

Humber College

PREX-1060A

Exam 4: Invigilated Theory Exam



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Question: 1

Which of the following is NOT determined by zoning bylaws?

- A. The types of buildings that are permitted in a location, their height, and how they may be used
- B. Lot dimensions and parking requirements
- C. The amount of rent a building may generate
- D. Where buildings and other structures may be located

Answer: C

Question: 2

A salesperson is representing a tenant client who is opening a new pet food store in a local strip plaza. The salesperson meets with their tenant to discuss display signage and review the guidelines in their commercial lease agreement. Which statement is NOT accurate regarding the commercial lease agreement's signage clause?

- A. The tenant's signage must be approved by the municipality and the landlord, and all associated costs shall be paid by the landlord.
- B. The tenant's signage is considered a trade fixture and shall remain the tenant's property.
- C. The tenant's signage shall be immediately removed at the end of their lease term(s) at the tenant's expense.
- D. The tenant's signage, from approvals to installation and ongoing maintenance, shall be at the tenant's own expense.

Answer: A

Question: 3

A salesperson and their commercial seller client are discussing and preparing to list the seller's office building. The topic of defects comes up and the seller wants to know what the salesperson will have to disclose. Which of the following is an accurate statement regarding the disclosure of defects?

- A. The salesperson should not disclose latent defects that are known to the seller as they could affect the seller's ability to obtain a high price for the property.
- B. The salesperson should discuss patent defects known to the seller of the office building with the seller and disclose them to a buyer.

- C. The salesperson should not disclose material latent defects that are known to the seller that could reduce the price or the marketability of the property.
- D. The salesperson should discuss latent defects known to the seller of the office building with the seller and disclose them to a buyer.

Answer: D

Question: 4

A salesperson, who is representing a tenant, has completed a comparative market analysis (CMA) of the management fees charged, assessed on a square footage basis, at the different office buildings that their client is interested in leasing. The management fees vary across the comparable office buildings, and the tenant is interested to know why there is a difference. Which of the following is an accurate statement the salesperson can make about the difference in management fees between the buildings?

- A. The salesperson should tell their client that higher management fees charged for a building always indicates that the tenant is getting superior service and value.
- B. The salesperson should explain that a tenant occupying a smaller rentable area in a building pays higher management fees per square foot compared to a tenant with an average or larger rentable area.
- C. The salesperson should identify the reasons for high management fees charged for a building and determine the relative value it provides.
- D. The salesperson should tell the tenant that the Condominium Authority of Ontario regulates management fees charged by buildings as per their size.

Answer: C

Question: 5

Many industrial users install one or more cranes on their properties to move heavy items. Which type of industrial crane has an arm attached at an angle to a rotating mast that permits 360-degree swiveling around that mast?

- A. Gantry crane
- B. Jib crane
- C. Bridge crane
- D. Overhead crane

Answer: B

Question: 6

When a farm is sold, there are exemptions to the payment of harmonized sales tax (HST). In which of the following circumstances is a farmer responsible to pay HST to the Canada Revenue Agency (CRA)?

- A. The farm is sold to a corporation and the HST is included in the selling price.
- B. The farm has been used for personal use.
- C. The farmer uses a smaller portion of the farm for a residence.
- D. The farmer sells the farm to a relative.

Answer: B

Question: 7

While preparing to list a vacant retail site that allows new auto sales, the salesperson sees that there is an auto repair garage business next door with old and rusting metal storage tanks at the side of their building. Which of the following is the correct action for the salesperson to take?

- A. The salesperson should attempt to identify signs of contamination on the property and recommend an appropriate third-party expert to the seller client.
- B. The salesperson should include the information in the marketing material as it would be beneficial for an auto sales business to have a garage located nearby.
- C. The salesperson should ask the owner of the garage for more information and what course of action they recommend to assist a future purchaser of the site.
- D. The salesperson should ask the owner of the garage whether they have thought about selling their property at this time.

Answer: A

Question: 8

Which of the following is a correct statement regarding a design-build arrangement in commercial real estate?

- A. A design-build arrangement is a sale/leaseback arrangement.
- B. A design-build arrangement requires the buyer to acquire suitable land and construct a building themselves.
- C. A design-build arrangement means the buyer will only buy the property if the landowner builds a building to the buyer's specifications.
- D. A design-build arrangement is commonly associated with a seller's market.

Answer: C

Question: 9

Examples of properties which would warrant a Phase 2 environmental assessment may include heavy industrial sites. Which of the following is NOT an example of a heavy industrial use?

- A. Power stations
- B. Petroleum storage and distribution sites
- C. Chemical manufacturers
- D. Computer training institute

Answer: D

Question: 10

A buyer client is interested in purchasing a 30,000 sq. ft. industrial building in an industrial park. The buyer's salesperson drafts an agreement of purchase and sale that includes an environmental site assessment condition that must be met at the buyer's own expense, and to the buyer's satisfaction. Which of the following is NOT an accurate statement regarding the environmental site assessment condition?

- A. The environmental site assessment condition makes the offer conditional upon all possible court actions regarding environmental matters being thought of and reported.
- B. The environmental site assessment condition makes the offer conditional upon the buyer determining that no limitations or restrictions affecting the continued use of the property exist.
- C. The environmental site assessment condition makes the offer conditional upon the seller delivering documents, records, and reports relating to environmental matters to the buyer upon request.
- D. The environmental site assessment condition makes the offer conditional upon the buyer determining that the property is free from hazardous conditions or substances.

Answer: A

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