

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

Study Guide



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SAMPLE

Questions

- 1. What must a salesperson do to comply with the REBBA Code of Ethics when informing a buyer about services, potential multiple representations, and other relevant details?**
 - A. Ensure that the buyer signs a written acknowledgement before any properties can be shown to that buyer.**
 - B. Receive written acknowledgement from the buyer that the information has been provided.**
 - C. Use best efforts to obtain written acknowledgment that the information has been received by the buyer on behalf of the brokerage.**
 - D. The buyer must sign a written acknowledgement if he or she is being represented, but not for a customer service agreement.**
- 2. Which of the following is NOT a viable source of demographic data?**
 - A. CMHC**
 - B. GeoWarehouse**
 - C. Local Real Estate Board**
 - D. Genworth Financial Canada**
- 3. Which statement is accurate regarding a registrant advertising their registered name?**
 - A. A broker registrant can use the term associate broker.**
 - B. A salesperson registrant can use the term real estate sales consultant.**
 - C. A broker of record can use the term real estate broker of record.**
 - D. A salesperson registrant can use the term salesperson, but not real estate sales representative.**

- 4. Which of the following statements is correct when developing a prospecting farm?**
- A. The salesperson should be fully informed about all listings and sales activity within the area.**
 - B. The salesperson should have some form of communication with each owner approximately every six months.**
 - C. Mailing lists are not really important, because all contact with people in the farm area will be on a face-to-face basis.**
 - D. Deliver marketing materials to homes in the farming area that are listed for sale.**
- 5. What does REBBA use the term 'disclosure' to refer to?**
- A. The process of representing customer interests without bias.**
 - B. The act of declaring known materially relevant facts about a property.**
 - C. The formal process of signing listing agreements.**
 - D. The mechanism for resolving disputes between buyers and sellers.**
 - E. The recognition of a non-agency relationship.**
 - F. The registering of properties with regulatory bodies.**
- 6. Which step is essential when a salesperson seeks to advertise a recently sold property?**
- A. Directly inform the local real estate board first.**
 - B. Obtain prior consent exclusively from the listing brokerage.**
 - C. Seek written approval from both buyer and seller.**
 - D. Verify the advertisement content with brokerage legal advisor.**
 - E. Publish it after the property sale is recorded in the MLS.**
 - F. Request a permission letter from the city's real estate council.**

- 7. Which statement is accurate about the necessary steps in multiple representation?**
- A. Both the buyer and seller must provide verbal consent**
 - B. Salesperson Saleem must obtain written, informed consent from both the buyer and seller clients before presenting an offer**
 - C. Only the buyer needs to provide written consent**
 - D. Verbal agreement from both clients is sufficient**
 - E. No consents are necessary if only one party raises an objection**
 - F. Salesperson Saleem should proceed without seeking any consent forms**
- 8. Under which circumstance is a property transaction considered suspicious by FINTRAC standards?**
- A. Buyer paying over market value for an unseen property purchase.**
 - B. Seller demanding an asking price significantly above market value without concern for quick sales.**
 - C. Buyers quickly acquiring multiple rental properties without regard for cost or condition.**
 - D. Buyer working out a significantly lower price with a large cash payment post-sale.**
 - E. Seller listing property below market value to ensure a fast transaction.**
 - F. Buyer using unexplained large cash deposits for property purchases.**
- 9. What should Owner Sheeres consider when renovating a house built in 1949?**
- A. Asbestos is irrelevant as it was banned in the early 1930s**
 - B. Lead in old paint and pipes could be a concern**
 - C. Lead dust poses no health danger**
 - D. Both asbestos and lead are not a concern for old houses**
 - E. Neither lead nor asbestos are present in older homes**
 - F. Only asbestos would be a concern in homes built after the 1930s**

10. If Buyer Marshall offers \$350,000 for Seller Lee's property and includes a \$25,000 deposit with a seller take-back mortgage of \$220,000, what is the amount indicated on the "pay the balance as follows" line in Schedule A?

- A. \$105,000**
- B. \$225,000**
- C. \$325,000**
- D. \$105,900**
- E. \$350,000**
- F. \$110,000**

Answers

SAMPLE

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

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Explanations

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1. What must a salesperson do to comply with the REBBA Code of Ethics when informing a buyer about services, potential multiple representations, and other relevant details?
- A. Ensure that the buyer signs a written acknowledgement before any properties can be shown to that buyer.
 - B. Receive written acknowledgement from the buyer that the information has been provided.
 - C. Use best efforts to obtain written acknowledgment that the information has been received by the buyer on behalf of the brokerage.**
 - D. The buyer must sign a written acknowledgement if he or she is being represented, but not for a customer service agreement.

