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

Study Guide

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Questions

1. **Seller Curtis has received an offer from Buyer Taylor for $295,000. All terms are acceptable except for the price. To counter this offer with a higher price of $310,000, Curtis should:**

   A. Amend the irrevocable clause in the buyer's original agreement and attach a counter offer form with the higher price.

   B. Sign a counter offer form stating the higher price of $310,000.

   C. Amend the original offer, as this is the only method to counter an offer.

   D. Have both the counter offer form and the original purchase agreement signed.

   E. Communicate directly with Buyer Taylor to verbally agree on the new price.

   F. Send a formal letter outlining the desired price change to Buyer Taylor.

2. **When representing Seller Wingate and receiving four offers from different brokerages, Salesperson Johannsen must disclose:**

   A. The number of competing offers

   B. The number of competing offers and the buyer's names

   C. The offered price submitted for each offer

   D. Any conditions included in the offers

   E. The expected closing date of each offer

   F. Any special requests in the offers

3. **The seller's lawyer has several responsibilities when transferring the title to a purchaser. Which activity is NOT one of them?**

   A. Responding to buyer's lawyer about zoning bylaw compliance.

   B. Providing necessary undertakings for resolution.

   C. Using Teraview for title transfer initiation.

   D. Completing land transfer tax affidavit for buyer's lawyer.

   E. Registering liens or other encumbrances.

   F. Facilitating title insurance if requested.

4. **What is the correct action if a buyer contacts the seller near the end of the listing period?**
   - A. Sell the property with no remuneration obligation.
   - B. Have the buyer go through the listing brokerage.
   - C. Inform the listing brokerage of the buyer's inquiry.
   - D. Pay full remuneration regardless of who sells the property.
   - E. Wait for the listing to expire before proceeding.
   - F. Ignore the buyer's request and find another buyer.

5. **What must an advertisement that touts commissions \textit{as low as 2%} include to provide full context?**
   - A. A disclosure to elucidate the circumstances when the lowest rate is applicable
   - B. A dollar range in addition to the percentage
   - C. An indication that 2% is the absolute standard rate
   - D. No disclosure as the statement is self-explanatory

6. **Which of the following is correct about metal siding for a residential structure?**
   - A. Can be very fragile when exposed to extreme cold and can easily crack or otherwise be damaged.
   - B. Can only be constructed of aluminum.
   - C. Has definite limitations, particularly because it can only be installed vertically and not horizontally.
   - D. Has proven popular given its relatively low maintenance.

7. **What must Buyer LeBlanc do if she wishes to purchase an equity co-op?**
   - A. Obtain approval from the board of directors before completion of the sale.
   - B. Sign just an agreement of purchase and sale, no need for occupancy agreement.
   - C. Only pay for her individual unit's mortgage, not the blanket mortgage registered against the building.
   - D. Make separate payments for property taxes and monthly occupancy charges.
   - E. Ensure the co-op board provides a letter of approval within 30 days.
   - F. Negotiate directly with the seller without involving the board.

8. Which of the following would NOT be typically viewed as a suspicious transaction under FINTRAC's suspicious transaction reporting requirements?

A. Buyer agrees to pay more than the asking price for a property they've never visited prior to making an offer.

B. Seller insists on listing the property 50,000 above market value without concern for slow sale prospects.

C. Buyer purchases several rental properties quickly, without concern for repair costs or tenant conditions.

D. Buyer agrees on a price much lower than market value, paying a significant amount under the table in cash post-closing.

E. Seller sells multiple high-value assets within a short period without a clear explanation for such sales.

F. Buyer makes repeated off-market purchases directly from owners avoiding standard property listings.

9. An acknowledgment clause in a purchase and sale agreement:

A. Is most useful when something may be misunderstood or misinterpreted by one or both of the parties to an agreement.

B. Is only used to confirm that there are no express or implied warranties on any chattels included in the purchase price.

