

Humber/Ontario Real Estate Course 4 Exam Practice (Sample)

Study Guide



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Questions

- 1. Which of the following statements applies to the assignment of a listing agreement?**
 - A. Assignments are invalid without the original broker's consent.**
 - B. Listings can be freely assigned between brokerages at any time.**
 - C. Requires both the seller and new brokerage to sign a new representation agreement.**
 - D. Salesperson can assign a listing to another brokerage without informing the seller.**
 - E. SELLOR can assign a listing with no legal ramifications.**
 - F. The buyer must also consent to any assignment.**

- 2. When is the latest time that Salesperson Milani must complete a FINTRAC individual identification form for a buyer?**
 - A. Before the first home is viewed.**
 - B. At the time a signed agreement of purchase and sale is submitted.**
 - C. Immediately before a buyer representation agreement is signed.**
 - D. No later than the end of the first meeting with a buyer client.**
 - E. During the property showing.**

- 3. If a buyer relies on inaccurate information about water leakage in a seller property information statement and does not get a home inspection, legally:**
 - A. The buyer cannot hold the seller accountable for future costs**
 - B. A home inspection is mandatory in Ontario**
 - C. A disclosure statement has no legal status for action**
 - D. The seller might be liable for the buyer's incurred costs**
 - E. The buyer has no recourse after closing**
 - F. Both parties share responsibility for disclosure accuracy**

- 4. What is essential in setting a competitive listing price for a home?**
- A. Using a comparative market analysis to determine market value.**
 - B. Analyzing all homes sold on the same street.**
 - C. Being a major factor in creating a saleable listing.**
 - D. Increasing the risk of the home being used for comparison purposes, aiding salespersons with other homes.**
 - E. Setting the price based solely on the homeowner's desired selling price.**
 - F. Considering only the home's unique features.**
- 5. If buyers agree to customer service representation after appropriate disclosures and sign a buyer customer service agreement, how does this impact the brokerage's duties?**
- A. The brokerage owes no responsibilities to them in negotiations.**
 - B. Buyers might still owe the brokerage remuneration if the seller doesn't pay.**
 - C. The brokerage must remain impartial to both seller and buyers.**
 - D. The brokerage does not represent the buyers.**
 - E. It means the brokerage has fiduciary duties to buyers.**
 - F. Buyers automatically gain priority in offers.**
- 6. What can Seller Wilson do if she expects multiple offers and delays offer presentations?**
- A. The salesperson cannot comply as it violates REBBA Code of Ethics.**
 - B. Buyers cannot submit pre-emptive offers.**
 - C. The salesperson must present pre-emptive offers as soon as possible.**
 - D. The seller can decide on handling pre-emptive offers based on salesperson input.**
 - E. Reject any offers received before the specified date.**
 - F. Insist on cash-only offers during the delay period.**

- 7. In negotiations, if a counter-offer from the seller is rejected by the buyer but the seller later agrees to the original offer within the irrevocable time frame, what happens?**
- A. The parties enter into a binding contract because the seller accepted before the irrevocable time expired.**
 - B. The negotiations end as a mutual agreement was not achieved.**
 - C. The initial offer remains open for acceptance until the irrevocable period ends.**
 - D. The seller cannot accept the original offer since it is invalid without the buyer's wife's signature.**
- 8. Broker of Record Hennessey listed three nearly identical homes in a neighborhood. Which statement is correct regarding their listing prices?**
- A. The homes should have the same listing price due to layout and location.**
 - B. The usefulness might be similar, but price variations can exist due to factors like age and special features.**
 - C. The listing prices should be the same as they are exchangeable due to equal utility.**
 - D. This reinforces that homes in specific neighborhoods have similar prices.**
 - E. Identical homes must have identical listing prices set by the brokerage.**
 - F. Differences in layout would result in different listing prices.**
- 9. What is multiple representation, and under what conditions is it permissible?**
- A. Is prohibited by law.**
 - B. Occurs strictly in situations where a salesperson within a brokerage is representing both buyer and seller in a transaction.**
 - C. Does not apply to situations where two salespersons representing the buyer and seller respectively are employed by the same brokerage, but are located in different branch offices.**
 - D. Is permissible if the informed written consent of all clients involved is obtained by the brokerage.**
 - E. Requires mutual agreement but no written consent.**

10. If a buyer discovers a significant pool crack post-purchase and files a complaint, what is Salesperson Young's error?

