4. What is Buyer Randall's obligation to ABC Realty Inc. when purchasing during a holdover period?**
 - A. Randall owes no remuneration as the sale closed after the holdover period expired**
 - B. Randall owes no remuneration because he found the property post-agreement expiry**
 - C. Randall owes remuneration because he discovered the property during the holdover period**
 - D. Randall must notify ABC Realty Inc. of any properties discovered during the agreement period**
 - E. Randall must pay because the holdover period applies regardless of when he found the property**
 - F. Randall owes full commission regardless of the discovery period**

- 5. What kind of remuneration can a brokerage choose for selling a property?**
- A. Flat fee and/or a percentage**
 - B. Flat fee only**
 - C. Flat fee, limited to \$10,000**
 - D. Percentage only**
 - E. Percentage and a flat fee combined**
 - F. Any method other than flat fee**
- 6. If Buyer Giray submits an offer contingent solely on securing a first mortgage for \$350,000 at 4.25% with specified monthly payments, and the condition is waived, what effect does this have?**
- A. Buyer Giray's agreement of purchase and sale can still be modified under specific circumstances.**
 - B. The condition remains, and the offer must still meet that stipulation.**
 - C. Waiving the condition effectively eliminates Buyer Giray's rights associated with that condition.**
 - D. The offer becomes void.**
 - E. The seller must now accept any modified terms.**
 - F. The mortgage details can be adjusted by the lender without affecting the sale.**
- 7. Which characteristic is incorrect when converting 0.568, 0.05, 0.719, and 0.2946 to percentages?**
- A. 5.68%**
 - B. 50%**
 - C. 56.8%**
 - D. 71.9%**
 - E. 29.46%**
 - F. 2.946%**

8. What typically includes property specifics that can be used to promote the property in a seller representation agreement?

- A. An authority established between a brokerage and a customer.**
- B. A legal authority given by the brokerage to a client.**
- C. A mutual agreement between two brokerages.**
- D. An exclusive agreement.**
- E. Details used by the brokerage for property promotion.**
- F. The seller's personal property details.**

9. Improper drainage under and around a cottage built on piers can lead to what type of damage?

- A. Dry rot**
- B. Ice damming**
- C. Interior ceiling stains**
- D. Moisture damage**
- E. Roof sagging**
- F. Structural failure**

10. What is a potential effect of improper drainage around structures on piers?

- A. Basement flooding**
- B. Moisture damage**
- C. Mould growth**
- D. Termite infestations**
- E. Tree root growth**
- F. Uneven floors**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Which method best protects a seller client's interests?

- A. Include the seller's reason for selling in the listing**
- B. Assume the seller has read and understood documents before signing**
- C. Add disclaimers for any details that can't be verified**
- D. Only seek third party advice if the seller requests it**

Including disclaimers for any details that cannot be verified is the method that best protects a seller client's interests. By adding disclaimers, the agent is being transparent about information that may not be completely accurate or confirmed, thereby reducing the risk of liability for the seller and the agent. It helps to manage expectations and legal implications by clearly stating limitations in the information provided. This approach ensures that the seller is informed about the potential uncertainties and can make decisions accordingly. On the other hand, assuming the seller has read and understood documents before signing (Option B) can be risky as it may lead to misunderstandings or legal issues if the seller did not actually comprehend the content. Seeking third party advice only if the seller requests it (Option D) may not always be in the seller's best interest, as there could be situations where third-party input is necessary for protection. Including the seller's reason for selling in the listing (Option A) may not necessarily protect the seller's interests as it may not be relevant or beneficial to disclose such information publicly.