To comply with the REBBA Code of Ethics when informing a buyer about services, potential multiple representations, and other relevant details, a salesperson must use best efforts to obtain written acknowledgment that the information has been received by the buyer on behalf of the brokerage. This is important as it ensures that the buyer is fully informed about the services being provided, any potential conflicts of interest due to multiple representations, and other relevant details, thereby promoting transparency and protecting the interests of all parties involved. Option A is incorrect because requiring a buyer to sign a written acknowledgment before any properties can be shown may be overly restrictive and not necessary for providing information about services and potential representations. Option B is not the best choice because receiving written acknowledgment from the buyer is not enough to ensure that the buyer fully understands the information provided. Using best efforts to obtain acknowledgment on behalf of the brokerage helps to document that proper disclosure was made. Option D is incorrect because the requirement for a written acknowledgment applies not only when the buyer is being represented but also when providing customer service to ensure transparency and compliance with the Code of Ethics.

2. Which of the following is NOT a viable source of demographic data?
- A. CMHC
 - B. GeoWarehouse
 - C. Local Real Estate Board
 - D. Genworth Financial Canada**

Genworth Financial Canada is not a viable source of demographic data because it is a private mortgage insurance provider that primarily deals with providing mortgage insurance for lenders. While they may have information related to mortgage trends and borrower profiles, they do not specialize in demographic data collection. On the other hand, the other options are viable sources of demographic data: - CMHC (Canada Mortgage and Housing Corporation) is a government organization that provides a wide range of housing-related data and research, including demographic information. - GeoWarehouse is a real estate tool that provides access to property information, including details on neighborhoods, sales history, and demographic data. - Local Real Estate Boards often collect and provide demographic data related to specific regions or communities to help real estate professionals better understand the local market.

- 3. Which statement is accurate regarding a registrant advertising their registered name?**
- A. A broker registrant can use the term associate broker.**
 - B. A salesperson registrant can use the term real estate sales consultant.**
 - C. A broker of record can use the term real estate broker of record.**
 - D. A salesperson registrant can use the term salesperson, but not real estate sales representative.**

A broker of record can use the term real estate broker of record. This statement is accurate because the Real Estate Business and Brokers Act (2002) allows only the broker of record to use the term "real estate broker of record" in their advertising. This title is specific to brokers of record and signifies their authority and responsibility within a brokerage. Regarding the other options: - Option A is incorrect because only a broker can use the term 'associate broker', not a broker registrant. - Option B is incorrect because a salesperson registrant cannot use the term 'real estate sales consultant'. - Option D is incorrect because a salesperson registrant can use the term 'salesperson' as well as 'real estate sales representative'.

- 4. Which of the following statements is correct when developing a prospecting farm?**
- A. The salesperson should be fully informed about all listings and sales activity within the area.**
 - B. The salesperson should have some form of communication with each owner approximately every six months.**
 - C. Mailing lists are not really important, because all contact with people in the farm area will be on a face-to-face basis.**
 - D. Deliver marketing materials to homes in the farming area that are listed for sale.**

When developing a prospecting farm, it is essential for a salesperson to be fully informed about all listings and sales activity within the area. This understanding provides a strong foundation for effectively engaging with potential clients. Knowing the current market dynamics, including recent sales and properties available for sale, helps in establishing credibility and authority as a real estate professional in that specific area. Being well-informed also enables the salesperson to provide valuable insights to homeowners, answer questions with confidence, and tailor marketing strategies to suit the needs of the market. This thorough knowledge can lead to better prospecting, as the salesperson can identify opportunities, predict local trends, and present themselves as a knowledgeable resource to clients looking to buy or sell. In contrast to the correct statement, maintaining communication with homeowners every six months is a good practice, but it may not be sufficient to build strong relationships or keep the salesperson top-of-mind. The suggestion that mailing lists aren't important overlooks the value of systematic outreach and marketing efforts that could reach a broader audience effectively. Additionally, focusing solely on homes listed for sale without considering the broader community context neglects the opportunities to engage with potential clients who may not currently be looking to sell but could be approached in a way that builds rapport.

5. What does REBBA use the term 'disclosure' to refer to?
- A. The process of representing customer interests without bias.
 - B. The act of declaring known materially relevant facts about a property.**
 - C. The formal process of signing listing agreements.
 - D. The mechanism for resolving disputes between buyers and sellers.
 - E. The recognition of a non-agency relationship.
 - F. The registering of properties with regulatory bodies.

REBBA, which stands for the Real Estate and Business Brokers Act, uses the term 'disclosure' to refer to the act of declaring known materially relevant facts about a property. This is a crucial aspect of real estate transactions to ensure transparency and protect all parties involved. It helps potential buyers make informed decisions and prevents any misunderstandings or disputes down the line. Options A, C, D, E, and F are not correct as they do not accurately define what 'disclosure' refers to under REBBA.

6. Which step is essential when a salesperson seeks to advertise a recently sold property?
- A. Directly inform the local real estate board first.
 - B. Obtain prior consent exclusively from the listing brokerage.**
 - C. Seek written approval from both buyer and seller.
 - D. Verify the advertisement content with brokerage legal advisor.
 - E. Publish it after the property sale is recorded in the MLS.
 - F. Request a permission letter from the city's real estate council.