- A. Registrar will not investigate due to legal action**
- B. Young made no representations about pool's condition**
- C. Young failed to avoid error and misrepresentation**
- D. Registrar will not pursue due to Young's inexperience**

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Answers

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

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Explanations

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1. Which of the following statements applies to the assignment of a listing agreement?
- A. Assignments are invalid without the original broker's consent.
 - B. Listings can be freely assigned between brokerages at any time.
 - C. Requires both the seller and new brokerage to sign a new representation agreement.**
 - D. Salesperson can assign a listing to another brokerage without informing the seller.
 - E. Sellar can assign a listing with no legal ramifications.
 - F. The buyer must also consent to any assignment.

The correct selection centers around the necessity for both the seller and the new brokerage to sign a new representation agreement when a listing agreement is assigned. This is critical because the original listing agreement is a legally binding contract that specifies the terms under which the broker represents the seller. Assigning a listing involves transferring these contractual obligations and rights to another brokerage, which cannot occur without the explicit agreement of the seller and the accepting brokerage. In this context, it's also essential to recognize that transferring responsibilities and obligations necessitates new formal consent to ensure that all parties understand and agree to the new arrangements. This maintains transparency and upholds the integrity of the real estate transaction process.

2. When is the latest time that Salesperson Milani must complete a FINTRAC individual identification form for a buyer?
- A. Before the first home is viewed.
 - B. At the time a signed agreement of purchase and sale is submitted.**
 - C. Immediately before a buyer representation agreement is signed.
 - D. No later than the end of the first meeting with a buyer client.
 - E. During the property showing.

The requirement for completing a FINTRAC individual identification form is closely tied to the point in the transaction process when a real estate professional is obligated to ensure compliance with anti-money laundering regulations. The correct timing for this form is at the moment a signed agreement of purchase and sale is submitted. This ensures that the identification is completed at a critical juncture when the buyer is formally committed to the transaction, allowing the agent to fulfill their regulatory obligations while also safeguarding against potential money laundering activities. By this time, the relationship between the salesperson and the client is solidified through the agreement, making it the most suitable moment for verifying and documenting the buyer's identity in compliance with FINTRAC regulations. Other options suggest either undertaking the process too early or at points that do not align with the regulatory requirements, which could lead to non-compliance and its associated risks.

3. If a buyer relies on inaccurate information about water leakage in a seller property information statement and does not get a home inspection, legally:

- A. The buyer cannot hold the seller accountable for future costs**
- B. A home inspection is mandatory in Ontario**
- C. A disclosure statement has no legal status for action**
- D. The seller might be liable for the buyer's incurred costs**
- E. The buyer has no recourse after closing**
- F. Both parties share responsibility for disclosure accuracy**

The reasoning behind the choice indicating that the seller might be liable for the buyer's incurred costs rests on the principle of misrepresentation and the obligations of sellers to disclose known defects in a property. In situations where a seller provides inaccurate information regarding the condition of the property—particularly issues like water leakage—they may be held liable if it is found that they knowingly concealed or misrepresented this information to the buyer. If the buyer relies on the seller's statement and does not conduct a home inspection, and if it later emerges that there was indeed a water leakage issue that the seller was aware of but did not disclose, the buyer may have grounds to seek compensation for associated costs. This legal principle is based on the expectation that sellers must operate in good faith and provide truthful information about the property's condition. In this context, the other options highlight different aspects of real estate transactions and buyer due diligence, but they do not align with the specific legal recourse available to the buyer if they are misled by inaccurate information provided by the seller.