C. Is typically used to provide a representation and warranty about an existing situation or fact involving a property.

D. Is used with acknowledgments involving the buyer, but not for acknowledgments involving the seller.

10. The maximum lot coverage for multi-family dwelling units as outlined in a zoning bylaw:

A. Can have a direct bearing on the number of dwelling units that can be built on a particular site.

B. Cannot exceed 25% of the total lot area.

C. Is detailed in the Ontario Building Code.

D. Would typically only apply to R1 and R2 zoning categories.

E. Is decided by the builder and tenant agreement.

F. Is regulated by federal bylaws.

Answers

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

Explanations

1. **Seller Curtis has received an offer from Buyer Taylor for $295,000. All terms are acceptable except for the price. To counter this offer with a higher price of $310,000, Curtis should:**

   A. **Amend the irrevocable clause in the buyer's original agreement and attach a counter offer form with the higher price.**

   B. **Sign a counter offer form stating the higher price of $310,000.**

   C. **Amend the original offer, as this is the only method to counter an offer.**

   D. **Have both the counter offer form and the original purchase agreement signed.**

   E. **Communicate directly with Buyer Taylor to verbally agree on the new price.**

   F. **Send a formal letter outlining the desired price change to Buyer Taylor.**

To counter the offer from Buyer Taylor with a higher price of $310,000, Seller Curtis should sign a counter offer form stating the new price. This is the most appropriate and common method for counter offering in real estate transactions. By signing a counter offer form with the higher price, Curtis is clearly indicating the new terms and price he is proposing to Buyer Taylor. The other options are not the correct course of action in this situation: - Option A suggests amending the irrevocable clause in the buyer's original agreement, which is not necessary when simply countering the offer with a higher price. - Option C stating that amending the original offer is the only method to counter an offer is incorrect because a counter offer form specifically designed for this purpose is the appropriate document to use. - Option D recommending both the counter offer form and the original purchase agreement to be signed is unnecessary, as only the counter offer form with the new price needs to be signed. - Option E advising to communicate directly with Buyer Taylor to verbally agree on the new price is not a recommended practice as verbal agreements may lead to misunderstandings and are not legally binding. - Option F suggesting sending a formal letter outlining the desired price change is not as effective or secure as signing a counter offer form with the updated price. Therefore, option B is the correct choice as it aligns with the standard procedure for countering an offer with a higher price in a real estate transaction.

2. **When representing Seller Wingate and receiving four offers from different brokerages, Salesperson Johannsen must disclose:**

   A. The number of competing offers

   B. The number of competing offers and the buyer's names

   C. The offered price submitted for each offer

   D. Any conditions included in the offers

   E. The expected closing date of each offer

   F. Any special requests in the offers

When representing a seller like Seller Wingate and receiving multiple offers from different brokerages, Salesperson Johannsen is required to disclose the number of competing offers to the seller. This information allows the seller to understand the level of interest in their property and can influence their decision-making process. Disclosing the names of the buyers, the offered price submitted for each offer, any conditions included in the offers, the expected closing date of each offer, and any special requests in the offers are not required disclosures in this scenario. The number of competing offers provides crucial information for the seller to make an informed decision without compromising the confidentiality of the other buyers involved in the process.

3. **The seller's lawyer has several responsibilities when transferring the title to a purchaser. Which activity is NOT one of them?**

   A. Responding to buyer's lawyer about zoning bylaw compliance.

   B. Providing necessary undertakings for resolution.

   C. Using Teraview for title transfer initiation.

   D. Completing land transfer tax affidavit for buyer's lawyer.

   E. Registering liens or other encumbrances.

   F. Facilitating title insurance if requested.

The seller's lawyer has several responsibilities when transferring the title to a purchaser. One crucial responsibility for the seller's lawyer is to provide necessary undertakings for resolution. Undertakings are promises or commitments made by one party to another involved in a real estate transaction. These could be promises to fulfill certain conditions or requirements before the sale is finalized. Using Teraview for title transfer initiation is also an essential responsibility for the seller’s lawyer. Teraview is an online application used in Ontario for searching, reviewing, and registering documents related to real property. It helps in securely conducting title searches and transferring property titles. Completing a land transfer tax affidavit for the buyer's lawyer is not typically a responsibility of the seller's lawyer. The responsibility of paying the land transfer tax usually falls on the buyer, and it is their lawyer who handles the necessary paperwork and payments related to the tax. Therefore, option D is the correct answer as completing a land transfer tax affidavit for the buyer's lawyer is NOT one of the responsibilities of the seller's lawyer in transferring the title to a purchaser.