When a salesperson seeks to advertise a recently sold property, it is essential to obtain prior consent exclusively from the listing brokerage. This step is crucial as the listing brokerage owns the rights to market and advertise the property. By obtaining consent from the listing brokerage, the salesperson ensures that they have the necessary permission to advertise the property without infringing on any legal or ethical boundaries. Option A is incorrect because while informing the local real estate board is important for record-keeping purposes, it is not the essential step when advertising a recently sold property. Option C is incorrect because while written approval from both the buyer and seller may be necessary for other aspects of the transaction, it is not specifically required for advertising a recently sold property. Option D is incorrect because while verifying advertisement content with a brokerage legal advisor is a good practice, it is not the essential step when seeking to advertise a recently sold property. Option E is incorrect because waiting for the property sale to be recorded in the MLS before advertising may delay the marketing process. It is crucial to obtain consent from the listing brokerage promptly to start advertising. Option F is incorrect because requesting a permission letter from the city's real estate council is not a standard procedure when seeking to advertise a recently sold property. The essential step is to obtain consent from the listing brokerage.

7. Which statement is accurate about the necessary steps in multiple representation?

- A. Both the buyer and seller must provide verbal consent**
- B. Salesperson Saleem must obtain written, informed consent from both the buyer and seller clients before presenting an offer**
- C. Only the buyer needs to provide written consent**
- D. Verbal agreement from both clients is sufficient**
- E. No consents are necessary if only one party raises an objection**
- F. Salesperson Saleem should proceed without seeking any consent forms**

In multiple representation, where a real estate salesperson represents both the buyer and seller in a transaction, it is crucial to ensure that there is written, informed consent from both parties before any offers are presented. This written consent helps in disclosing the potential conflicts of interest that may occur in such a representation, ensuring transparency and protecting the interests of all parties involved. Verbal consents are not sufficient in this situation, and seeking written consent is a standard practice to establish clarity and protect the rights of all parties. Therefore, option B is the correct choice.

8. Under which circumstance is a property transaction considered suspicious by FINTRAC standards?

- A. Buyer paying over market value for an unseen property purchase.**
- B. Seller demanding an asking price significantly above market value without concern for quick sales.**
- C. Buyers quickly acquiring multiple rental properties without regard for cost or condition.**
- D. Buyer working out a significantly lower price with a large cash payment post-sale.**
- E. Seller listing property below market value to ensure a fast transaction.**
- F. Buyer using unexplained large cash deposits for property purchases.**

A transaction is considered suspicious by FINTRAC standards when a seller is demanding an asking price significantly above market value without concern for quick sales. This could indicate potential money laundering or other illegal activities. The other options do not directly relate to suspicious activities by a seller and may not trigger the same level of scrutiny from FINTRAC.

9. What should Owner Sheeres consider when renovating a house built in 1949?

- A. Asbestos is irrelevant as it was banned in the early 1930s**
- B. Lead in old paint and pipes could be a concern**
- C. Lead dust poses no health danger**
- D. Both asbestos and lead are not a concern for old houses**
- E. Neither lead nor asbestos are present in older homes**
- F. Only asbestos would be a concern in homes built after the 1930s**

When renovating a house built in 1949, Owner Sheeres should consider the presence of lead in old paint and pipes as a potential concern. In 1949, lead-based paint was still commonly used in homes, and lead pipes were also commonly installed for plumbing systems. Both lead-based paint and lead pipes can pose health risks if not properly addressed during renovations. As for the other options: A. Asbestos was not banned in the early 1930s and can be present in older homes. C. Lead dust can indeed pose a health danger, so it is not irrelevant. D. Both asbestos and lead should be considered when renovating an old house. E. Lead and asbestos are possible concerns in older homes. F. Asbestos can still be present in homes built after the 1930s.

10. If Buyer Marshall offers \$350,000 for Seller Lee's property and includes a \$25,000 deposit with a seller take-back mortgage of \$220,000, what is the amount indicated on the "pay the balance as follows" line in Schedule A?

- A. \$105,000**
- B. \$225,000**
- C. \$325,000**
- D. \$105,900**
- E. \$350,000**
- F. \$110,000**

In this scenario, the correct answer is \$105,000. To understand why, we need to break down the elements of the offer. Buyer Marshall's offer is \$350,000 for Seller Lee's property. This includes a \$25,000 deposit. Additionally, there is a seller take-back mortgage of \$220,000. To find the amount indicated on the "pay the balance as follows" line in Schedule A, we need to subtract the deposit and the seller take-back mortgage from the total offer price: $\$350,000$ (total offer price) - $\$25,000$ (deposit) - $\$220,000$ (seller take-back mortgage) = $\$105,000$. Therefore, the correct amount indicated on the "pay the balance as follows" line in Schedule A is \$105,000. The other options are incorrect because they do not accurately calculate the remaining balance that the Buyer needs to pay after deducting the deposit and seller take-back mortgage from the total offer price.