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REAL ESTATE TRADING SERVICES

**Licensing Course
Practice Questions**



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Introduction

The Real Estate Trading Services Practice Questions have been published in order to assist you with your course materials and in preparing you for the Real Estate Trading Services Licensing Course Examination. The Practice Questions provide a variety of questions that will help you assess your ability to answer questions on a number of different topics. The Practice Questions can be used at any time, not just at the end of the course when you are preparing for the exam. If you need practice on certain topics, you can go to the back of the Practice Questions where the questions are listed by chapter and practice those topics. If you are having difficulty, you can re-read the section in the manual that the question pertains to, attempt the workbook assignment questions, view online videos about the topic, review the online flashcards (organized by chapter), contact the tutorial service for extra assistance, and/or view the detailed Practice Questions solutions that can be found on your Course Resources webpage.

Detailed Practice Questions Solutions are Online

Detailed solutions for all questions can be found on your Course Resources webpage under “Tutorial Assistance”. Access to the Course Resources webpage is only available to course students.

While you are studying for your examination, you may want to try 100 Practice Questions in a quiet exam-like setting and give yourself 3 hours to complete them. When you are finished, you may note that you finished early, did not finish, passed, or did not pass the 100 questions that you tried. Although you may score well when you practice these questions, please note that the 100 questions you may have attempted are not an exact representation of the exam and may not test the topics you will see on the exam. The Practice Questions are simply a random sample of questions on a variety of topics. As well, keep in mind that on exam day, there are a number of factors that may affect your performance, such as exam anxiety. Please see *Exam Anxiety Tips* on your Course Resources webpage for more information.

It is our suggestion that practicing these questions be only one component of your preparation, and that no attempt should be made to memorize each question. While some questions on your exam may look similar to these questions, they will never be the exact same. In addition, the examination will contain questions that are not included in the Practice Questions. Please be aware that the level of difficulty varies from question to question.

The Real Estate Division at the University of British Columbia has made every attempt to ensure the accuracy of the material, as of the date of publication, contained in these Practice Questions. However, there may be typographical errors or subsequent changes in the law may have occurred. Errors contained in the Practice Questions will not form the basis of a successful appeal of your examination grade. Therefore, if for any reason you doubt the accuracy of the answer to any questions, you should either consult your course materials or contact the Real Estate Division student tutorial line to confirm the current answer.

Preparing for Exams

Study Environment. You should try to find a consistent place to study as this will help reinforce your designated studying times. You need a quiet, well-lit area, with a comfortable chair and temperature, and with as few distractions as possible (e.g., TV, radio, telephone, interruptions by family or friends). When you are studying, if you find that you are not concentrating well, you may want to try doing something else for a few minutes to invigorate yourself – get a cup of coffee, chat with your family or friends for five minutes, walk around the block, etc. When you return, you should be refreshed and able to get to it again. However, if you are still distracted, you are better off to stop studying at that point and deal with whatever issue is keeping your mind off your work – however, make sure you plan for how to make up this lost time later.

Exam Preparation. After completing each assignment, you should review and revise your notes, putting them in a systematic and readable form. This will frequently identify areas of uncertainty that may require clarification by tutors or further reading. It is important to have such points cleared up immediately, especially because these courses tend to build in complexity.

When you are getting ready for your exam, you should carry out your review continually and systematically well in advance – do not wait to review until the night before! Decide how much review you think you will need and schedule your review sessions such that you have sufficient time between them to digest the materials and refresh

yourself. Some students like to review complex subject matter one step at a time, trying to completely understand each successive point and topic first and leave understanding the “big picture” until later. Others prefer to start with the “big picture” and work downwards to the details. This again reflects individual differences in learning and either method can be effective as long as it is applied systematically.

An important final point on preparing for your exam: on exam day, you will have the most probability of success if you are well-rested, calm, and poised. For most students, this means it is not a good idea to study late the night before the exam or try to “cram” information on the day of the exam itself. If you have prepared methodically and comprehensively well in advance, the best thing you can do on the night before the exam is to put your books down early, do something you find enjoyable, and get a good night’s sleep. In the morning, have a nice breakfast and relax – when you sit down to write your exam, you will be rested and alert.

Make sure that you print out the *Exam Day Checklist* found under “Examination Info” on your Course Resources webpage that includes important exam day information. As well, if you are struggling with exam anxiety, be sure to read the *Exam Anxiety Tips* found in the same location.

Remember We Share the Air

Due to the health concerns arising from exposure to scented products (perfume, cologne, soap, shampoo, lotion, etc.), all students who are writing an examination are asked to be considerate in their use of such products. Scented products contain chemicals that can cause serious problems for many people, especially those with asthma, allergies, or environmental illnesses. We thank you in advance for your cooperation.

Writing Exams. Exams are time constrained, so you need to budget your time well. Start with questions you find easier and work your way through the exam towards the questions that will take you a long time. You can budget your time by figuring out how much time you should be spending on each question (e.g., if your exam has 100 marks and is 3 hours, this roughly means 1.5 to 2 minutes per mark). Each multiple choice question is worth one mark. In managing your time, you need to be disciplined – if you are taking too long on a question, you are better to move on and come back to it later if you have time.

At the end of the exam, if you still have time remaining, review your answers. Do not leave early unless you have completely read through your exam at least once. If you are running out of time and cannot complete your entire exam, do not panic! Use the time you have remaining to its full advantage.

When you are completing an examination with multiple choice questions, you are advised to fill in the answer sheet as you answer questions, rather than trying to complete the whole sheet after finishing all of the exam. You will not be given any extra time to fill in the answer sheet at the end of the exam and you do not want to run out of time – it takes surprisingly long to fill these sheets in, and answers not recorded on the answer sheet will not be considered.

Tutorial Assistance

The Real Estate Division provides tutorial support to help you in working through your course. Tutors will give assistance with the difficult concepts and principles that must be understood in order to complete an assignment correctly. However, assignments must be worked on individually, therefore only limited assistance can be provided regarding specific assignment questions.

Tutors can be contacted by phone or email using the following numbers and email address:

Law Topics:	Within Greater Vancouver	604.822.8460
	Toll-free outside Greater Vancouver	1.888.848.8460
	Email	lawtutor@realestate.sauder.ubc.ca
All Other Topics:	Within Greater Vancouver	604.822.8523; 604.822.8543
	Toll-free outside Greater Vancouver	1.800.848.3050
	Email	tutor@realestate.sauder.ubc.ca

It is preferred that you contact the tutor by email. Email forces you to organize your thoughts and allows the tutor to more effectively and efficiently answer your question.

When you make a request for tutorial assistance, the tutor will attempt to contact you as soon as possible, generally before the end of the next business day. If more than two business days have passed and you have not received a response, please send an email to bcinfo@realestate.sauder.ubc.ca.

When you are requesting tutorial assistance, please ensure that you provide:

- your name, student number, course, and assignment number (if applicable).
- your phone number with area code. If you provide a toll free number, please be aware that sometimes these numbers are not accessible from outside your province. Please indicate an approximate time that you would prefer the tutor to return your message and the tutor will try to accommodate your schedule.
- a brief description of the material with which you are having difficulty.

For email questions, ensure that your student number and course number are in the “subject” field. Also note that if you are sending an email message, the tutor may wish to answer your message by telephone, so please ensure that you leave the appropriate contact numbers.

In order to have tutorial services available to the largest number of students possible, we have found it necessary to limit each tutorial call to 10 minutes. Please prioritize your questions before you call to gain the most benefit from your time with the tutor.

Finally, please note that the tutorial service will be closed during the Christmas holidays. You may still leave a message for the tutor during this time, but your message will not be returned until the tutorial service reopens in early January. More details will be provided on the tutorial line recording as to the exact dates of the closure.

Lectures

Having trouble with a chapter or topic? Preparing for an examination? Attend a Real Estate Division lecture to ease into the course material or top up your knowledge. You will learn valuable information by attending live Zoom lectures and workshops. No registration fee is required and you can attend as many as you would like.

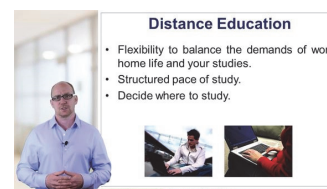
Lecture Schedule

These lectures occur at various intervals throughout the year. You may proceed with your studies on any suitable schedule; however, in order to take full advantage of the lecture offerings, you may want to time your studies to correspond with one of the lecture schedules set out on your Course Resources webpage (once they have been confirmed). Please note the relevant dates on your calendar and plan to attend. Registration is required; however, there is no charge for attending. Please note that no audio or video recordings are allowed during any lectures offered by the Real Estate Division.



Video and Audio Lecture Tutorials

Video and audio (downloadable mp3) lectures on a variety of topics are available in the “Materials” or “Video and Audio Vault” sections of your Course Resources webpage. Also, there are evening and weekend online Zoom sessions available throughout the year, and the schedule can be found on your Course Resources “Home” tab.



External Tutors/Lectures

Students are encouraged to take advantage of the tutorial assistance and lectures provided with your course rather than spending additional money on external tutors/lectures. The Real Estate Division has no ties with tutorial classes provided by other members or organizations of the real estate industry and does not monitor or check the services they provide. Therefore, the Real Estate Division cannot be responsible for any information provided by these individuals or companies.

It has come to our attention that some tutorial services may be providing their students with the answers to assignment questions without clearly explaining how to arrive at the correct answer to each assignment question. The Real Estate Division feels that such a practice is not academically sound. In completing each assignment question, students must ensure that they have mastered the skills necessary to arrive at the correct answer. Failure to do so could have a negative effect on performance in the final examination. The Real Estate Division reminds students that recognized cases of assignment copying could lead to suspension from the course.

Examination Information

If you need information on items such as examination eligibility, format, locations, etc., you will find it all in the Examination Information section of your Student Handbook. If you need further information, please feel free to contact our exams representatives at bcinfo@realestate.sauder.ubc.ca.

Detailed Practice Questions Solutions are Online

Detailed solutions for all questions can be found on your Course Resources webpage under "Tutorial Assistance". Access to the Course Resources webpage is only available to course students.

1. Latent defects are defects that are unknown to the buyer and that are:
 - (1) immediately visible to the eye of the average person.
 - (2) required to be disclosed by the buyer to the seller.
 - (3) the responsibility of the licensee to discover.
 - (4) not discoverable upon a reasonable inspection of the property.
2. Real property is said to be more subject to the effects of externalities than most assets. This vulnerability is principally due to:
 - (1) the relatively high cost of real property.
 - (2) the fact that land is fixed in supply.
 - (3) the immobility of land.
 - (4) the lack of effective government regulations.
3. Which of the following is NOT a "real estate service" under the *Real Estate Services Act*?
 - (1) Constructing a commercial office building in Prince George for an owner who lives in British Columbia
 - (2) Collecting rents from tenants in a residential building in Burnaby for an owner who lives in Singapore
 - (3) Selling a Penticton property for an owner who lives in Victoria
 - (4) Assisting in the sale of a condominium unit located in Vancouver but owned by a person who lives in Calgary
4. Which of the following statements is TRUE regarding sole proprietorships, partnerships, and corporations?
 - (1) Only sole proprietors need to report business income on their personal income tax returns.
 - (2) Only partners of a partnership need to report business income on their personal tax returns.
 - (3) Sole proprietorships, partnerships, and corporations are identical in terms of taxation of owner's income.
 - (4) A corporation is a separate legal entity with its own income tax status.
5. Consider a situation in which the principal is the seller and the agent is the listing agent. Which of the following events will terminate the real estate agency relationship?
 - (1) The principal's refusal to accept an offer to purchase presented by the agent where the offer exactly complies with the requirements in the listing contract
 - (2) An act of the principal that is inconsistent with the continuation of the agent's authority
 - (3) An offer by the agent to personally purchase the principal's property
 - (4) The revocation of an offer to purchase by the offeror before the principal can accept it

6. A \$170,000 mortgage loan, written at a nominal rate of 7% per annum, compounded annually, has a 2-year contractual term. Payments are made monthly and are based on a 20-year amortization period. Payments are rounded to the next higher dollar. What is the size of the required payments?
- (1) \$1,307
 - (2) \$1,319
 - (3) \$1,275
 - (4) \$1,297
7. Before adopting, amending, or repealing a zoning bylaw, a municipal council as a matter of policy will:
- (1) obtain the approval of the federal government.
 - (2) obtain the approval of the provincial government.
 - (3) give three months' written notice to the public.
 - (4) hold a public hearing.
8. Which of the following might be the subject of a real property appraisal?
- (1) Air space rights
 - (2) A life insurance policy
 - (3) A diamond
 - (4) A home owner's insurance policy
9. When commencing a lawsuit in small claims court, the plaintiff may originate the action in which of the following jurisdictions?
- (1) Where either the plaintiff resides or the defendant resides
 - (2) Where the plaintiff resides only
 - (3) Where either the cause of action arose or the defendant resides
 - (4) Where either the cause of action arose or the plaintiff resides
10. The principle that the person named on a particular certificate of title is entitled to a fee simple interest in that property, free from any condition or encumbrance that is not shown on title, is known as the:
- (1) assurance principle.
 - (2) entitlement principle.
 - (3) fee simple principle.
 - (4) indefeasibility principle.
11. In the event that the tenant abandons a commercial premises, the landlord is best advised to notify the tenant that the landlord intends to enter into possession of the premises solely to re-let on the tenant's account:
- (1) or else the doctrine of frustration will be applied to the situation.
 - (2) to avoid the tenant having grounds for an action in trespass.
 - (3) so that all of the landlord's rights against the tenant will be preserved.
 - (4) because otherwise the landlord will be breaching the covenant of quiet enjoyment.