4. What is the correct action if a buyer contacts the seller near the end of the listing period?

A. Sell the property with no remuneration obligation.

B. Have the buyer go through the listing brokerage.

C. Inform the listing brokerage of the buyer's inquiry.

D. Pay full remuneration regardless of who sells the property.

E. Wait for the listing to expire before proceeding.

F. Ignore the buyer's request and find another buyer.

When a buyer contacts the seller near the end of the listing period, the correct action is to inform the listing brokerage of the buyer's inquiry (Option C). This is important to ensure transparency and compliance with real estate regulations. By informing the listing brokerage, the seller and the buyer can proceed with the sale in accordance with the terms of the listing agreement. Option A is incorrect because typically, remuneration is due to the listing brokerage even if the seller sells the property to a buyer who was not brought by the listing brokerage. Option B may create confusion and potential legal issues as the buyer should not bypass the listing brokerage when making an offer on a property listed with them. Option D is not accurate as the remuneration would typically be due to the listing brokerage, as agreed upon in the listing agreement. Option E is not the best course of action as it delays potential transactions and may not be in the best interest of the seller or the buyer. Option F is not ethical or professional. It's important to address the buyer's request and handle it properly through communication with the listing brokerage.

5. What must an advertisement that touts commissions \textit{as low as 2%} include to provide full context?

A. A disclosure to elucidate the circumstances when the lowest rate is applicable

B. A dollar range in addition to the percentage

C. An indication that 2% is the absolute standard rate

D. No disclosure as the statement is self-explanatory

In the context of real estate advertising, it is crucial to provide all the necessary information to ensure transparency. A disclosure to elucidate the circumstances when the lowest rate is applicable is essential when an advertisement touts commissions "as low as 2%." This kind of advertisement can attract potential clients by highlighting the low commission rate, but it is equally important to make it clear when this rate would apply and under what conditions. This disclosure helps in providing full context to potential clients and avoids any misunderstandings or misinterpretations regarding the commission rate being advertised. Options B and C are incorrect as they do not address the need for a disclosure to explain the circumstances surrounding the lowest rate. Option D is incorrect as it is not self-explanatory and lacks the necessary detail for consumers to fully understand the context of the advertised commission rate.

6. Which of the following is correct about metal siding for a residential structure?

A. Can be very fragile when exposed to extreme cold and can easily crack or otherwise be damaged.

B. Can only be constructed of aluminum.

C. Has definite limitations, particularly because it can only be installed vertically and not horizontally.

D. Has proven popular given its relatively low maintenance.

Metal siding for a residential structure has proven popular due to its relatively low maintenance. Metal siding is known for its durability and resistance to various environmental factors such as rot, mold, and pests. It also requires minimal upkeep compared to other types of siding materials like wood or vinyl. This makes it an attractive option for homeowners looking to reduce long-term maintenance costs and efforts.

7. What must Buyer LeBlanc do if she wishes to purchase an equity co-op?

A. Obtain approval from the board of directors before completion of the sale.

B. Sign just an agreement of purchase and sale, no need for occupancy agreement.

C. Only pay for her individual unit's mortgage, not the blanket mortgage registered against the building.

D. Make separate payments for property taxes and monthly occupancy charges.

E. Ensure the co-op board provides a letter of approval within 30 days.

F. Negotiate directly with the seller without involving the board.

When purchasing an equity co-op, the correct answer is to obtain approval from the board of directors before completion of the sale. In a co-op arrangement, each resident owns shares in the cooperative corporation rather than owning real property outright. The board of directors of the co-op generally has the authority to approve or disapprove of potential buyers to maintain the quality and standards of the cooperative community. Therefore, buyer LeBlanc must seek approval from the board before finalizing the purchase to ensure that she meets the criteria set by the cooperative and is a suitable member for the community. This step is crucial in the co-op purchasing process and distinguishes it from other types of real estate transactions where buyer approval is not a mandatory step.

