

Humber/Ontario Real Estate Course 3 Exam Practice (Sample)

Study Guide



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SAMPLE

Questions

- 1. Mr. and Mrs. Lincoln are considering transferring the title of their home to a private investor. What legal document would best achieve this?**
 - A. Foreclosure**
 - B. Judicial Sale**
 - C. Power Of Sale**
 - D. Quit Claim Deed**

- 2. If an agreement involves a minor utility easement, it:**
 - A. Must be removed before the sale completion date.**
 - B. Typically is accepted by the buyer as part of the title.**
 - C. Will result in an objection due to title concerns.**
 - D. Causes a void contract from the outset.**
 - E. Is considered a significant property defect.**
 - F. Requires court approval.**

- 3. Which of the following must a seller disclose during the sale of a property?**
 - A. Presence of a gun safe.**
 - B. Recent repairs to the drywall.**
 - C. A known plumbing issue.**
 - D. Neighbor complaints about noise.**

- 4. What is implied when Salesperson Ryan assures Buyer Tiana that the seller's financial difficulties may benefit her negotiation for purchasing a home?**
 - A. He is potentially setting up an implied multiple representation.**
 - B. He is simply fulfilling his requirement to provide top-notch service and this does not influence Tiana's status.**
 - C. He is not implicating multiple representation as the seller is his sole client irrespective of his statements.**
 - D. There is no implied or resulting client relationship with Tiana as no representation agreement has been signed.**
 - E. He might be violating a provision that mandates neutrality in representing buyers and sellers simultaneously.**
 - F. He is transparent and clear in highlighting advantageous information which is part of his duty.**

- 5. How do condominium unit owners hold an interest in the common elements?**
- A. as equal partners**
 - B. as joint owners**
 - C. as joint tenants**
 - D. as tenants at will**
 - E. as tenants in common**
 - F. in a partnership**
- 6. For a home built in the 1950s undergoing renovation, the owner should:**
- A. Assume asbestos is present and avoid DIY jobs**
 - B. Only renovate parts not containing asbestos**
 - C. Seek a professional's advice on potential asbestos presence**
 - D. Submit an inspection request to the local authority**
 - E. Undertake renovations without asbestos concerns**
 - F. Use general contractors for all renovations**
- 7. Which term in the seller representation agreement includes an option to purchase that has been exercised?**
- A. The phrase 'anyone introduced or shown the property'**
 - B. The phrase 'listing period'**
 - C. The term 'purchase'**
 - D. The term 'vendor'**
 - E. The phrase 'option term'**
 - F. The term 'agreement period'**
- 8. Which statement about demographic research is incorrect?**
- A. Downsizing in a neighborhood is rarely due to demographic changes**
 - B. New home developments can indicate the right time to sell**
 - C. Demographic research helps understand community trends**
 - D. Aging seniors downsize to lower housing costs**
 - E. Tracking demographics can guide market strategy**
 - F. Younger families moving in can impact property values**

- 9. Regarding Buyer Anderson's single-family home purchase, with kitchen appliances mentioned as included in the listing, you include a clause in Schedule A. Which statement is correct?**
- A. Appliance failure after closing falls on the seller to fix.**
 - B. The buyer should inspect the appliances pre-closing as they are protected only until closing.**
 - C. The representation and warranty clause applies solely to structural issues.**
 - D. The buyer isn't effectively protected by the clause as it lacks a waiver.**
 - E. Appliances are covered under this clause even after the transaction completion date.**
- 10. What is one of the responsibilities of a salesperson when showing properties to potential buyers?**
- A. Ensure all properties shown are listed through their brokerage**
 - B. Preview and inspect properties before showing them to buyers**
 - C. Always schedule showings for weekends**
 - D. Encourage the presence of the seller during showings**
 - E. Only show properties that are newly listed**
 - F. Limit showings to no more than two properties per day**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Mr. and Mrs. Lincoln are considering transferring the title of their home to a private investor. What legal document would best achieve this?

- A. Foreclosure**
- B. Judicial Sale**
- C. Power Of Sale**
- D. Quit Claim Deed**

The most appropriate legal document for Mr. and Mrs. Lincoln to transfer the title of their home to a private investor is a Quit Claim Deed. This type of deed allows the current owner to transfer their interest in the property without making guarantees about the title's status. It straightforwardly conveys whatever interest the grantor has, whether it's complete ownership or just a partial interest. This is particularly useful in situations where the owners may want a quick and simple method to transfer the property, as it does not involve the rigorous title searches or assurances typically associated with warranty deeds. In this context, Foreclosure, Judicial Sale, and Power of Sale refer to processes related to the repossession of property due to non-payment of mortgages or other encumbrances and do not pertain to voluntary transactions between private parties to transfer ownership.