12. Which of the following elements are NOT considered in determining appropriate rates of interest on mortgage loans?
- (1) The credit rating of the borrower
 - (2) The type of property used for security
 - (3) The amount of administrative attention required on the loan
 - (4) The amount of property insurance
13. Where a commercial tenancy is expressed as lasting for a period of one year and terminating on a fixed date, how much notice must be given to terminate the tenancy?
- (1) No notice is required.
 - (2) Thirty days' notice is required.
 - (3) Six months' notice is required.
 - (4) Reasonable notice is required.
14. Which of the following is NOT a possible meaning of the term "common law"?
- (1) The law created by the courts as opposed to statute law
 - (2) The principles derived from the common law courts in England as opposed to the principles derived from the courts of Chancery
 - (3) The laws created by the Federal government in accordance with its power under the Constitution
 - (4) The system of law which relies upon the principle of *stare decisis* for its development
15. On May 3, Mary offered to buy Harvey's house, and the offer was stated to be open for acceptance until 2:00 p.m. May 4. Which one of the following statements is FALSE?
- (1) Mary can revoke her offer prior to 2:00 p.m. on May 4.
 - (2) Mary's offer represents an option agreement.
 - (3) If Harvey makes any changes to the offer, Mary's original offer is terminated.
 - (4) If Mary mails a notice of revocation to Harvey, the offer is only revoked if the notice is received by Harvey before he accepts.
16. Mike bought a house two years ago at which time he arranged a \$110,000 mortgage. This loan was written at a nominal rate of 9.5% per annum, compounded semi-annually, with a 10-year term and amortization period, and monthly payments of \$1,413. Today Mike has received an offer from Andre to buy his house for \$50,000 cash plus assumption of his mortgage. If current mortgage rates for similar mortgages are 12% per annum, compounded semi-annually, what is the market value of Andre's offer, rounded to the nearest dollar?
- (1) \$127,146
 - (2) \$137,795
 - (3) \$90,312
 - (4) \$89,792
17. Which of the following contractual clauses in a mortgage could apply where the mortgage is otherwise in good standing but the borrower has not paid their property taxes?
- (1) A "further charges" clause
 - (2) A "repayment" clause
 - (3) An "acceleration" clause
 - (4) An "omnibus" clause

18. Which of the following items is NOT an example of a technological compatibility issue?
- (1) A licensee cannot access a forms software because it is not compatible with her computer's operating system.
 - (2) A licensee sends a form to a property seller from a mobile phone, and the seller is able to fill it out from her desktop computer.
 - (3) A prospective client can view a licensee's website from his laptop, but the website is difficult to navigate from his smartphone.
 - (4) A licensee has to enter the same property information into three different programs because the programs are not compatible with one another.
19. A developer is selling a development unit of subdivided land situated in British Columbia and the developer has obtained a written statement from the purchaser acknowledging that the buyer has read the appropriate disclosure statement. If the purchase agreement is then entered into, the buyer:
- (1) may serve notice to rescind the contract no later than three days from the date of the contract.
 - (2) may serve notice to rescind the contract no later than seven days from the date of the contract.
 - (3) may serve notice to rescind the contract no later than one year from the date of the contract.
 - (4) may not rescind the contract.
20. Which of the following statements is TRUE?
- (1) Real estate appraisers must be licensed in British Columbia.
 - (2) With an unusual property or a market with few participants, the margin of error in an appraiser's estimate of market value is always 5% or lower.
 - (3) A licensed real estate representative cannot give an appraisal of real property.
 - (4) The market value of real property as determined by an experienced appraiser may be greater than the ceiling price of the buyer.
21. Alan is Peter's agent with the express authority to rent Peter's cottage for the summer months. However, in his capacity as Peter's agent, Alan accepts an offer to purchase the cottage instead. When Peter discovers the incident, he is so impressed by the price, he calls and tells the buyers that he adopts Alan's act. Which of the following is the result of these actions at law?
- (1) Peter has ratified Alan's actions, therefore the buyers cannot sue Alan for breach of warranty of authority.
 - (2) When Peter adopted Alan's act, he created legal authority by means of revocation.
 - (3) Peter did not need to adopt Alan's act because Alan had apparent authority.
 - (4) None of the above
22. You have a partially completed appraisal report that you need to fill in. The subject property has 4 bathrooms and an air conditioner. The house next door is similar in all respects except for the number of bathrooms and air conditioner. It sold for \$334,000 and was adjusted +\$6,700 for bathrooms and +\$5,500 for the air conditioner. If the market value of a bathroom is \$6,700 and the market value of an air conditioner is \$5,500, you can conclude that this comparable has:
- (1) 5 bathrooms and no air conditioner.
 - (2) 3 bathrooms and an air conditioner.
 - (3) 3 bathrooms and no air conditioner.
 - (4) 4 bathrooms and an air conditioner.

23. An appeal from the small claims court is to which of the following?
- (1) The British Columbia Supreme Court
 - (2) The Federal Court of Appeal
 - (3) The British Columbia Court of Appeal
 - (4) The Small Claims Court of Appeal
24. What will be the maximum loan granted on a commercial building with a lending value of \$5,550,000 and yielding a net operating income of \$360,000 per year, where the lender requires a debt coverage ratio of 1.35 and a 60% loan-to-value ratio? The loan will be amortized over 20 years with annual payments and the interest rate is 7% per annum, compounded annually. Round your answer to the nearest \$1,000.
- (1) \$2,814,000
 - (2) \$3,330,000
 - (3) \$3,592,000
 - (4) \$2,825,000
25. Zelda was in a good mood one day, and she went over to her next door neighbour Herb's house and cleaned all his gutters. When Herb returned home from work, he was thrilled by what Zelda had done and he said, "Zelda, I am going to give you a case of wine for doing this." Weeks passed, and finally Zelda asked Herb when she could expect to receive her wine. Herb said that he had changed his mind. Zelda is now furious and wants to sue Herb in small claims court for a breach of contract. Which of the following statements is most relevant to these facts?
- (1) An invitation to treat is distinguishable from an offer because it cannot form a binding contract, if accepted.
 - (2) A voidable contract exists until it is repudiated by the party entitled to do so.
 - (3) Past consideration is no consideration.
 - (4) Breach of a condition of a contract entitles the injured party to terminate the contract.
26. Which one of the following is the generally accepted accounting principle that determines what amount will be recorded on the company's balance sheet as the value of a building at the time of purchase?
- (1) The objectivity principle
 - (2) The consistency principle
 - (3) The revenue recognition principle
 - (4) The cost principle
27. In order for a trading services representative to be liable for a negligent misrepresentation, certain facts must be proven. Which of the following is NOT a requirement for establishing a claim based upon negligent misrepresentation?
- (1) A contractual relationship must exist between the representative and the person to whom the representation is made.
 - (2) The statement may be either one of fact or an opinion given by the representative.
 - (3) The statement must be reasonably relied upon by the person to whom it was made, and damage must result from that reliance.
 - (4) The representative must make no clear disclaimer of liability for the accuracy of the statement.

28. Sally, an appraiser, has been asked to provide an estimate of the market value of a farmhouse and the surrounding property. Which one of the following would NOT affect her estimate of market value?
- (1) One of the pastures on the property has been leased for two years to the owner of a racehorse.
 - (2) The owner of the farmhouse is anxious to move and would like to sell as soon as possible.
 - (3) The farmhouse and its surrounding property are located between the main road and the next door neighbour's property. Therefore, the neighbour gets the benefit of access to his house by means of a road that runs through the farmhouse property.
 - (4) Homelord Finance Company recently loaned some money, at a below-market interest rate, to the owner of the farmhouse and secured the debt with a mortgage on the farmhouse. This mortgage is assumable.
29. The book value of an asset can be BEST defined as which of the following?
- (1) The purchase price of that asset less any depreciation taken to date
 - (2) The price for which a similar asset could currently be purchased in the market
 - (3) The price at which the asset could be sold
 - (4) A value that is subjectively arrived at by an appraiser
30. In the situation where a residential tenant under a fixed term tenancy abandons the premises prior to the end of the term, the obligation imposed on the landlord to try to re-rent the premises as quickly as possible is referred to as:
- (1) the duty to mitigate damages.
 - (2) the covenant of quiet enjoyment.
 - (3) derogation from the grant.
 - (4) the doctrine of *interesse termini*.
31. Scrambling credit card information into an unreadable format is BEST known as which of the following?
- (1) Cryptomizing
 - (2) Digitizing
 - (3) Encrypting
 - (4) Instilling
32. Which of the following most correctly completes the phrase: "A mortgage is ..."?
- (1) a contract, evidence of a loan, and required to be registered to be effective between the parties.
 - (2) a contract, evidence of a loan, and security for a loan.
 - (3) a contract, and a loan.
 - (4) a contract, evidence of a loan, security for a loan, and required to be registered to be effective between the parties.
33. Which of the following statements is FALSE?
- (1) An appraisal mistake of \$3,000 on a \$276,000 house is beyond the margin of allowable error.
 - (2) Form reports often meet the needs of financial institutions, insurance companies, and government agencies.
 - (3) The burden of proof is on the appraiser to explain an apparent over-valuation of a property.
 - (4) An appraiser may be responsible to any party who reasonably relies on the appraisal report for the purpose it was conducted.

34. An investment corporation purchased an apartment building on March 31, 2011 for \$2,800,000. Of that \$2,800,000, \$1,700,000 was attributed to the building and \$1,100,000 to the land. Depreciation was to be claimed at \$50,000 per year for the life of the building. The building component of the property was valued on March 31, 2021, to be \$2,400,000. What would be the net amount of the building appearing on the corporation's Statement of Assets and Liabilities as at March 31, 2021?
- (1) \$1,700,000
 - (2) \$1,200,000
 - (3) \$2,400,000
 - (4) \$1,900,000
35. Chadwick is the listing licensee for a house. According to the *Real Estate Services Rules*, Chadwick does NOT need to provide his client, the seller, with a Disclosure of Interest in Trade form if the party making the offer to purchase the house is:
- (1) a corporation in which Chadwick holds 20% of the shares.
 - (2) Chadwick's wife.
 - (3) Chadwick himself.
 - (4) Chadwick's friend and tennis partner.
36. An investor plans to pay \$200,000 for a vacant lot that the investor feels will sell at the end of 3 years for \$280,985.60. What yield, expressed as an annual rate with semi-annual compounding, will the investor earn? (Assume that these are the only cash flows for this investment.)
- (1) 11.66%
 - (2) 11.39%
 - (3) 12.00%
 - (4) 10.00%
37. A revocation of an offer is effective when:
- (1) a notice of revocation is mailed.
 - (2) it is communicated to the offeree.
 - (3) it is reduced to writing.
 - (4) a notice of revocation is filed.
38. Which of the following falls within the category of law called "public law"?
- (1) Breach of contract
 - (2) Trespass
 - (3) Constitutional law
 - (4) None of the above
39. Which of the following is NOT required in a notice of the end of the tenancy agreement by a tenant under the *Residential Tenancy Act*?
- (1) Written notice signed by the tenant
 - (2) The address of the premises for which the notice is given
 - (3) The occupations of the parties
 - (4) The date of termination of the tenancy

40. Which one of the following is NOT an appraisal approach/method?
- (1) The residual method
 - (2) The cost approach
 - (3) The income approach
 - (4) The depreciation approach
41. Adel is a trading services licensee acting for a developer who is purchasing large blocks of land in Vancouver for a large development. Adel purchases some lots in the area for himself and discloses his identity to the sellers as required by the *Real Estate Services Act* on those purchases. He does not mention the purchases to his principal, the developer. Shortly thereafter, Adel makes a profit on the resale of his lots due to the effects of his principal's development on the real estate market. What is this an example of?
- (1) A good business deal that is perfectly acceptable at law
 - (2) A use of information that will always, even with disclosure to the principal, be prohibited
 - (3) A profit for which Adel must account to his principal
 - (4) Adel's activities are examples of both (2) and (3)
42. Which of the following statements about the principles that apply to all strata developments in British Columbia is TRUE?
- (1) The *Strata Property Act* generally does not apply on First Nation reserve land, subject to some exceptions.
 - (2) The strata division of the Civil Resolution Tribunal conducts random audits to verify the compliance of strata corporations with strata legislation.
 - (3) Residential strata developments that consist of 3 or fewer units are not required to hold annual general meetings.
 - (4) Commercial and industrial strata developments are subject to a separate and enhanced subset of compliance requirements under the *Strata Property Act*.
43. In the context of appraisal, which one of the following properties is MOST likely to possess latent value?
- (1) A three-storey condominium development that has recently been completed, all units having been sold before completion of construction
 - (2) A single-family residence that is the only house on the block not yet converted to the commercial use that is permitted by zoning
 - (3) A large shopping mall/office tower complex that occupies a location at the intersection of two main streets in a British Columbia municipality
 - (4) A sports store that is built on land zoned for commercial use
44. Which of the following statements about the criminal offence of misleading advertising in section 52 of the *Competition Act* is FALSE?
- (1) The offence involves the making of a representation to the public that is false or misleading in a material respect, for the purpose of promoting any business interest.
 - (2) To escape liability, one must show that they honestly believed that the representations were not false or misleading and exercised due diligence in making sure that was the case.
 - (3) A "representation" to the public includes print and digital representations, but not oral representations.
 - (4) The requirement that the representation be false in a material respect refers to the whether the representation would have a real effect on an ordinary consumer's buying decision.