4. What is essential in setting a competitive listing price for a home?

- A. Using a comparative market analysis to determine market value.**
- B. Analyzing all homes sold on the same street.**
- C. Being a major factor in creating a saleable listing.**
- D. Increasing the risk of the home being used for comparison purposes, aiding salespersons with other homes.**
- E. Setting the price based solely on the homeowner's desired selling price.**
- F. Considering only the home's unique features.**

While creating a saleable listing is indeed an important aspect of setting a competitive price, the most critical factor is actually utilizing a comparative market analysis (CMA) to determine the home's market value. This approach takes into account recent sales of comparable properties, current listings, and market trends to arrive at a price that is aligned with what buyers are willing to pay. Using a CMA ensures that the price reflects the true market conditions, helping to attract potential buyers while also helping the seller achieve the best possible price. It provides a data-driven basis for pricing that can make a significant difference in how quickly the home sells and at what price. The other options highlight various considerations but do not capture the fundamental necessity of market analysis. For instance, analyzing homes sold on the same street is part of a CMA, but it doesn't encompass the broader view needed. Similarly, focusing solely on the homeowner's preferences or unique features of the home may lead to overpricing without a strong market basis. Thus, relying on a comparative market analysis is essential in setting a competitive listing price for a home.

5. If buyers agree to customer service representation after appropriate disclosures and sign a buyer customer service agreement, how does this impact the brokerage's duties?
- A. The brokerage owes no responsibilities to them in negotiations.
 - B. Buyers might still owe the brokerage remuneration if the seller doesn't pay.
 - C. The brokerage must remain impartial to both seller and buyers.
 - D. The brokerage does not represent the buyers.**
 - E. It means the brokerage has fiduciary duties to buyers.
 - F. Buyers automatically gain priority in offers.

When buyers agree to customer service representation and sign a buyer customer service agreement after receiving appropriate disclosures, it means that the brokerage does not represent the buyers in a fiduciary manner. Instead, the relationship established is that of a customer, where the brokerage provides services but is not obligated to act in the buyers' best interests as an agent would. In this context, the nature of the brokerage's duties shifts. Rather than having fiduciary responsibilities—such as loyalty, full disclosure, or the obligation to act in the best interests of the buyers—the brokerage's duty is limited to providing customer service and fulfilling the terms outlined in the agreement. This means that the brokerage must inform the buyers of relevant information and facilitate transactions, but does not have the same legal obligations to protect their interests in negotiations or offer advice. Understanding this distinction is crucial, as a customer service relationship lacks the comprehensive level of representation that a client-agent relationship would entail. Therefore, while buyers receive a basic level of service and information, they should be aware that the brokerage's duties are not those of a traditional representative.

- 6. What can Seller Wilson do if she expects multiple offers and delays offer presentations?**
- A. The salesperson cannot comply as it violates REBBA Code of Ethics.**
 - B. Buyers cannot submit pre-emptive offers.**
 - C. The salesperson must present pre-emptive offers as soon as possible.**
 - D. The seller can decide on handling pre-emptive offers based on salesperson input.**
 - E. Reject any offers received before the specified date.**
 - F. Insist on cash-only offers during the delay period.**

The correct answer indicates that the seller has the ultimate authority in deciding how to handle pre-emptive offers, while also considering the input of the salesperson. This aligns with the principle that sellers maintain control over their property and the sale process. When a seller expects multiple offers, they may feel inclined to delay the presentation to maximize the potential for higher offers. During this period, the seller can accept or reject pre-emptive offers based on market conditions, the advice given by the salesperson, and their own strategy for the sale. This collaborative approach ensures that the seller makes informed decisions while actively participating in the process. In contrast, the other options suggest restrictions or obligations that do not accurately reflect the flexibility available to the seller in this scenario. For example, saying that buyers cannot submit pre-emptive offers disregards the fact that such offers can be made and considered. Similarly, stating that the salesperson must present these offers as soon as possible contradicts the seller's ability to manage the timeline based on their preferences. Rejecting all offers received before a specified date may limit opportunities for negotiation and potential buyers. Finally, insisting on cash-only offers does not necessarily apply to all situations and could unnecessarily restrict the pool of interested buyers.

7. In negotiations, if a counter-offer from the seller is rejected by the buyer but the seller later agrees to the original offer within the irrevocable time frame, what happens?
- A. The parties enter into a binding contract because the seller accepted before the irrevocable time expired.
 - B. The negotiations end as a mutual agreement was not achieved.**
 - C. The initial offer remains open for acceptance until the irrevocable period ends.
 - D. The seller cannot accept the original offer since it is invalid without the buyer's wife's signature.