8. Which of the following would NOT be typically viewed as a suspicious transaction under FINTRAC's suspicious transaction reporting requirements?

A. Buyer agrees to pay more than the asking price for a property they've never visited prior to making an offer.

B. Seller insists on listing the property 50,000 above market value without concern for slow sale prospects.

C. Buyer purchases several rental properties quickly, without concern for repair costs or tenant conditions.

D. Buyer agrees on a price much lower than market value, paying a significant amount under the table in cash post-closing.

E. Seller sells multiple high-value assets within a short period without a clear explanation for such sales.

F. Buyer makes repeated off-market purchases directly from owners avoiding standard property listings.

Option B would NOT be typically viewed as a suspicious transaction under FINTRAC's suspicious transaction reporting requirements because it involves a seller listing the property for $50,000 above market value without concern for slow sale prospects. This situation, although it may not be the most financially sensible decision for the seller, does not inherently raise red flags related to money laundering or illegal activities. On the other hand, the other options involve behaviors that could trigger suspicion under FINTRAC's regulations: A. The buyer agreeing to pay more than the asking price for a property they've never visited could be seen as unusual. C. The buyer purchasing several rental properties quickly, without caring about repair costs or tenant conditions, could indicate an attempt to launder money through real estate. D. The buyer agreeing on a price much lower than market value and paying a significant amount under the table in cash post-closing raises concerns about potential money laundering. E. The seller selling multiple high-value assets within a short period without a clear explanation may also suggest suspicious activity. F. The buyer making repeated off-market purchases directly from owners to avoid standard property listings could potentially be viewed as an attempt to conceal the transactions and the source of funds.

9. An acknowledgment clause in a purchase and sale agreement:

A. Is most useful when something may be misunderstood or misinterpreted by one or both of the parties to an agreement.

B. Is only used to confirm that there are no express or implied warranties on any chattels included in the purchase price.

C. Is typically used to provide a representation and warranty about an existing situation or fact involving a property.

D. Is used with acknowledgments involving the buyer, but not for acknowledgments involving the seller.

An acknowledgment clause in a purchase and sale agreement is most useful when something may be misunderstood or misinterpreted by one or both of the parties to an agreement. It helps ensure that both parties are on the same page and understand the terms and conditions of the agreement clearly. By including an acknowledgment clause, any potential misunderstandings can be addressed and clarified, reducing the likelihood of disputes or disagreements down the line. It acts as a form of protection for both the buyer and the seller by making the agreement more transparent and less prone to misinterpretation or confusion.

10. The maximum lot coverage for multi-family dwelling units as outlined in a zoning bylaw:

A. Can have a direct bearing on the number of dwelling units that can be built on a particular site.

B. Cannot exceed 25% of the total lot area.

C. Is detailed in the Ontario Building Code.

D. Would typically only apply to R1 and R2 zoning categories.

E. Is decided by the builder and tenant agreement.

F. Is regulated by federal bylaws.

The correct answer is A. The maximum lot coverage for multi-family dwelling units as outlined in a zoning bylaw can have a direct bearing on the number of dwelling units that can be built on a particular site. Lot coverage regulations determine how much of the lot can be covered by buildings, expressed as a percentage of the total lot area. By limiting the lot coverage for multi-family dwelling units, zoning bylaws aim to control building density and ensure that the development in the area is in line with the intended land use and surrounding neighborhood. Options B, C, D, E, and F are incorrect: B. Lot coverage regulations are specific to each zoning bylaw and can vary depending on the zoning category and the local regulations. There is no fixed cap of 25% for all multi-family dwelling units. C. The details of lot coverage limits for multi-family dwelling units are typically outlined in the zoning bylaws and not in the Ontario Building Code. D. The maximum lot coverage regulations can apply to various zoning categories, not limited only to R1 and R2. E. The determination of lot coverage limits is not decided by the builder and tenant agreement but is set by the zoning bylaws and municipal regulations governing the area. F. Lot coverage regulations are typically set at the municipal level through zoning bylaws and are not regulated by federal bylaws.