45. Which of the following is TRUE? In a strata plan, the term “unit entitlement” refers to:
- (1) the value of each condominium unit relative to other units.
 - (2) the share of the value upon demolition owned by each condominium unit owner.
 - (3) the share of real property taxes payable by each condominium unit owner.
 - (4) the number used to calculate a strata owner’s contribution to the common expenses of the strata corporation.
46. A revocation of an offer is effective when which of the following occurs?
- (1) A notice of revocation is mailed
 - (2) It is communicated to the offeree
 - (3) It is reduced to writing
 - (4) A notice of revocation is filed
47. Brad Jones, a prospective home buyer, has applied for a mortgage loan to finance the purchase of a townhouse listed at \$276,000. The market value of the townhouse is \$275,000 and the lender has assigned a \$270,000 lending value to it. Assume that the monthly payments on Mr. Jones’ loan are agreed to be \$1,120 and annual property taxes are \$2,500. Calculate the minimum level of the borrower’s annual income necessary to support these monthly payments, if the lender’s gross debt service ratio is 32%.
- (1) \$50,000.00
 - (2) \$75,000.00
 - (3) \$49,812.50
 - (4) \$63,467.20
48. The British Columbia Financial Services Authority does NOT have to:
- (1) cancel a licensee’s licence.
 - (2) use funds from administrative penalties for non-educational purposes.
 - (3) order unlicensed individuals to pay a monetary penalty for providing real estate services without a licence.
 - (4) apply to court to appoint a receiver over the property of a licensee.
49. Johnny Collins tried to design and build his new home to be as energy efficient in heating as possible throughout the cold winter months. Which one of the following decisions was a mistake?
- (1) Using metal framed windows with a thermal break
 - (2) Including an air to heat exchanger to warm incoming cold exterior air
 - (3) Following R-2000 standards
 - (4) Installing sliding glass doors to a north-facing patio
50. In British Columbia, a lender who holds a mortgage registered as a charge on an otherwise clear title to a borrower’s land has:
- (1) the equitable right to redeem the mortgage.
 - (2) an interest in land created by contract.
 - (3) priority over every other subsequent creditor and lienholder in respect of the mortgaged land.
 - (4) the right to retain the mortgagor’s duplicate certificate of title to the mortgaged land until the loan is repaid in full.

51. When a mortgagor grants a mortgage after having a registered first mortgage on title, the mortgagor has created:
- (1) an equitable mortgage.
 - (2) a legal mortgage.
 - (3) an assignment of the first mortgage.
 - (4) a vendor take-back mortgage.
52. Which of the following statements about fee simple estate is TRUE?
- (1) Fee simple is a type of leasehold estate.
 - (2) If a fee simple owner dies without a will, the property will escheat to the crown.
 - (3) The term fee simple indicates an estate that can be inherited without qualification.
 - (4) The fee simple estate was created by the Torrens system of registration.
53. In British Columbia, there are three basic requirements for an easement. Which one of the following is a requirement?
- (1) The easement must be negative in nature.
 - (2) The easement must accommodate the servient tenement.
 - (3) The dominant and servient tenements must be owned by different parties.
 - (4) The easement must be capable of forming the subject matter of a grant.
54. A pre-approved mortgage for a residential property:
- (1) will always guarantee the borrower's interest rate for 365 days.
 - (2) calculates the minimum loan that the borrower qualifies for.
 - (3) is based on the borrower's current financial situation and a satisfactory credit review.
 - (4) is based on a formula provided by the Fair Isaac Corporation.
55. Which appraisal approach/method would be MOST suitable to appraise a new pulp mill in Squamish?
- (1) Market comparison
 - (2) Residual
 - (3) Income
 - (4) Cost
56. The court will not normally grant the remedy of specific performance where:
- (1) the plaintiff is a limited company.
 - (2) the defendant is without means.
 - (3) damages are considered to be an adequate remedy.
 - (4) the contract has already been partially performed.

57. Coralee asked Tim to sell her car and her mountain bike for her while she was away on holiday. She gave Tim the keys to the car and told him to accept any price in excess of \$1,700 for the car and \$300 for the bike. Which of the following is an example of implied authority?
- (1) Tim sold the car to Cherise for \$1,750.
 - (2) Before Cherise was willing to purchase the car, she insisted that she test drive the car and have it checked by the automobile association, which Tim allowed her to do.
 - (3) When Cherise was viewing the car, she noticed a small roof rack sitting in Coralee's garage. She said that she would like to buy the rack to carry her camping gear on Coralee's car. Tim said that he would include the rack in the sale for an additional \$75, to which Cherise agreed. When Coralee returned, she told Tim that she was pleased that he had sold the rack, since she had no more use for it.
 - (4) After advertising the bike for sale at \$300 in vain, Tim sold the bike to Sandra, the only person to make an offer, for \$260. Coralee accepted the money when she returned, although she was disappointed not to get the full price.
58. In order to advertise to a wider audience, a licensee has decided to create his own website. Based on the information in the Knowledge Base Guidelines for Internet/Social Media Advertising, which of the following is a general guideline that the licensee should follow?
- (1) The name of the brokerage can be excluded in online advertising.
 - (2) He can advertise another licensee's listings directly on his own website without permission from the listing brokerage in order to increase business.
 - (3) If the licensee is a member of a team, the team name must be included on the licensee's website but not in social media advertising.
 - (4) If linking to an outside database of available properties, it should be clear to consumers which listings are his and which are not.
59. Common property in a strata title development is:
- (1) owned equally by all members of the strata corporation.
 - (2) owned by the strata corporation.
 - (3) owned jointly by the strata corporation and the strata council.
 - (4) any property not designated as strata lots on a strata plan.
60. Which of the following is/are included in the residential borrower qualification process?
- (1) Collecting information about the borrower and the property
 - (2) Evaluating the applicants' ability to meet the terms of a mortgage and the amount of their income
 - (3) Analyzing the real property pledged as security for the loan and the applicant's credit report
 - (4) All of the above
61. Which of the following accurately summarizes the "requirement of writing" contained in section 59 of the *Law and Equity Act*?
- (1) A contract respecting land must be in writing or it is void.
 - (2) A contract respecting land can never be enforced against a party who has not signed it.
 - (3) A contract for the sale of land must be contained in one written document.
 - (4) None of the above three statements accurately summarizes the requirement of writing.

62. Which of the following is TRUE? The “possession date” in a standard form contract of purchase and sale is:
- (1) the date on which adjustments are made between the parties for property taxes, etc.
 - (2) the date on which the buyer takes vacant possession of the property, subject to any existing tenancy agreements.
 - (3) always the same day as the completion date.
 - (4) the date on which the buyer must assume responsibility for risk of loss or damage to the property.
63. The “term” of a mortgage ALWAYS:
- (1) necessitates the payment of an outstanding balance payment.
 - (2) specifies the duration of the contractual relationship.
 - (3) is equal to the amortization period.
 - (4) is shorter than the amortization period.
64. Which of the following options BEST describes a building scheme?
- (1) It is a special example of a group of easements attaching to two or more lots in a development.
 - (2) It is a set of restrictions on a development used to maintain uniformity.
 - (3) It is used by developers to protect the buyer’s rights to build according to their own tastes.
 - (4) It is a document filed with the disclosure statement on a conversion of an existing building to a condominium.
65. A mortgage broker is arranging a fully amortized mortgage loan with a face value of \$240,000. The loan contract is to be written at 8% per annum, compounded semi-annually. The repayment of the loan is to take place over 15 years with monthly payments. The borrower is to receive \$228,400 as a result of a broker’s commission of \$8,000, a survey fee of \$2,000, an appraisal fee of \$600, and legal fees of \$1,000, all of which are to be deducted from the face value. Calculate the cost of funds advanced to the borrower, expressed as an effective annual interest rate (j_1).
- (1) 9.683451%
 - (2) 8.996794%
 - (3) 10.556801%
 - (4) 9.051965%
66. A owes B \$1,000. B assigns the debt to C. For this to be a statutory assignment, three requirements are necessary. Which one of the following is NOT one of them?
- (1) The assignment from B to C must be for the entire amount.
 - (2) The assignment from B to C must be in writing.
 - (3) The notification from C to A must be in writing.
 - (4) The notification from A to B must be in writing.
67. You have a partially completed appraisal report that you need to fill in. The subject property has 4 bedrooms and 5 bathrooms. The house next door is similar in all respects except for the number of bedrooms and bathrooms. It sold for \$321,000 and has 3 bedrooms and 4 bathrooms. If the market value of a bedroom is \$3,200 and the market value of a bathroom is \$5,700, this comparable will have to be adjusted for bedrooms and bathrooms by:
- (1) +\$3,200 and –\$5,700 respectively.
 - (2) +\$3,200 and +\$5,700 respectively.
 - (3) \$0 and –\$6,400 respectively.
 - (4) –\$3,200 and +\$6,400 respectively.

68. Ally has recently received an interest only loan for \$75,000 to operate a food cart in downtown Vancouver. The loan has an interest rate of 6% per annum, compounded monthly, and requires interest only payments every month. How much are the monthly interest only payments that Ally makes if the duration of the loan is two years?
- (1) \$750
 - (2) \$500
 - (3) \$375
 - (4) \$1,000
69. In answer to the ringing of her doorbell, Kim opened the front door of her house to find a door-to-door vacuum salesperson on her doorstep. The salesperson walked into Kim's house uninvited. Before Kim could stop him, he dumped some dirt onto her carpet for use in a demonstration of the vacuum cleaner he was selling. The dirt stained Kim's carpet. Her lawyer correctly advises Kim that:
- (1) the salesperson may be liable in negligence for the damage he caused to the carpet.
 - (2) the salesperson may be liable to Kim under British Columbia's *Occupiers Liability Act*.
 - (3) Kim will not recover any damages in a lawsuit against the salesperson because he was a trespasser.
 - (4) she will probably succeed in a lawsuit based on the tort of private nuisance.
70. A property is listed for \$133,333 but the market value, as estimated in a recent appraisal, is \$127,500. The property's lending value is estimated to be \$120,000. Jay and Joan purchase the home for \$128,500 subject to a mortgage of \$84,000. What loan-to-value ratio was applied by the lender with whom Jay and Joan negotiated the mortgage? (Assume that the loan-to-value ratio was the binding constraint on the loan size.)
- (1) 67.5%
 - (2) 70%
 - (3) 72%
 - (4) 75%
71. Which of the following statements is TRUE pertaining to the purposes of assessment and taxation?
- (1) The strata development is assessed as a whole and each strata lot owner pays taxes in proportion to their value on destruction.
 - (2) Each strata lot is assessed and taxed separately from the common areas, which are assessed and taxed to the strata corporation.
 - (3) The strata development is assessed as a whole and each strata lot owner pays taxes in accordance with their unit entitlement.
 - (4) Each strata lot, together with the owner's share in the common property, is deemed to be a separate parcel of land and improvement.
72. Flower Garden Company wants to borrow money to build a head office building in Victoria. The company plans to occupy one floor of the building and rent out the rest. They project that the building's net operating income for the next five years will be \$600,000 per year. Current mortgage terms on office building projects are $j_1 = 5.5\%$, amortized over 20 years with quarterly payments. Orca Bank feels that Flower Garden Company is optimistic in their net operating income projections and has therefore set the required debt coverage ratio at 1.4. What is Flower Garden's maximum allowable loan, rounded to the nearest \$1,000?
- (1) \$7,218,000
 - (2) \$5,226,000
 - (3) \$4,043,000
 - (4) \$10,243,000