2. If an agreement involves a minor utility easement, it:

- A. Must be removed before the sale completion date.**
- B. Typically is accepted by the buyer as part of the title.**
- C. Will result in an objection due to title concerns.**
- D. Causes a void contract from the outset.**
- E. Is considered a significant property defect.**
- F. Requires court approval.**

When an agreement involves a minor utility easement, it is typically accepted by the buyer as part of the title. This is because minor utility easements are common legal rights granted for the installation and maintenance of utility infrastructure, such as power lines, water pipes, or telecommunications. These easements are generally seen as a minor impact on the property's value and use. Buyers in real estate transactions often understand that utility easements are a standard part of property ownership, reflecting the balance between individual property rights and community utility needs. Since these easements do not usually impede the primary use of the property or significantly affect its value, buyers are generally expected to accept them. The other options address circumstances that are either not typically associated with minor easements or involve serious legal implications that do not apply in most cases. For instance, the idea that a minor easement must be removed before sale completion is impractical since it could disrupt essential service delivery. Also, the notion that such an easement creates grounds for a title objection or voids a contract suggests a severity that is not characteristic of minor easements. Similarly, requiring court approval and labeling the easement as a significant property defect would be more applicable to substantial easements or issues rather than minor ones.

3. Which of the following must a seller disclose during the sale of a property?

- A. Presence of a gun safe.**
- B. Recent repairs to the drywall.**
- C. A known plumbing issue.**
- D. Neighbor complaints about noise.**

In the context of real estate transactions, sellers have a legal obligation to disclose certain information that may affect a buyer's decision to purchase a property. The presence of a known plumbing issue is a significant concern because it directly impacts the condition and safety of the home. A plumbing issue can lead to water damage, mold growth, and other costly repairs, making it critical for potential buyers to be aware of such problems before making a purchase. Disclosures related to known issues like plumbing are often mandated by laws and regulations to ensure transparency and protect buyers. Buyers need to understand the condition of the property to make informed decisions and avoid unexpected expenses after the sale. On the other hand, items like the presence of a gun safe or recent repairs to drywall may not necessarily require disclosure unless they affect the value of the property or imply a hidden issue. Complaints from neighbors about noise, while potentially relevant, typically fall outside the seller's obligation to disclose and are often considered subjective opinions rather than factual deficiencies of the property itself.

4. What is implied when Salesperson Ryan assures Buyer Tiana that the seller's financial difficulties may benefit her negotiation for purchasing a home?

- A. He is potentially setting up an implied multiple representation.**
- B. He is simply fulfilling his requirement to provide top-notch service and this does not influence Tiana's status.**
- C. He is not implicating multiple representation as the seller is his sole client irrespective of his statements.**
- D. There is no implied or resulting client relationship with Tiana as no representation agreement has been signed.**
- E. He might be violating a provision that mandates neutrality in representing buyers and sellers simultaneously.**
- F. He is transparent and clear in highlighting advantageous information which is part of his duty.**

Salesperson Ryan's assurance to Buyer Tiana regarding the seller's financial difficulties suggests that there could be a conflict of interest, especially if he is representing both the buyer and the seller. This scenario hints at an implied multiple representation situation. In real estate, multiple representation occurs when a salesperson represents both the buyer and the seller in a transaction, which can lead to a potential conflict of interest. When Ryan mentions that the seller's financial difficulties may benefit Tiana during negotiations, it implies that Ryan possesses insider information that could sway negotiations in favor of the buyer. This situation can create a perception that the interests of Buyer Tiana might be prioritized over those of the seller, especially if Ryan is acting for both parties without proper disclosure and consent. In many jurisdictions, real estate professionals are required to disclose any potential conflicts and obtain the consent of both parties if they intend to represent more than one client in a transaction. Thus, Ryan's statement, which appears to give Tiana an advantage, inadvertently indicates that he may be straddling the boundaries of multiple representation. In this context, the other options do not fully capture the implications of Ryan's statement. The choice implying that he is simply providing service overlooks the significant risk of conflict, while the suggestion that he

5. How do condominium unit owners hold an interest in the common elements?

- A. as equal partners**
- B. as joint owners**
- C. as joint tenants**
- D. as tenants at will**
- E. as tenants in common**
- F. in a partnership**

Condominium unit owners hold an interest in the common elements as "tenants in common." This means that each owner has a separate and distinct share in the common elements. They do not hold an equal interest or joint ownership as in a partnership, joint tenancy, or as equal partners. Additionally, being tenants at will implies a more temporary and casual agreement, which is not the case in a condominium setting where each owner has a formal ownership stake.

6. For a home built in the 1950s undergoing renovation, the owner should:

- A. Assume asbestos is present and avoid DIY jobs**
- B. Only renovate parts not containing asbestos**
- C. Seek a professional's advice on potential asbestos presence**
- D. Submit an inspection request to the local authority**
- E. Undertake renovations without asbestos concerns**
- F. Use general contractors for all renovations**

A common concern with homes built in the 1950s is the potential presence of asbestos, a material often used in construction during that era due to its insulating properties and fire resistance. The best course of action for homeowners undergoing renovation in such properties is to assume that asbestos may be present, particularly if their home has not been evaluated. It is crucial to avoid DIY renovations because disturbing asbestos-containing materials can release harmful fibers into the air, posing serious health risks through inhalation. If homeowners are not trained in asbestos handling and removal, they can inadvertently increase the dangers associated with it. Therefore, taking a cautious approach by assuming its presence helps ensure safety and compliance with regulations regarding asbestos management. In this context, it is prudent for the homeowner to inform themselves and potentially seek professional help, but the primary correct action is to proceed cautiously by assuming asbestos is present to avoid any risk during renovations.