In this scenario, the situation revolves around the concepts of offers, counter-offers, and acceptance. The buyer's rejection of the counter-offer signifies that they don't agree to the new terms proposed by the seller. However, since the seller later decides to accept the original offer within the designated irrevocable timeframe, this acceptance is crucial. The correct understanding is that the seller's acceptance of the original offer before the expiration of the irrevocable period creates a binding contract. This acceptance is valid, as it occurs within the stipulated time frame, which is an important element of contract law. The notion of an irrevocable offer reflects that the offeror (the seller) cannot retract the original offer while the time period is active. Thus, if the seller reverts to the original offer and communicates acceptance within this timeframe, a binding contract is constituted. The conclusion drawn from this analysis emphasizes the importance of timelines and clear communication in negotiations, as a contract can indeed be formed if acceptance adheres to stipulated conditions. Therefore, the dynamics of what constitutes mutual agreement and the status of offers and rejections are critical in this context.

8. Broker of Record Hennessey listed three nearly identical homes in a neighborhood. Which statement is correct regarding their listing prices?

A. The homes should have the same listing price due to layout and location.

B. The usefulness might be similar, but price variations can exist due to factors like age and special features.

C. The listing prices should be the same as they are exchangeable due to equal utility.

D. This reinforces that homes in specific neighborhoods have similar prices.

E. Identical homes must have identical listing prices set by the brokerage.

F. Differences in layout would result in different listing prices.

The correct choice emphasizes that while the homes in question are nearly identical in terms of layout and location, the listing prices can still vary based on certain distinguishing factors. These factors may include the age of the homes, any unique features that one property may have over the others, or even the seller's individual circumstances, such as motivation to sell or the perceived market value. Understanding that similar properties can have different listing prices is crucial in real estate, as it reflects the market's response to specific characteristics that can enhance a home's desirability, or other non-physical factors influencing pricing. Factors such as renovations, the condition of the property, and aesthetic appeal often play a significant role in a buyer's perception of value, impacting listing prices even for homes that might appear identical at first glance. This recognition helps real estate professionals price properties more competitively and accurately, taking into consideration the unique attributes that could attract buyers to each specific home.

9. What is multiple representation, and under what conditions is it permissible?

- A. Is prohibited by law.**
- B. Occurs strictly in situations where a salesperson within a brokerage is representing both buyer and seller in a transaction.**
- C. Does not apply to situations where two salespersons representing the buyer and seller respectively are employed by the same brokerage, but are located in different branch offices.**
- D. Is permissible if the informed written consent of all clients involved is obtained by the brokerage.**
- E. Requires mutual agreement but no written consent.**

Multiple representation refers to a scenario in real estate transactions where a single brokerage represents both the seller and the buyer. This practice is particularly sensitive because it involves a potential conflict of interest, given that the same agent or brokerage is working on behalf of two parties with opposing interests. The legitimacy of multiple representation hinges on the requirement that informed written consent from all clients involved must be obtained. This means that both the buyer and seller must fully understand the implications of having the same brokerage represent them, the nature of the fiduciary duties owed, and any potential conflicts that may arise. Only after obtaining this explicit consent can the brokerage proceed with multiple representation. The other options detail conditions that either misrepresent the law or do not fully address the requirement for consent. For instance, it is not outright prohibited by law; instead, it is regulated and requires consent, which is what makes option D the correct choice.

10. If a buyer discovers a significant pool crack post-purchase and files a complaint, what is Salesperson Young's error?

- A. Registrar will not investigate due to legal action**
- B. Young made no representations about pool's condition**
- C. Young failed to avoid error and misrepresentation**
- D. Registrar will not pursue due to Young's inexperience**

The correct answer highlights that Salesperson Young failed to avoid error and misrepresentation, which encompasses the fundamental responsibilities of a real estate professional regarding transparency and the condition of a property. In real estate transactions, agents are expected to conduct due diligence and communicate any known defects to potential buyers. If they neglect to do so, or if inaccuracies in the information provided lead the buyer to make a decision, this can be classified as an error or misrepresentation. It is crucial for realtors to ensure that they have accurate knowledge about property conditions, such as the state of a pool, especially if known issues could influence a buyer's decision. The existence of a significant pool crack suggests either a failure to inform or a lack of proper investigation on Young's part, which could potentially lead to legal repercussions post-purchase. Thus, the acknowledgment of error and misrepresentation in real estate practice is essential for maintaining integrity and trust in the landlord-tenant relationship.