73. The position a product or service holds within its consumers' minds is BEST known as which of the following options?
- (1) Product positioning
 - (2) Product mapping
 - (3) Product assessment
 - (4) Product differentiation
74. Using the cost approach of appraisal, what will be the market value of a property with a 50,000 square foot building if construction costs new are \$48 per square foot, land value is \$900,000, and total depreciation on the structure to date is estimated to be 10%?
- (1) \$3,105,000
 - (2) \$3,060,000
 - (3) \$3,000,000
 - (4) \$3,300,000
75. Which of the following statements is TRUE when calculating income taxes payable for a corporation?
- (1) Depreciation expense cannot be treated as a deductible expense.
 - (2) Capital cost allowance cannot be treated as a deductible expense.
 - (3) The computation of taxable income is irrelevant.
 - (4) It is necessary to know what the amount of declared dividends will be.
76. Gheeta was out walking and saw a "For Sale" sign on the lawn of a house called Green Acres. She decided to ask the owners about the price of the property. Unknown to Gheeta, the owners of Green Acres were away on a long vacation in Jamaica. As Gheeta was walking across the lawn of Green Acres, a long branch from an old tree that grew in a neighbouring yard fell down and hit her. As a result, Gheeta broke her leg and could not return to work for two months. Which of the following statements is TRUE?
- (1) The owners of Green Acres will be held liable to Gheeta for her lost wages only if she can prove they knew of the hazard presented by the old tree.
 - (2) The owners of Green Acres will not be held liable to Gheeta because they were not home at the time of the accident.
 - (3) Only the owners of the tree are liable to Gheeta for her lost wages.
 - (4) The owners of Green Acres may be liable to Gheeta even though they were not home at the time of the accident.
77. When a bidder's ceiling price for a lot is \$30,500 and the owner's floor price is \$32,500:
- (1) the parties could negotiate and produce a sale.
 - (2) a sale cannot take place.
 - (3) the sale price of the lot will be \$31,500.
 - (4) neither party is behaving reasonably.
78. Which one of the following is NOT a requirement to establish misrepresentation in contract law?
- (1) There must be an assertion of fact.
 - (2) The assertion must be false.
 - (3) The assertion must have been material to the formation of the contract.
 - (4) The assertion must be in writing.

79. Which of the following statements pertaining to SEO is TRUE?
- (1) SEO refers to how easily a website can be found in paid results on search engines.
 - (2) A website that is incompatible with mobile devices may be penalized in search engine results that originate from mobile devices.
 - (3) SEO stands for System Efficiency Operations.
 - (4) All of the above statements are true.
80. A life tenancy has been granted to Avon "without impeachment for waste". For which of the following actions would Avon be liable?
- (1) Putting new shingles on the garage roof
 - (2) Allowing the tool shed to deteriorate and collapse
 - (3) Cutting down some trees on the property
 - (4) Avon would not be liable in any of the above situations.
81. The principle of substitution in the comparative approach of appraisal states that:
- (1) "market value" equals "value to owner".
 - (2) similar properties that have recently sold are comparable.
 - (3) properties have to be identical in order to be comparable.
 - (4) the market value of land plus the cost of a newly constructed building equals the market value of a property.
82. A strata lot in British Columbia in an exclusively residential complex is owned by two persons as joint tenants. At every meeting of the strata corporation, the owners are:
- (1) entitled to a total of one vote.
 - (2) entitled to the number of votes that is calculated in proportion to their unit entitlement.
 - (3) individually entitled to one vote each.
 - (4) entitled to a total of one vote where the matter involves a special resolution, but individually entitled to one vote on all other matters.
83. Which of the following is NOT an example of a breach of contract?
- (1) Don contracted with Toni to buy his car. The night before Don was supposed to pay the price and take the car, the vehicle was struck by lightning in Toni's driveway and destroyed.
 - (2) After Babs contracted with Quin in May to rent his motorhome for one week in July, Quin telephoned Babs and told her that he was going to be using the home himself that week, and that she would not be able to rent it.
 - (3) Fred contracted with Jordan to sell Jordan his collection of hockey cards. One day later, Fred sold them to Andrew, who paid him \$15 more than the amount Jordan had agreed to pay.
 - (4) Adrian contracted to paint Woodie's house starting on September 1 for a price of \$500. On September 1, Adrian failed to appear and did not reply to any of the messages that Woodie left on Adrian's answering machine.
84. Which one of the following would NOT be included in the operating expenses of a commercial property for purposes of determining its market value?
- (1) Reserve for replacement of equipment
 - (2) Interest on the mortgage
 - (3) Property taxes
 - (4) Advertising of vacant suites

85. Diana leased an apartment from Horst for 12 months commencing January 1. On April 1, Horst conveyed the building to Bing. On April 15, Bing gave Diana a notice of end of the tenancy agreement effective May 15. The reason for the termination was that Bing wanted the apartment for his daughter, who had recently been married. Under the *Residential Tenancy Act*, what is the earliest date by which Bing can require Diana to leave?
- (1) May 31
 - (2) May 15
 - (3) December 31
 - (4) June 30
86. Which one of the following items is NOT likely to be available to an appraiser valuing a commercial property?
- (1) Current lease conditions at the time of sale of the property
 - (2) The amount of any registered mortgages
 - (3) The buyer's expected rent and expense forecasts
 - (4) Physical characteristics of the building
87. A board of variance is:
- (1) a provincial board charged with the responsibility of seeing that actions by municipalities comply with the *Local Government Act*.
 - (2) a board established by municipalities with the power to amend property assessments.
 - (3) a board established by municipalities to determine whether a zoning bylaw creates undue hardships on property owners.
 - (4) a board established by municipalities to settle boundary line disputes between private parties.
88. If Jeff applies for a mortgage loan with gross income of \$3,000 per month, property taxes are estimated at \$200 per month, and the lender's permitted gross debt service ratio is 30%, what can Jeff afford to pay for monthly principal and interest?
- (1) \$840
 - (2) \$750
 - (3) \$700
 - (4) \$620
89. Which one of the following statements regarding appraisal is TRUE?
- (1) In order to appraise real property, one needs a minimum of a real estate trading services licence.
 - (2) The complexity of real estate as a product requires the involvement of an expert appraiser.
 - (3) Real estate can be classified as a homogeneous commodity.
 - (4) Due to the low turnover of real estate, it is easy to collect information regarding recent transactions.
90. Mary and John own a piece of real property as joint tenants. Which of the following is FALSE?
- (1) Mary could sever the joint tenancy without John's knowledge.
 - (2) Mary and John each have an undivided interest in the property.
 - (3) Mary and John each have a right of survivorship.
 - (4) Mary and John can have different interests in the property.

91. Which of the following options is a disadvantage of using a central, gas-fired, forced air heating system?
- (1) A lack of air filtration
 - (2) A slow response time to temperature changes
 - (3) It requires ductwork under the main floor
 - (4) Heat transmission is by radiation, which is ineffective
92. Which of the following statements is TRUE?
- (1) A listing contract is not a specialized form of agency contract.
 - (2) Under the Designated Agency system, while the brokerage contracts with the seller or buyer, an individual licensee is appointed to act as the sole agent of that seller or buyer.
 - (3) Real estate brokerages always work on behalf of the seller in respect of a real estate transaction.
 - (4) An agent's authority to bind their principal depends entirely on the express authority given by the principal, and not upon implied, usual, or customary authority.
93. An amendment to a contract of purchase and sale:
- (1) is generally not legally binding on the seller and buyer until finalized in writing and signed by all parties to the original contract.
 - (2) must be signed by at least the seller and selling licensee who negotiated the original contract.
 - (3) automatically terminates the contract of purchase and sale.
 - (4) can be made only before a buyer's offer is accepted by a seller.
94. A mortgage contract with a face value of \$175,000 requires monthly payments of \$1,103.21 over a 20-year amortization period. However, the mortgage broker advances only \$171,000 after deducting a commission of \$2,500, legal fees of \$1,000, and an appraisal fee of \$500. Calculate the cost of funds advanced for the borrower, expressed as an effective annual rate (j_1).
- (1) 4.730370%
 - (2) 4.777233%
 - (3) 3.972254%
 - (4) 4.834288%
95. The transfer by the borrower of the equity of redemption to a subsequent buyer does not always relieve the borrower of the covenant to repay the debt. However, there are circumstances where the borrower may be relieved of liability on the personal covenant. Which one of the following events would NOT relieve the borrower from this liability?
- (1) The borrower has received a release from the lender.
 - (2) The borrower has sold the property with the knowledge of the lender.
 - (3) The *Property Law Act* releases the borrower.
 - (4) The original contract between the lender and the vendor is replaced by a new contract between a lender and the purchaser.
96. Veronica has agreed to sell her home to Patty for \$75,900. The completion and adjustment date is set at November 14. Veronica paid the current year's property taxes on the date they were due in the amount of \$896. It is NOT a leap year. Patty's share of the year's property taxes will appear on the seller's statement of adjustments as a:
- (1) debit of \$115.38.
 - (2) credit of \$115.38.
 - (3) debit of \$41.73.
 - (4) credit of \$117.83.

97. Vince has agreed to sell his home to Pedro for \$75,900. To assist in the purchase, Pedro is borrowing \$65,000 from his uncle as a first mortgage loan. Pedro's loan from his uncle will appear:
- (1) as a debit on Pedro's statement and a credit on Vince's statement.
 - (2) as a credit on Pedro's statement and a debit on Vince's statement.
 - (3) only on Pedro's statement.
 - (4) only on Vince's statement.
98. Victor has agreed to sell his home to Pamela for \$75,900. The completion and adjustment date is set at November 14. The real estate commission payable by Victor is 7% of the selling price. Pamela has made a deposit of \$2,000, which the real estate brokerage has passed to Pamela's lawyer to be deposited in a trust account until the completion date. Victor has agreed to accept Pamela's diamond ring as part payment equal to \$7,500. Pamela is borrowing \$65,000 from the Bank of Dad as a first mortgage loan. Victor paid the current year's property taxes on the date they were due in the amount of \$896. Pamela's lawyer will charge \$600 to cover both legal and registration fees. Victor will be paying out a judgment registered against the title to his house in the amount of \$6,225 and the legal fee to remove it will be \$85. Victor is relying on Pamela's lawyer to handle this transaction for him. As no exemptions apply to this transaction, property transfer tax will be payable upon completion. It is NOT a leap year. As well, Pamela is NOT a foreign entity for property transfer tax purposes. The balance due to complete required from Pamela is:
- (1) \$2,876.83
 - (2) \$56,894.83
 - (3) \$3,112.49
 - (4) \$2,117.83
99. Valerie has agreed to sell her home to Phil for \$75,900. The real estate commission payable by Valerie is 7% of the selling price. The real estate commission will appear:
- (1) as a debit on Phil's statement and a credit on Valerie's statement.
 - (2) on Valerie's statement only.
 - (3) as a debit on Phil's statement.
 - (4) as a credit on Phil's statement and a debit on Valerie's statement.
100. A fee simple owner in British Columbia who is the victim of a fraudulent conveyance of their land will lose the right to have the transfer set aside when:
- (1) the transfer of the property to the dishonest person has been registered in the land title office.
 - (2) the title to the property has been transferred to a good faith purchaser for valuable consideration.
 - (3) the guilty party has been convicted of fraud by a court.
 - (4) they notify the registrar of land titles that fraud has occurred.
101. The flow of information concerning real property is limited and difficult to collect because:
- (1) the turnover rate for real property is high.
 - (2) every parcel of real property is homogeneous.
 - (3) real property is short-lived and quick to respond to market pressures.
 - (4) real property markets are local, with real estate fixed in location.