7. Which term in the seller representation agreement includes an option to purchase that has been exercised?

- A. The phrase 'anyone introduced or shown the property'**
- B. The phrase 'listing period'**
- C. The term 'purchase'**
- D. The term 'vendor'**
- E. The phrase 'option term'**
- F. The term 'agreement period'**

In the context of a seller representation agreement, the term 'purchase' is pivotal as it signifies the legal transaction that occurs when a buyer agrees to acquire the property presented by the seller. When an option to purchase has been exercised, it transforms from a mere opportunity into a binding commitment. This term encapsulates the exchange of ownership and signifies that a decision has been made regarding the asset involved. Understanding that 'purchase' directly relates to the act of transferring property rights highlights its importance in formal agreements. Other phrases or terms in the agreement focus on different aspects, such as duration or who is involved in the transaction, but 'purchase' is the term that directly refers to the execution of the agreement once an option has been exercised. Thus, it is essential in understanding the role of agreements and obligations initiated during the selling process.

8. Which statement about demographic research is incorrect?

- A. Downsizing in a neighborhood is rarely due to demographic changes**
- B. New home developments can indicate the right time to sell**
- C. Demographic research helps understand community trends**
- D. Aging seniors downsize to lower housing costs**
- E. Tracking demographics can guide market strategy**
- F. Younger families moving in can impact property values**

Demographic research involves studying the characteristics of a population, including changes in age, race, income, and other factors. Tracking these changes can help individuals and businesses make informed decisions about housing, investments, and marketing strategies. While downsizing in a neighborhood can be a result of various factors, such as economic downturn or changes in family size, demographic changes can also play a significant role. Therefore, statement A, which suggests that demographic changes rarely contribute to downsizing in a neighborhood, is incorrect. Options B, C, D, E, and F are all correct statements about how demographic research can be useful in various situations.

9. Regarding Buyer Anderson's single-family home purchase, with kitchen appliances mentioned as included in the listing, you include a clause in Schedule A. Which statement is correct?

- A. Appliance failure after closing falls on the seller to fix.**
- B. The buyer should inspect the appliances pre-closing as they are protected only until closing.**
- C. The representation and warranty clause applies solely to structural issues.**
- D. The buyer isn't effectively protected by the clause as it lacks a waiver.**
- E. Appliances are covered under this clause even after the transaction completion date.**

The statement that the buyer should inspect the appliances pre-closing is correct because the buyer's responsibility to ensure the appliances are in good working order only extends up until the closing date. Once the sale is finalized, any issues or failures related to those appliances typically become the responsibility of the buyer. It's crucial for buyers to perform a thorough inspection of all included appliances before closing to identify any potential problems that may need to be addressed prior to the transfer of ownership. This proactive step can help avoid disputes or unexpected costs after the transaction is completed. Addressing the context of other statements, the obligation related to appliance failure after closing does not rest with the seller if all was disclosed during the sale process. The representation and warranty clause generally covers more than just structural issues, and there is a distinction that warranty clauses can encompass various aspects of a property. Additionally, the idea that the clause might lack a waiver implies a misunderstanding of its function; typically, such clauses are meant to protect buyers from unforeseen issues. Lastly, once the transaction is complete, the protection under any pre-closing clauses usually ceases, making statement E misleading.

10. What is one of the responsibilities of a salesperson when showing properties to potential buyers?

- A. Ensure all properties shown are listed through their brokerage**
- B. Preview and inspect properties before showing them to buyers**
- C. Always schedule showings for weekends**
- D. Encourage the presence of the seller during showings**
- E. Only show properties that are newly listed**
- F. Limit showings to no more than two properties per day**

The responsibility of previewing and inspecting properties before showing them to buyers is crucial for a salesperson. This practice allows the agent to familiarize themselves with the features, condition, and layout of a property, enabling them to provide potential buyers with accurate and insightful information. When a salesperson knows a property well, they can effectively highlight its best attributes, answer questions knowledgeably, and address any concerns the buyer may have. This preparation also ensures that the salesperson can gauge if a property truly meets the buyer's needs based on their preferences and requirements. In contrast, the other options either impose unnecessary restrictions or do not contribute meaningfully to the effectiveness of the showing. For example, ensuring all properties shown are listed through their brokerage may limit the salesperson's ability to present a wider range of options to buyers, and encouraging the seller's presence can create pressure during the showing. Similarly, limiting showings to only newly listed properties or a particular number per day can restrict the buyer's options and the agent's flexibility when scheduling.