2. When creating an agreement of purchase and sale, how should rental items be handled?

- A. Must be removed before closing**
- B. Should not be mentioned in the agreement**
- C. Should be clearly described along with rental terms**
- D. Typically decrease the sale price of the home**
- E. Must be transferred to the new owner without conditions**
- F. Are a minor factor nowadays and usually ignored**

When creating an agreement of purchase and sale, rental items should be handled by clearly describing them along with the associated rental terms. This is important to avoid any confusion or disputes between the buyer and the seller regarding what items are included in the sale and if any ongoing rental agreements need to be honoured by the new owner. By clearly outlining the rental items and terms in the agreement, both parties can have a mutual understanding and prevent any potential disagreements in the future. Options A, B, D, E, and F are incorrect because they do not address the proper handling of rental items in an agreement of purchase and sale. It is crucial to clearly describe rental items along with their terms in the agreement to ensure transparency and avoid any complications down the line.

3. What is true about condominium ownership?

- A. It is limited to freehold ownership.
- B. It is restricted to high-rise buildings.
- C. It allows for title to an individual unit.**
- D. It does not include any form of concurrent ownership.
- E. It excludes the need for individual insurance policies.
- F. It involves co-ownership of the entire building.

Condominium ownership allows for title to an individual unit, which means that owners have legal ownership over their specific unit within the condominium complex. This is a fundamental aspect of condominium ownership where individuals have ownership rights to their unit while also sharing the ownership of common elements and areas with other unit owners. Options A, B, D, E, and F are incorrect: A. Condominium ownership is not limited to freehold ownership as it can include leasehold ownership as well. B. Condominiums can come in different forms and are not necessarily restricted to high-rise buildings. They can be low-rise or townhouse complexes as well. D. Condominium ownership typically includes concurrent ownership of common elements within the complex. E. Individual insurance policies are often required for condominium owners to protect their personal property located within their unit and to provide liability coverage. F. While there is shared ownership of common elements in a condominium complex, individual unit owners do not co-own the entire building as suggested in this option.

4. What is Buyer Randall's obligation to ABC Realty Inc. when purchasing during a holdover period?

- A. Randall owes no remuneration as the sale closed after the holdover period expired
- B. Randall owes no remuneration because he found the property post-agreement expiry**
- C. Randall owes remuneration because he discovered the property during the holdover period
- D. Randall must notify ABC Realty Inc. of any properties discovered during the agreement period
- E. Randall must pay because the holdover period applies regardless of when he found the property
- F. Randall owes full commission regardless of the discovery period

During a holdover period, the buyer, Randall, is not obligated to provide remuneration to ABC Realty Inc. in this scenario because Randall found the property after the agreement expiry. Holdover periods typically refer to a period after an agreement has expired where the agent may still be entitled to commission if the property is sold to a buyer who was introduced to the property during the listing agreement period. Since Randall discovered the property post-agreement expiry, he is not required to pay remuneration to the realty company. Options A, C, E, and F are incorrect because they do not accurately reflect Randall's obligation in this situation. Option D is also incorrect as it does not pertain to the specific scenario described in the question.

5. What kind of remuneration can a brokerage choose for selling a property?

- A. Flat fee and/or a percentage**
- B. Flat fee only**
- C. Flat fee, limited to \$10,000**
- D. Percentage only**
- E. Percentage and a flat fee combined**
- F. Any method other than flat fee**

A brokerage can choose a flat fee and/or a percentage as a form of remuneration for selling a property. This option provides flexibility as it allows the brokerage to select the most suitable compensation structure based on the specific circumstances of the transaction. The combination of a flat fee and a percentage caters to different types of properties and client needs, ensuring that the brokerage can adapt its remuneration model according to the situation at hand.

6. If Buyer Giray submits an offer contingent solely on securing a first mortgage for \$350,000 at 4.25% with specified monthly payments, and the condition is waived, what effect does this have?