102. In Canada, the power to make laws is divided between the federal and provincial levels of government. Which of the following has NOT been assigned to the federal government?
- (1) Jurisdiction over harbours
 - (2) Jurisdiction over matters affecting private property and the power to delegate some provincial authority to a third level of government
 - (3) Jurisdiction over postal services
 - (4) Jurisdiction over the regulations to protect fisheries
103. Which one of the following is NOT a course of action that the British Columbia Financial Services Authority can take following a disciplinary hearing?
- (1) Reprimand the licensee
 - (2) Order the cancellation of the licensee's licence
 - (3) Suspend the licensee from participation in the Multiple Listing Service®
 - (4) Order the licensee to enroll in and complete a course of studies or training
104. To qualify for a managing broker's licence in British Columbia, a person must meet which of the following requirements?
- (1) Submit personal financial statements for each licensee they intend to hire
 - (2) Have provided real estate services within a Canadian province or the Yukon for two out of the five years preceding the application
 - (3) Have three years' licensed experience in British Columbia
 - (4) Be at least 29 years of age
105. A mortgage loan with a face value of \$150,000 is arranged through a mortgage broker. A commission of \$4,000, appraisal fees of \$450, as well as survey and legal fees totalling \$700 will be deducted from the face value before the funds are advanced to the borrower. Calculate the cost of funds advanced to the borrower, expressed as an effective annual interest rate (j_1), if the loan is written at 6.75% per annum, compounded semi-annually, with monthly payments over a 20-year amortization period and a 5-year term.
- (1) 7.803344%
 - (2) 7.537423%
 - (3) 9.581225%
 - (4) 8.540452%
106. Jacob hires Choo Choo Contracting ("Choo Choo"), a general contractor, to renovate his living room to better display his model train collection. Choo Choo subcontracts Jennifer, an electrician, to install the specialized electrical connections. After Jennifer completes the work, but before she has been paid, Choo Choo suddenly goes out of business. Which of the following statements about what Jennifer might do is TRUE?
- (1) Jennifer has 45 days to file a builders lien after the project is substantially completed, ended, or abandoned.
 - (2) If Jacob sells his property before Jennifer files a builders lien, then any lien she files will affect Jacob, but will not affect the interests of the purchaser.
 - (3) Jennifer cannot file a builders lien because subcontractors who were not hired directly by the owner of a property cannot file builders liens, they can only pursue the general contractor directly.
 - (4) If Jacob had held back 7% of the total price that he agreed to pay Choo Choo for the work, then he will be liable to Jennifer for a maximum of the 7% holdback, regardless of how much Jennifer has claimed on the builders lien.

107. Which one of the following actions would constitute trespass to land?

- (1) The crossing of another person's property by mistake
- (2) The deliberate crossing of another person's property
- (3) The throwing of an item upon another person's property
- (4) All of the above

108. Which of the following BEST describes the main difference between a lease and a licence?

- (1) Licences are governed by the ordinary law of contract and confer no interest in land, whereas leases convey an interest in land.
- (2) Licences are oral contracts, whereas leases must be in writing pursuant to the *Law and Equity Act*.
- (3) The terminology used to describe the parties (i.e., landlord & tenant/licensor & licensee).
- (4) Licences provide exclusive possession, whereas leases only give the rights described in the lease document.

109. A borrower is arranging a mortgage with Nicety Finance Company. The loan amount is \$175,000, the interest rate is 4.5% per annum, compounded semi-annually, the amortization period is 20 years, and the contractual term is 2 years. If payments are made monthly and rounded up to the next higher \$10, calculate the outstanding balance at the end of the loan term.

- (1) \$144,157.84
- (2) \$157,323.50
- (3) \$163,479.73
- (4) \$151,232.96

110. Which one of the following types of organization is a separate taxable entity?

- (1) A general partnership
- (2) A sole proprietorship
- (3) A limited partnership
- (4) A corporation

111. Most zoning bylaws include density restrictions. Which of the following is NOT a method of measuring density?

- (1) Total floor area of the building in relation to the size of the lot
- (2) Floor area ratio
- (3) Number of dwelling units per hectare
- (4) Prescribing the maximum lot area per dwelling

112. Which one of the following statements about the revocation of an offer is TRUE?

- (1) If an offer has a specified time for expiry, it cannot be revoked prior to that time.
- (2) Unless consideration is paid to keep an offer open for a specific time, revocation can be made at any time prior to acceptance.
- (3) Revocation can be made prior to or after acceptance.
- (4) The method of revocation must be exactly the same as the method used in the offer.

113. A contract of purchase and sale is:
- (1) a contract to make a contract.
 - (2) evidence of intent to be bound, but not enforceable.
 - (3) a binding contract if properly drafted.
 - (4) an invitation to treat.
114. Which one of the following is NOT required in a contract of purchase and sale?
- (1) The names of the parties
 - (2) A description of the property being sold
 - (3) The purchase price
 - (4) The rate of commission payable
115. If, under a principal's instructions, an agent makes certain representations concerning a property that are false to the knowledge of both the principal and the agent, which of the following statements is/are TRUE?
- (1) The principal is liable because they explicitly authorized the tort.
 - (2) The agent cannot escape personal liability by arguing that they were authorized to commit the tort.
 - (3) The agent will be personally liable for the tort.
 - (4) All of the above
116. Which one of the following types of authority would NOT provide an agent with sufficient authority to create a binding contract between their principal and a third party?
- (1) Implied authority
 - (2) Apparent authority
 - (3) Assumed authority
 - (4) Express authority
117. Which of the following is characteristic of a mortgage as an investment?
- (1) Not "unique", which makes it easy to trade
 - (2) Requires a high degree of administrative work
 - (3) Requires a low initial outlay of capital
 - (4) Has a short repayment term, which makes it easy to reinvest the periodic payments at good rates
118. A borrower has arranged a \$159,900 mortgage at $j_{12} = 12\%$ with a 25-year amortization, 5-year term, and monthly payments. If all payments are paid when due, how much principal was paid off during the 5-year term?
- (1) \$89,583.15
 - (2) \$6,950.91
 - (3) \$152,949.09
 - (4) \$6,529.15

119. A mortgage for \$200,000 is written at 6% per annum, compounded semi-annually. The mortgage calls for monthly payments rounded up to the next higher dollar, a 5-year term, and a 20-year amortization. The mortgage contract permits the borrower to prepay the full amount of the loan at any time subject to the payment of a three months' interest penalty. At the time of prepayment, the current comparable interest rate is 4% per annum, compounded semi-annually. If the borrower wishes to prepay this loan at the end of the first year (with the 12th payment), calculate the amount of the three months' interest penalty.
- (1) \$969.01
 - (2) \$15,504.15
 - (3) \$5,687.99
 - (4) \$2,883.28
120. A mortgage loan has a face value of \$370,000, an interest rate of $j_2 = 5.5\%$, an amortization period of 20 years, a term of 3 years, and an option to make accelerated biweekly payments, rounded up to the next highest dollar. If this option is exercised, what is the outstanding balance owing at the end of the 3-year term?
- (1) \$232,928.17
 - (2) \$311,500.07
 - (3) \$328,192.44
 - (4) \$317,935.02
121. After a borrower has given a mortgage of real property, the borrower's remaining interest is described at law as:
- (1) a right of foreclosure.
 - (2) a common law mortgage.
 - (3) the equity of redemption.
 - (4) an equitable mortgage.
122. A mortgage that is granted, but for procedural reasons is not registrable, is:
- (1) unenforceable until it is registered.
 - (2) recognized as a present equitable mortgage.
 - (3) only protected by filing a caveat.
 - (4) still deemed a legal mortgage.
123. An offer of \$235,000 is accepted, comprised of a cash down payment of \$85,000 subject to a vendor-supplied mortgage of \$150,000 at 4% per annum, compounded semi-annually. The loan has an amortization period of 25 years, a term of 5 years, and calls for monthly payments rounded up to the next higher dollar. Market rates of interest for equivalent mortgages are currently 9% per annum, compounded semi-annually. The market value of the offer is:
- (1) \$180,413.24
 - (2) \$122,426.97
 - (3) \$235,000.00
 - (4) \$207,246.79

124. Given the following information, calculate the minimum annual income a buyer must have in order to qualify for a \$42,500 loan.

Interest Rate:	11.25% per annum, compounded semi-annually
Term:	5 years
Amortization Period:	25 years
Payments:	Monthly
Maximum Gross Debt Service Ratio:	27%
Property Taxes:	\$600 per annum

- (1) \$20,728.89
- (2) \$18,506.67
- (3) \$19,490.52
- (4) \$5,596.80

125. The *Local Government Act* permits a council to enact certain bylaws relevant to planning. Which of the following areas is NOT regulated by local government?

- (1) Land use zoning
- (2) Subdivision regulation
- (3) Building regulations
- (4) Airports

126. What is an assessment notice?

- (1) A demand for payment of a specified amount of property taxes
- (2) A notice issued by the municipality stating the date on which the assessor will appraise your property
- (3) A notice that informs the property owner of the actual value of their property
- (4) A notice of the cost to the property owner of a local improvement project

127. What is the purpose of a zinc strip along the peak of a roof?

- (1) For added support and to extend the service period for cedar shakes and shingles
- (2) To discourage the growth of moss on roof coverings
- (3) To prevent leakage and thus water stains on the ceilings
- (4) To prevent the penetration of frost under the roof covering

128. In developing a real property appraisal, which of the following statements regarding scope of work determination is FALSE?

- (1) An appraiser cannot rely on the client to identify and resolve the problem even though the client is requesting the report.
- (2) It is the appraiser/licensee's responsibility to determine the scope of work and the level of information required to produce credible and reliable results.
- (3) A brief appraisal with limited detail may be acceptable if the appraisal is within the client's requested scope of work, and the limitations are explicitly written in the report.
- (4) The appraiser need not know the report's intended use since the client is the one paying for the report and would know its purpose.

129. The principle on which the comparative approach of appraisal is based is:

- (1) indefeasibility.
- (2) substitution.
- (3) capitalization.
- (4) accessibility.

130. In the comparative approach of appraisal, one method of making final adjustments to price is to use a rating grid. In using a rating grid, it is MOST important that:

- (1) the final market value be determined by averaging the comparable sale prices (after adjustments).
- (2) the comparable properties have the same lot size as the subject property.
- (3) the subject property be the basis of comparison and all comparables be adjusted to it.
- (4) the comparable properties have the same cost of improvements as the subject property.

131. Where a single-family residence in Vancouver contains a wood burning furnace as its primary heating system, this would be considered an element of:

- (1) physical curable depreciation.
- (2) functional curable depreciation.
- (3) functional incurable depreciation.
- (4) physical incurable depreciation.

132. A property recently sold for \$800,000. The stabilized annual net operating income for the property is \$88,000. The yield on this property is:

- (1) 11%
- (2) 9%
- (3) 12%
- (4) 14%

133. Vincent and Pamela signed a standard contract of purchase and sale for the sale of Vincent's property. Vincent agreed to give title free of encumbrances. Pamela is putting on a new mortgage. Costs are as follows:

Legal fees for conveyance:	\$400.00
Legal fees to discharge an existing mortgage on title:	\$100.00

Which one of the following statements is correct with respect to the statement of adjustments?

- (1) For her share of the above fees, Pamela will have a debit of \$500.
- (2) Vincent should be credited \$100.
- (3) Pamela should be debited \$400 and Vincent should be debited \$100.
- (4) Pamela should be debited \$400 and credited \$100.

134. The marketing mix consists of which of the following?

- (1) Product, place, price, and preference
- (2) People, place, price, and position
- (3) Personal selling, publicity, price, and promotion
- (4) Product, place, price, and promotion

135. Which of the following statements regarding strata plans is TRUE?

- (1) A strata plan is a plan contained in the disclosure statement filed with the superintendent that shows the developer's goals for the development.
- (2) A strata plan is filed in the land title office and designates which parts of a strata project are strata lots and which are common property.
- (3) A strata plan is used for all condominiums or cooperative developments.
- (4) A strata plan is only necessary when creating five or more strata lots.

136. A lender who is foreclosing may ask the court to appoint a receiver where the property being foreclosed is:

- (1) a large residential apartment building.
- (2) a single-family dwelling with a tenant occupying it.
- (3) a single-family dwelling abandoned by the borrower.
- (4) any one of the above.

137. The “subject of an appraisal” is:

- (1) the market value of the physical property.
- (2) a fee simple estate on a cash or cash-to-first-mortgage basis.
- (3) a subjective measure of value by an experienced appraiser.
- (4) the value of the legal rights of ownership vested in a particular piece of real estate.

138. Which of the following options BEST completes this sentence: “A private nuisance involves some use of a person’s own property that...”?

- (1) endangers the safety or comfort of the public or some major section of the public.
- (2) amounts to a trespass.
- (3) interferes with the use and enjoyment of, or causes damage to, the property of another.
- (4) causes physical damage to the person’s own property.

139. In British Columbia, before approving a conversion of a rental building to a condominium, the approving authority must consider a number of factors. Which one of the following is NOT a mandatory consideration?

- (1) The priority of rental accommodation over private ownership in the area
- (2) The proposal to relocate existing tenants
- (3) The life expectancy of the building
- (4) The potential increase in real property tax revenue

140. Which one of the following does NOT result from the immobility of land?

- (1) The need for debt financing
- (2) A vulnerability to outside environmental factors
- (3) An inability to move a listed property to a better resale market
- (4) The necessity for owners to travel in order to take advantage of services provided by different parcels of land

141. Which one of the following terms does NOT describe a type of structural method used in housing construction?
- (1) Log
 - (2) Concrete block
 - (3) Vaulted ceiling
 - (4) Post, beam, and plank
142. On a straight line principal reduction loan, the monthly payment:
- (1) is a constant amount each month.
 - (2) pays interest only.
 - (3) pays principal only.
 - (4) declines over time.
143. Vanessa has agreed to sell her home to Paul for a price of \$150,000. Paul has paid a deposit of \$15,000 directly to his brokerage. There is a mortgage registered against title that has an outstanding balance of \$71,000, which Paul will assume. Paul will also be receiving financing, by way of a second mortgage, for \$34,000. Property taxes of \$1,095 were not paid by Vanessa by the due date; therefore, a penalty of \$105 has been assessed. The outstanding property taxes and penalty will be paid by the conveyancer from the sale proceeds. A real estate commission of 6% of the purchase price is payable. Conveyancing fees for this transaction are \$600. The adjustment, completion, and possession date is August 31. It is NOT a leap year and property transfer tax is payable. As well, Paul is NOT a foreign entity for property transfer tax purposes. What are the cash proceeds of sale to Vanessa?
- (1) \$69,169.00
 - (2) \$69,538.00
 - (3) \$69,204.38
 - (4) \$140,169.00
144. Violet has agreed to sell her home to Parker for a price of \$150,000. Parker has paid a deposit of \$15,000 directly to his brokerage. There is a mortgage registered against title that has an outstanding balance of \$71,000, which Parker will assume. Parker will also be receiving financing, by way of a second mortgage, for \$34,000. Property taxes of \$1,095 were not paid by Violet by the due date; therefore, a penalty of \$105 has been assessed. The outstanding property taxes and penalty will be paid by the conveyancer from the sale proceeds. A real estate commission of 6% of the purchase price is payable. Conveyancing fees for this transaction are \$600. The adjustment, completion, and possession date is August 31. It is NOT a leap year and property transfer tax is payable. As well, Parker is NOT a foreign entity for property transfer tax purposes. What is the amount that Parker requires to complete this sale?
- (1) \$30,969.00
 - (2) \$31,869.00
 - (3) \$32,469.00
 - (4) \$103,469.00
145. Which of the following is NOT a power or duty of the BCFSA?
- (1) Receiving licensing applications relating to real estate services
 - (2) Carrying out investigations and disciplinary functions in relation to licensees
 - (3) Making orders against unlicensed persons who provide real estate services without a licence
 - (4) Lobbying the provincial government to protect the interests of real estate professionals

146. An investor has the opportunity to invest in one of four alternative mortgages, each with the same degree of risk. The only distinction between these investments is the rate of interest charged to the borrower. These rates are:

Loan A: 13.25% per annum, compounded daily
Loan B: 13.50% per annum, compounded quarterly
Loan C: 13.75% per annum, compounded semi-annually
Loan D: 14.25% per annum, compounded annually

Assuming that the investor can purchase each mortgage for the same amount of money, which investment will he prefer?

- (1) Loan A
 - (2) Loan B
 - (3) Loan C
 - (4) Loan D
147. A local mortgage broker arranged a mortgage in the amount of \$210,000. The borrower has agreed to pay a brokerage fee in the amount of \$7,200 that is to be added to the loan amount, giving a face value of \$217,200 for the loan. The mortgage bears interest at a contract rate of 4.5% per annum, compounded semi-annually. The mortgage has an amortization period and term of 20 years and calls for monthly payments. If the mortgage is sold to an investor for \$225,000 immediately after the loan is initiated, the investor will earn the following nominal interest rate, with semi-annual compounding:
- (1) 4.083034%
 - (2) 4.162285%
 - (3) 4.018729%
 - (4) 4.124712%
148. What is the result of the doctrine of *stare decisis*?
- (1) Former decisions are used as a basis for later decisions.
 - (2) The common law system has uniformity.
 - (3) Decisions by the Supreme Court of Canada are accorded the most weight in our jurisprudence.
 - (4) All of the above result from the doctrine of *stare decisis*.
149. Which of the following statements regarding the income approach of appraisal is TRUE?
- (1) Net operating income is a measure of return on the equity portion of a property's value.
 - (2) Items specific to an owner or investor are included in the calculation of net operating income.
 - (3) Net operating income does not consider depreciation, income tax, or debt service.
 - (4) The income approach is only used for apartment buildings.

150. Karen's neighbour, Jack, is a gas barbecue enthusiast who cooks two meals a day, seven days a week, on his outdoor gas barbecue. As a result, the smoke and fumes are carried onto Karen's property. The barbecue smoke has discoloured Karen's dining room curtains and killed her shrubs.

Which of the following statements is TRUE?

- (1) Jack may be liable to Karen for private nuisance and Karen may seek an injunction to prevent Jack from continuing the nuisance.
 - (2) If Karen chooses to sue Jack for negligence, she must prove that he has breached the duty of care owed to her by a reasonable person in Jack's situation.
 - (3) This scenario reveals a cause of action for interference with the airspace rights of a fee simple owner.
 - (4) Karen need not prove that she has suffered any form of damage to succeed in her lawsuit against Jack because her cause of action is considered trespass and "actionable per se" (i.e., without proof of damage).
151. Which of the following is NOT a duty that is owed by a principal to their agent?
- (1) The duty to indemnify the agent
 - (2) The duty to remunerate the agent
 - (3) The duty to comply with the agency agreement
 - (4) The duty to avoid conflicts of interest with the agent
152. Which one of the following occupiers of real property would NOT be liable, by statute, for the real property taxes?
- (1) The registered owner of a life estate
 - (2) The registered holder of a long-term lease, where the lessor is not a tax exempt organization or a public body
 - (3) The registered owner of an estate in fee simple
 - (4) The registered holder of an agreement for sale
153. Larry and Theresa orally agree that Theresa will lease 10 acres of farmland owned by Larry for 5 years. As part of the agreement Larry agrees to build a barn, which he does at a cost, to him, of \$10,000. Which one of the following statements is TRUE?
- (1) The lease agreement is not enforceable by Larry because it is neither in writing nor signed by Theresa as is required by section 59 of the *Law and Equity Act*.
 - (2) Section 59 of the *Law and Equity Act* does not apply to lease agreements.
 - (3) The lease agreement may be enforceable by Larry because he has altered his position by spending \$10,000 on a new barn in reliance on the lease.
 - (4) The lease agreement is void because it is not in writing.
154. Which of the following statements is FALSE under the common law of agency?
- (1) An agency relationship is created when two persons agree that one will act on behalf of the other.
 - (2) Where the agent does not disclose that they are an agent and enters into a contract with a third party, the principal can have no liability for the contract.
 - (3) An agent who would not have capacity to enter a contract themselves may be able to make a valid contract on their principal's behalf.
 - (4) An agency agreement may be either written or oral or partly written and partly oral.

155. There are many reasons why a property might sell for a price that is different from its current appraised value. Which of the following could be a reason?
- (1) The property is in a state of long-term disrepair.
 - (2) The property is located beside a fertilizer plant.
 - (3) The appraisal was done by the cost approach.
 - (4) The property is located next to a school.
156. Calculate the monthly payment required for the following mortgage:
- Principal of \$40,000; 14% per annum, compounded semi-annually; amortization period of 20 years
- (1) \$485.47
 - (2) \$486.07
 - (3) \$469.56
 - (4) \$477.41
157. Jason Buyer offers \$345,000 to purchase a house, subject to obtaining an acceptable first mortgage. A lender has appraised the property at \$340,000, and requires an 80% loan-to-value ratio and a 28% gross debt service ratio. Property taxes are \$2,200 per annum and Mr. Buyer's gross income is \$75,000 per year. What is the maximum amount (rounded to the nearest dollar) this lender will advance if the interest rate is $j_2 = 5\%$, the amortization period is 25 years, and payments are made monthly?
- (1) \$272,000
 - (2) \$269,370
 - (3) \$275,280
 - (4) \$267,420
158. A multiple listing agreement is a type of exclusive listing agreement in which:
- (1) the brokerage lists two or more properties for the same seller.
 - (2) the seller lists the property with two or more brokerages.
 - (3) the seller pays more than one commission.
 - (4) the contract requires the listing to be distributed to all members of the real estate board.
159. The practice of recognizing expenses as they are incurred, rather than when they are paid for, is a characteristic of which generally accepted accounting principle?
- (1) The cost principle
 - (2) The recognition principle
 - (3) The matching principle
 - (4) The conservation principle
160. By extending the amortization period of a loan:
- (1) the mortgage loan is paid off faster, which reduces the amount of interest paid by the borrower.
 - (2) the size of the required payment will be larger.
 - (3) the loan contract period becomes longer and the loan will be classified as a fully amortized loan.
 - (4) the repayment of principal is spread over a greater number of payments, making each payment smaller.

161. Which one of the following statements regarding digital signatures is TRUE?
- (1) Digital signatures are used to authenticate the individual sending the message so as to ensure the integrity of the data.
 - (2) Digital signatures are codes recorded into software to ensure copy protection and discourage multiple users.
 - (3) Digital signatures are codes built into modems that notify receivers of where a message is coming from.
 - (4) Digital signatures are tags in HTML that tell search engines information about a webpage.
162. A property is listed for \$133,333 but the market value, as estimated in a recent appraisal, is \$125,000. The property's lending value is estimated to be \$120,000. Jay and Joan purchase the home for \$128,500 subject to a mortgage of \$84,000. What loan-to-value ratio was applied by the lender with whom Jay and Joan negotiated the mortgage? (Assume that the loan-to-value ratio was the binding constraint on the loan size.)
- (1) 67.5%
 - (2) 70%
 - (3) 72%
 - (4) 75%
163. Where would the commission appear on the statements of adjustments?
- (1) It would appear as a credit on the buyer's statement and as a debit on the seller's statement.
 - (2) It would appear as a debit on the buyer's statement and as a credit on the seller's statement.
 - (3) The commission only appears on the seller's statement.
 - (4) The commission only appears on the buyer's statement.
164. Which one of the following statements is FALSE?
- (1) The doctrine of *stare decisis* provides uniformity to the common law system.
 - (2) The Supreme Court of Canada is not required to hear all appeals.
 - (3) The Supreme Court of British Columbia may exercise both common law and equitable jurisdiction.
 - (4) An appeal by a taxpayer to reduce a tax assessment would fall within the sphere of private law.
165. When a property possesses latent value:
- (1) higher value may result through a change of use.
 - (2) the existing property should undergo renovation for continued similar use.
 - (3) the buyer should have it rezoned.
 - (4) it should not be offered for sale.
166. A potential borrower with an annual income of \$58,000 and property taxes of \$2,000 per annum has been told by a mortgage lender that the largest loan available will be \$190,451. What is the maximum gross debt service ratio allowed by the lender given that the loan has monthly payments and is to be written at 5.5% per annum, compounded semi-annually and amortized over 25 years?
- (1) 25%
 - (2) 27.5%
 - (3) 28.5%
 - (4) 30%

167. Which one of the following is NOT a remedy for breach of contract?
- (1) Damages
 - (2) Specific performance
 - (3) Injunction
 - (4) Rectification
168. Which of the following options BEST defines the term “dormer” in residential building construction?
- (1) Roof extensions used to provide extra floor area and windows for the upper level
 - (2) The structural member, usually wood, placed at the top of window openings
 - (3) A roof style commonly known as a hip roof
 - (4) A component of a septic waste water system
169. The fact that a joint tenant’s interest does not pass to a personal representative on death is referred to as:
- (1) an estate in inheritance.
 - (2) a tenancy in common.
 - (3) the right of survivorship.
 - (4) a life estate.
170. Meika Jones is being sued for creating a nuisance. Which of the following arguments is a valid defence to the lawsuit?
- (1) The activity involved benefits the public.
 - (2) She has not been negligent in carrying out the activity.
 - (3) The damage she has created is trifling and of little consequence.
 - (4) The activity is authorized by statute but could be carried out without creating a nuisance.
171. Brad has recently received an interest only loan for \$100,000 to operate a food cart in downtown Vancouver. The loan has an interest rate of 8% per annum, compounded monthly, and requires interest only payments every month. How much are the monthly interest only payments that Brad makes if the duration of the loan is two years?
- (1) \$1,333.33
 - (2) \$666.67
 - (3) \$500.33
 - (4) \$1,200.67
172. Which of the following is the BEST example of a secure password?
- (1) 987654321
 - (2) R\$2c
 - (3) 83ej9@!h4C
 - (4) reale\$tate

173. Prepayment in a mortgage refers to:

- (1) the right of lenders to demand full repayment of the outstanding principal if the payments fall into arrears.
- (2) the right of the borrower to pay off all (or some) of the outstanding balance during the term of the mortgage.
- (3) the lender's right to demand full payment of the outstanding balance at the end of the term of a partially amortized mortgage.
- (4) the payment of a finder's fee to a mortgage broker (as compensation for arranging a mortgage loan), which is made prior to the advancing of mortgage funds.