- A. Buyer Giray's agreement of purchase and sale can still be modified under specific circumstances.**
- B. The condition remains, and the offer must still meet that stipulation.**
- C. Waiving the condition effectively eliminates Buyer Giray's rights associated with that condition.**
- D. The offer becomes void.**
- E. The seller must now accept any modified terms.**
- F. The mortgage details can be adjusted by the lender without affecting the sale.**

When Buyer Giray waives the condition of securing the first mortgage, it effectively eliminates their rights associated with that condition. By waiving the condition, Buyer Giray gives up the ability to back out of the deal if they are unable to secure the mortgage as specified in the offer. This means that Buyer Giray is now obligated to proceed with the purchase regardless of whether they are able to secure the mortgage or not. The other options are incorrect because: A. Buyer Giray waiving the condition means that the agreement of purchase and sale can no longer be modified under specific circumstances. B. By waiving the condition, it no longer remains a stipulation that must be met for the offer to be valid. D. The offer does not become void just because the condition is waived. E. The seller is not obligated to accept any modified terms once the condition is waived. F. Waiving the condition does not give the lender the ability to adjust the mortgage details without affecting the sale.

7. Which characteristic is incorrect when converting 0.568, 0.05, 0.719, and 0.2946 to percentages?

- A. 5.68%**
- B. 50%**
- C. 56.8%**
- D. 71.9%**
- E. 29.46%**
- F. 2.946%**

When converting a decimal to a percentage, you multiply the decimal by 100. For option A (5.68%), if we convert 0.568 to a percentage, it would be 56.8%, not 5.68%. Therefore, option A is the correct answer because it incorrectly represents 0.568 as 5.68% instead of the accurate value of 56.8%.

8. What typically includes property specifics that can be used to promote the property in a seller representation agreement?

- A. An authority established between a brokerage and a customer.**
- B. A legal authority given by the brokerage to a client.**
- C. A mutual agreement between two brokerages.**
- D. An exclusive agreement.**
- E. Details used by the brokerage for property promotion.**
- F. The seller's personal property details.**

In a seller representation agreement, which is a contract between a seller and a real estate brokerage, property specifics that can be used to promote the property are typically included. These details are crucial for the brokerage to effectively market and sell the property. Therefore, choice E, "Details used by the brokerage for property promotion," is the correct answer as it directly relates to the information necessary for advertising and showcasing the property to potential buyers. The other options are not directly related to the specifics included in a seller representation agreement. Option A talks about the authority between a brokerage and a customer, which is a different concept. Option B refers to a legal authority given by the brokerage to a client, which is not the main focus of the agreement. Option C mentions a mutual agreement between two brokerages, which is again not connected to the seller representation agreement. Option D speaks about an exclusive agreement, which is a common feature in seller representation agreements but does not specifically address property specifics for promotion. Option F mentions the seller's personal property details, which may be part of the agreement but does not encompass all the necessary information for property promotion.

9. Improper drainage under and around a cottage built on piers can lead to what type of damage?

- A. Dry rot**
- B. Ice damming**
- C. Interior ceiling stains**
- D. Moisture damage**
- E. Roof sagging**
- F. Structural failure**

Improper drainage under and around a cottage built on piers can lead to moisture damage. When water is not properly drained away from the piers and foundation of a cottage, it can seep into the structure, causing various forms of moisture damage such as mold growth, wood rot, and deterioration of building materials. This can compromise the integrity of the cottage and lead to costly repairs over time. Dry rot, ice damming, interior ceiling stains, roof sagging, and structural failure are not directly associated with improper drainage, making them incorrect choices in this scenario.

10. What is a potential effect of improper drainage around structures on piers?

- A. Basement flooding**
- B. Moisture damage**
- C. Mould growth**
- D. Termite infestations**
- E. Tree root growth**
- F. Uneven floors**

Improper drainage around structures on piers can lead to moisture damage. When water is not properly directed away from the foundation, it can seep into the structure and cause various issues such as rot, decay, and deterioration. Moisture damage can compromise the structural integrity of the building and lead to costly repairs or even pose safety risks. It is crucial to ensure that proper drainage systems are in place to prevent water from causing damage to the structure.