174. For which one of the following properties would an appraiser be MOST justified in employing the cost approach to determine market value?

- (1) A 40-year-old bungalow that represents the highest and best use
- (2) A newly-constructed church of contemporary design
- (3) A vacant lot that possesses latent value
- (4) A high rise office tower located in an outer suburb

175. Which of the following statements regarding profits à prendre is TRUE?

- (1) A profit à prendre must accompany a dominant tenement.
- (2) The right to fish on another's land is an example of a profit à prendre.
- (3) A profit à prendre is always granted for a definite period of time.
- (4) An owner who wishes to impose restrictions consistent with a general scheme of development would likely charge the land with a profit à prendre.

176. A commercial "periodic" tenancy is:

- (1) a term lease.
- (2) a lease for a certain period of time.
- (3) a tenancy that automatically renews itself on the last day of the term for a further term of the same length until it is terminated by either party upon proper notice.
- (4) a tenancy that is created in a commercial context after the entering of the lease and prior to the entering of possession by the tenant.

177. Victor is selling his house to Paula with an adjustment date and a possession date of August 16, and a completion date of August 14. He is concerned about the fact that he just filled his oil tank. Which one of the following is TRUE?

- (1) The conveyancer will give Victor a debit on the statement of adjustments for the oil in the tank.
- (2) Victor will lose the cost of his oil. He should not have filled the tank.
- (3) Victor could arrange to have a reading done on the adjustment date and make an adjustment privately with Paula for the cost of the oil remaining in the tank on that date.
- (4) The cost of oil remaining in the tank must be calculated as at the completion date and Paula must reimburse Victor for that amount.

178. Lenders who are attempting to ration mortgage funds could:

- (1) decrease their gross debt service ratio.
- (2) decrease their interest rate on mortgage loans.
- (3) increase their maximum loan-to-value ratio.
- (4) increase the maximum amortization period available on mortgage loans.

179. With fully amortized constant payment mortgages, when payments are rounded up to the next higher cent, the final payment necessary to repay the loan amount will be:
- (1) smaller than the regular payments.
 - (2) larger than the regular payments.
 - (3) the same as the regular payments.
 - (4) impossible to determine.
180. A brokerage must maintain at least one account in a bank, trust company, or credit union designated as a trust account into which the brokerage must put, upon receipt, all monies received for or on behalf of a client. The *Real Estate Services Act* only permits the brokerage to withdraw money from such an account under certain circumstances. Which one of the following is NOT one of them?
- (1) Money paid to or in accordance with the instructions of the principal to whose credit the money was deposited
 - (2) Money intended as remuneration for a licensee and that has been earned in accordance with the Rules
 - (3) Money paid into the trust account by mistake
 - (4) Money required for payment of a brokerage's business expenses
181. You have a partially completed appraisal report that you need to fill in. The 2,600 square foot subject property has 4 bathrooms. The house next door is similar in all respects except for the number of bathrooms and square footage. It sold for \$234,000 and was adjusted +\$5,700 for bathrooms and - \$10,000 for square footage. If the market value of a bathroom is \$5,700 and above a 1,900 sq. ft. benchmark, each 100 sq. ft. is worth \$5,000, it can be concluded that this comparable has:
- (1) 3 bathrooms and 2,800 square feet.
 - (2) 5 bathrooms and 2,400 square feet.
 - (3) 4 bathrooms and 2,400 square feet.
 - (4) 3 bathrooms and 2,600 square feet.
182. An option to purchase the mortgaged property given by the borrower to the lender at the time the mortgage is negotiated is:
- (1) enforceable if the borrower has independent legal advice.
 - (2) void.
 - (3) enforceable in all cases.
 - (4) a collateral advantage.
183. A mortgage contract with a face value of \$170,000 requires monthly payments of \$1,117.12 over a 20-year period. However, the mortgage broker advances only \$166,000 after deducting a commission of \$2,500, legal fees of \$1,000, and an appraisal fee of \$500. Calculate the cost of funds advanced for the borrower, expressed as an effective annual rate (j_1).
- (1) 6.078157%
 - (2) 5.234236%
 - (3) 5.291647%
 - (4) 5.361651%

184. After an order nisi of foreclosure is granted to a petitioner and the respondent borrower fails to pay the amount due as required by the order, the petitioner may apply for:
- (1) an order absolute of foreclosure.
 - (2) a judicial sale.
 - (3) an equitable charging order.
 - (4) either (1) or (2).
185. Which one of the following is NOT a rationale for government regulation of land use?
- (1) Protection of property values
 - (2) Public health and safety
 - (3) Limiting the power of land developers
 - (4) Conservation of natural resources
186. What will be the maximum loan granted on a commercial building with a lending value of \$3,500,000 and yielding a net operating income of \$360,000 per year, where the lender requires a debt coverage ratio of 1.25 and an 80% loan-to-value ratio? The loan will be amortized over 20 years with annual payments and the interest rate is 7.5% per annum, compounded annually. Round your answer to the nearest \$1,000.
- (1) \$2,936,000
 - (2) \$2,800,000
 - (3) \$3,036,000
 - (4) \$2,590,000
187. Which one of the following statements is correct?
- (1) Contracts of purchase and sale can always be assigned.
 - (2) Contracts of purchase and sale can never be assigned.
 - (3) Contracts of purchase and sale can only be assigned with the permission of the buyer in writing.
 - (4) Contracts of purchase and sale can be assigned if the contract includes the standard assignment terms, the assignment does not prejudice the seller, and the contract does not prohibit assignment.
188. With respect to an insured mortgage loan, which one of the following statements is FALSE?
- (1) Default insurance is paid for by the borrower.
 - (2) The borrower can add the premium to the mortgage amount.
 - (3) If the borrower defaults, the insurance company will guarantee that the lender will recover all capital invested.
 - (4) The lender has only the personal covenant of the borrower and the value of the property for security.
189. A seller is willing to sell his house, by way of a take-back mortgage, for \$90,000. The seller demands 24 monthly payments, and payment of the outstanding balance in the amount of \$75,000 with the 24th payment. The seller wishes to earn an effective annual rate of 15% on his money. What is the monthly payment required?
- (1) \$1,664.80
 - (2) \$7,048.03
 - (3) \$1,599.22
 - (4) \$720.60

190. A person whom an agent represents is known in law as the:
- (1) buyer.
 - (2) principal.
 - (3) client.
 - (4) seller.
191. In applying the income approach, depreciation is excluded from operating expenses in the calculation of net operating income. Which one of the following statements is an explanation for why depreciation is excluded?
- (1) Depreciation measures a loss in value that occurs despite regular repairs and maintenance.
 - (2) Depreciation affects only the building component of the property.
 - (3) Depreciation expense is excluded from calculations for income tax purposes.
 - (4) The life of a building is primarily determined by economic factors rather than physical condition.
192. If a property owner considers that the actual value assessment of their property is too high, they must first submit their complaint to:
- (1) a Property Assessment Review Panel.
 - (2) the Board of Variance.
 - (3) the Municipal Finance Authority.
 - (4) the Property Assessment Appeal Board.
193. Which one of the following is NOT essential in order to constitute a restrictive covenant in law?
- (1) It must be positive in nature.
 - (2) It must be negative in nature.
 - (3) At least two parcels of property must be involved.
 - (4) The burden of the restriction must have been intended by the parties to bind the land.
194. If payments are rounded up to the next higher dollar, the MOST likely result is:
- (1) an increase in the cost to the borrower.
 - (2) a higher yield to the lender.
 - (3) a lower final payment.
 - (4) an increase in the number of payments.
195. There are two ways to surrender a lease under a commercial tenancy. One is by an act of the parties; the other is:
- (1) by operation of law.
 - (2) by the order of an arbitrator.
 - (3) by the order of the Public Trustee.
 - (4) by an order of the Residential Tenancy Board.
196. A potential buyer is aware of the asking price for a particular house listed for sale. Which of the following statements is normally FALSE?
- (1) The probable sale price will be equal to or above the floor price.
 - (2) The probable sale price will be equal to or above the seller's "value to owner".
 - (3) The ceiling price will be equal to or below the asking price.
 - (4) The seller is likely to know the buyer's ceiling price.

197. How much should an investor be willing to pay for a property that is expected to sell for \$60,000 in three years if the investor desires a yield of not less than $j_2 = 14\%$?
- (1) \$40,498.29
 - (2) \$36,648.83
 - (3) \$39,980.53
 - (4) \$48,977.87
198. At the end of a profitable year, a business's ownership has decided to leave all these profits in the business. Which one of the following BEST describes the effect that profitable operations have on the balance sheet of a business?
- (1) Owner's equity is increased
 - (2) Assets are increased
 - (3) Cash is increased
 - (4) Liabilities are decreased
199. John makes the following offer to Mary. "I will pay you \$500 to put a new rose bed in my garden." If Mary accepts, what is the result?
- (1) There is no contract because there is no consideration.
 - (2) The promise to pay is past consideration and therefore no contract exists.
 - (3) An enforceable contract has been formed if an intention to create a legal relationship exists.
 - (4) There is no contract because the contract is not in writing.
200. Under the *Environmental Management Act*, a mortgage lender may be liable for the remediation of a contaminated site if the lender:
- (1) participates only in purely financial matters related to the site.
 - (2) insists on environmental conditions within a security agreement.
 - (3) becomes the registered owner of the site.
 - (4) appoints a person to inspect a contaminated site to determine future actions to take.
201. When a contract is executed under seal, the seal:
- (1) constitutes a written acceptance.
 - (2) takes the place of the signature of the offeror and offeree.
 - (3) stands in the place of consideration.
 - (4) represents intention.
202. Two identical houses located next to one another in the same neighbourhood sell within one week of each other. Ms. Brown sells hers for \$112,000, while Mr. Fisher is only able to sell his for \$100,000. Which of the following could account for the difference in selling price?
- (1) The listing brokerage representing Ms. Brown spent an extraordinary amount of money on advertising her property.
 - (2) Mr. Fisher supplied a vendor take-back mortgage at 9% while the current market rates were 12%.
 - (3) Ms. Brown was promoted to a new position in Edmonton and her expertise was required immediately.
 - (4) All of the above factors could account for the difference in selling price.

203. Which financial institution is currently the largest single source of institutional mortgage funds in Canada?
- (1) Credit unions
 - (2) Life insurance companies
 - (3) Trust and loan companies
 - (4) Chartered banks
204. Which of the following lenders are impacted by the stress test borrower qualification rule for uninsured mortgages implemented in January 2018?
- (1) Chartered banks
 - (2) Trust companies
 - (3) Federally regulated financial institutions
 - (4) All of the above
205. A voidable contract is:
- (1) one that never existed at all, even if the parties want it to exist.
 - (2) a contract that one or both of the parties can cancel.
 - (3) unenforceable.
 - (4) the result of a void deed.
206. Josie Purchaser arranged a mortgage loan for \$75,000 at 9.5% per annum, compounded semi-annually, with a 25-year amortization period and monthly payments. What is her interest cost for the first month?
- (1) \$645.78
 - (2) \$582.33
 - (3) \$612.27
 - (4) \$63.45
207. There were three categories of “waste” at common law with respect to real property. Which one of the following is NOT one of those categories?
- (1) Equitable
 - (2) Voluntary
 - (3) Permissive
 - (4) Ameliorating
208. An offer of \$235,000 is accepted, comprised of a cash down payment of \$55,000 and a vendor-supplied loan of \$180,000 at 4% per annum, compounded semi-annually. The loan has an amortization period of 25 years, a term of 5 years, and calls for monthly payments rounded up to the next higher dollar. Market rates of interest for equivalent mortgages are currently 9% per annum, compounded semi-annually. The market value of the offer is:
- (1) \$146,960.00
 - (2) \$235,000.00
 - (3) \$201,690.44
 - (4) \$192,158.00

209. Which of the following correctly describes an interest in land that is acquired by a buyer of a strata lot?

- (1) A fee simple interest only
- (2) A joint tenancy with all of the other strata lot owners
- (3) A fee simple interest in the strata lot, and a fee simple interest in the common property as a tenant in common with the other strata lot owners
- (4) A share in the strata corporation in proportion to the unit entitlement

210. Which of the following topics would NOT be found on an official community plan?

- (1) Restrictions on the use of land that is subject to hazardous conditions.
- (2) The location and phasing of major highways, sewers, and water lines.
- (3) The location, amount, type, and density of residential development required to meet anticipated housing needs over the next year.
- (4) The location and type of present and proposed public facilities.

211. The abolition of the doctrine of notice by the *Land Title Act* is subject to the exception of:

- (1) innocent misrepresentation.
- (2) fraud.
- (3) breach of contract.
- (4) *quantum meruit*.

212. Which of the following statements is TRUE?

- (1) Only sole proprietors need to report business income on their personal income tax returns.
- (2) Both sole proprietors and partners must report business income on their personal tax returns.
- (3) Sole proprietorships, partnerships, and corporations are identical in terms of taxation of owner's income.
- (4) A sole proprietorship is a business enterprise owned by a group of individuals.

213. Which of the following statements is TRUE?

- (1) Using a technology called encrypting, protecting information on the internet is accomplished by scrambling it into an unreadable format called decrypting.
- (2) Using a technology called coding, protecting information on the internet is accomplished by scrambling it into an unreadable format known as PDF.
- (3) Using a technology called protography, protecting information on the internet is accomplished by scrambling it into an unreadable format called deciphering.
- (4) Using a technology called cryptography, protecting information on the internet is accomplished by scrambling it into an unreadable format called encrypting.

214. A mortgage was written for \$48,000 at an interest rate of $j_2 = 8\%$, an amortization period of 15 years, and monthly payments. Calculate the balance owing at the end of five years, rounded to the nearest dollar.

- (1) \$38,507
- (2) \$37,725
- (3) \$47,289
- (4) \$46,181

215. When using the cost approach of appraisal, cost of the improvements is more commonly determined by utilizing:
- (1) current replacement cost.
 - (2) current reproduction cost.
 - (3) current value based on historic cost.
 - (4) actual cost.
216. Which of the following statements about the principle of indefeasibility is TRUE?
- (1) Legal mortgages, but not equitable mortgages, are guaranteed by the principle of indefeasibility in British Columbia.
 - (2) The principle of indefeasibility provides that, where a buyer deals with a registered chargeholder, the buyer will acquire good title.
 - (3) In British Columbia there are a number of exceptions to the principle of indefeasibility.
 - (4) The principle of indefeasibility is consistent with the common law doctrine of the void deed.
217. Kent rented his Kerrisdale house to Lisa for a fixed term of three years commencing July 1, 2008 and terminating on June 30, 2011 for an annual rent of \$12,000 payable in equal monthly instalments on the first day of each month. On April 12, 2010, Lisa abandoned the premises without giving notice to Kent and without paying the rent for April. The BC *Residential Tenancy Act* requires Kent to do which of the following?
- (1) Hire a bailiff to distrain Lisa's goods left on the premises to compensate Kent for the rent in arrears
 - (2) Limit his claim against Lisa for arrears of rent to the amount of the security deposit provided by her
 - (3) Attempt to re-rent the premises and mitigate his damages
 - (4) Sue Lisa for the rent due for the remaining term of the lease without any obligation for Kent to account to Lisa for the security deposit and accrued interest
218. Which one of the following is NOT a qualification for a trading services representative's licence in British Columbia?
- (1) Must have a minimum of three references from currently licensed managing or associate brokers
 - (2) Must have attained the age of 19 years
 - (3) Must be of good reputation
 - (4) Must have met the educational and experience requirements established by the *Real Estate Services Rules*
219. Which one of the following statements correctly describes the manner in which taxes are adjusted?
- (1) If the seller has already paid the current year's taxes, the seller must be given a credit of the taxes from the adjustment date to December 31.
 - (2) If the taxes are overdue and a penalty is owing, both the amount of the taxes and the penalty must be apportioned between the buyer and the seller.
 - (3) If the taxes are not yet due, no adjustment is made until the tax bill arrives.
 - (4) All of the above are correct.
220. Which of the following would NOT be included in a statement of profit and loss?
- (1) Depreciation
 - (2) Rental revenue
 - (3) Current liabilities
 - (4) Interest on mortgage

221. Which of the following options is TRUE regarding the final value shown on a proprietor's income statement?
- (1) It is known as retained earnings.
 - (2) It is equal to taxable income plus depreciation expense.
 - (3) It is the difference between revenue and liabilities for one year of operation.
 - (4) It is known as net income.
222. Which of the following statements regarding income statements is FALSE?
- (1) It is also known as a profit and loss statement.
 - (2) It is a listing of the revenue and expenses of a business enterprise.
 - (3) It may include depreciation, revenue, and cost of goods sold.
 - (4) It is always determined on an annual basis.
223. Which party to a court proceeding files a response to civil claim?
- (1) The plaintiff
 - (2) The accused
 - (3) The defendant
 - (4) The prosecutor
224. A local builder negotiates an interest only loan with ABC Finance Company. The face value of the loan is \$450,000, the interest rate is $j_2 = 8\%$, the term of the loan is 3 years, and the interest only payments are to be made monthly. What will be the size of the monthly interest only payments?
- (1) \$2,951.19
 - (2) \$3,434.47
 - (3) \$3,727.61
 - (4) \$2,520.33
225. A licensee is required to file a Suspicious Transaction Report when they think a transaction is related to a money laundering or terrorist financing offence and it meets which of the following burdens of proof?
- (1) Reasonable grounds to believe
 - (2) Reasonable grounds to suspect
 - (3) Belief beyond a reasonable doubt
 - (4) A simple suspicion
226. For purposes of assessment and taxation:
- (1) the strata corporation is assessed as a whole.
 - (2) each strata lot, together with the owner's share in the common property, is deemed to be a separate parcel of land and improvements.
 - (3) all strata lots are lumped together.
 - (4) the common property of a strata corporation is excluded altogether.

227. A local mortgage broker has arranged a mortgage in the amount of \$240,000. The borrower has agreed to pay a brokerage fee of \$5,000 that is to be added to the loan amount, giving a face value of \$245,000 for the loan. The mortgage bears interest at a contract rate of 8% per annum, compounded quarterly. The mortgage has a term and amortization period of 25 years. The loan is to be repaid using monthly payments. The equivalent periodic interest rate, expressed as a rate per month on the funds advanced is:
- (1) 0.682361%
 - (2) 0.821546%
 - (3) 0.752513%
 - (4) 0.514235%
228. Focusing on client needs and using need satisfaction as the starting point for the development of a marketing program is known as which of the following options?
- (1) The marketing concept
 - (2) Personal selling
 - (3) The promotional mix
 - (4) Differentiated marketing
229. In which of the following situations where express authority exists would an agent have authority to act?
- (1) The agent is an infant.
 - (2) The agent is insane.
 - (3) The agent is sane but the principal is insane.
 - (4) None of the above-mentioned agents has authority to act on behalf of the principal.
230. Burris is a new licensee who is in the process of setting up his business social media accounts. Which of the following is a general guideline he should implement to ensure he is using social media effectively?
- (1) The more social media platforms he uses, the more potential clients Burris can reach. He should aim to set up accounts across at least eight platforms.
 - (2) Social media is primarily used for general public relations; as such, it is not necessary for Burris to establish goals for his social media use and advertisements.
 - (3) To ensure his business has the “human touch”, Burris should combine his personal and professional social media accounts.
 - (4) If Burris uses Instagram, Facebook, and Twitter, and his audience is the same across all three platforms, then he should aim to post different content to each platform.
231. Given the following information, calculate the minimum annual income a buyer must have in order to qualify for a \$150,000 loan.
- | | |
|-----------------------------------|---|
| Interest Rate: | 4.75% per annum, compounded semi-annually |
| Term: | 5 years |
| Amortization Period: | 25 years |
| Payments: | Monthly |
| Maximum Gross Debt Service Ratio: | 32% |
| Property Taxes: | \$2,600 per annum |
- (1) \$31,919.79
 - (2) \$40,044.25
 - (3) \$43,794.66
 - (4) \$36,987.91

232. A person appointed by a partnership or corporation that is licensed as a brokerage, to represent it for all purposes under the *Real Estate Services Act* is referred to as:

- (1) a brokerage.
- (2) an associate broker.
- (3) a managing broker.
- (4) a director.

233. Which one of the following actions would constitute a trespass?

- (1) Mary arrives at Safeway just as the door is being locked for the day and convinces the clerk to allow her in for last minute shopping.
- (2) John is on a museum tour and wanders off through a door stating "No Admittance".
- (3) Sue sells cosmetics door to door and walks onto Joan's property to reach her front door.
- (4) All of the above would constitute trespass.

234. Which one of the following is NOT an implied term of a mortgage?

- (1) The borrower is entitled to redeem the mortgage within a reasonable time.
- (2) The borrower is entitled to redeem the mortgage free from all conditions or terms of the mortgage contract.
- (3) The borrower is entitled to assign the mortgage.
- (4) The borrower is free from any unreasonable collateral advantage required by the lender.

235. Which one of the following factors is MOST likely to affect the value of residential real property in the short run?

- (1) Shifts in age composition of the population
- (2) A change in mortgage interest rates
- (3) A shift in the balance of trade between countries
- (4) The supply and cost of raw materials and energy

236. If you consider the value shown on your assessment notice too high, you may make a formal complaint to:

- (1) the Property Assessment Review Panel.
- (2) the Board of Variance any time prior to the end of the year.
- (3) the Municipal Council.
- (4) the Assessment Appeal Court.

237. Which of the following statements is FALSE regarding GST?

- (1) Transactions will only be subject to GST if they are expressly listed in the legislation as a transaction for which GST applies.
- (2) GST is a value-added tax.
- (3) Compared to income tax, GST has a relatively low rate of taxation.
- (4) GST is imposed under the *Excise Tax Act*.

238. Which of the following functions can a zoning bylaw perform?

- (1) It can divide the whole or a portion of the area into zones.
- (2) It can regulate the use of land.
- (3) It can regulate the number of buildings on a lot.
- (4) A zoning bylaw may do all of the above.

239. Douglas Maxwell, a prospective home buyer, has applied for a mortgage loan to finance the purchase of a townhouse listed at \$176,000. The market value of the townhouse is \$175,000 and the lender has assigned a \$170,000 lending value to it. The lender requires a loan-to-value ratio of 80%. Calculate the maximum loan allowable under the lender's loan-to-value ratio constraint.
- (1) \$136,000
 - (2) \$140,800
 - (3) \$139,000
 - (4) \$127,000
240. Allison Lee, a prospective home buyer, has applied for a mortgage loan to finance the purchase of a townhouse listed at \$176,000. The market value of the townhouse is \$175,000 and the lender has assigned a \$172,000 lending value to it. The lender requires a 30% gross debt service ratio and an 80% loan-to-value ratio. The purchaser's annual income is \$55,000, property taxes are \$1,500 per annum, and, if approved, the loan is to be repaid with monthly payments over 25 years. The interest rate is $j_2 = 6\%$. Calculate the size of the monthly payment necessary to fully amortize the maximum loan amount based on the loan-to-value ratio constraint.
- (1) \$880.37
 - (2) \$957.21
 - (3) \$895.73
 - (4) \$992.58
241. Cameron Gunther, a prospective home buyer, has applied for a mortgage loan to finance the purchase of an apartment for \$175,000. Assume that the monthly payments on Mr. Gunther's loan are agreed to be \$1,200 and property taxes are \$1,500 per annum. Calculate the minimum level of borrower's annual income necessary to support these monthly payments based on the lender's gross debt service ratio of 30%.
- (1) \$53,000
 - (2) \$48,000
 - (3) \$50,500
 - (4) \$46,000
242. In a particular real estate transaction, taxes for the current year, in the amount of \$516, were paid by the seller on July 1. The adjustment, possession, and completion date is July 28. Where would the tax adjustment appear on the statements of adjustments?
- (1) As a credit on the buyer's statement and a debit on the seller's statement
 - (2) As a credit on the seller's statement and a debit on the buyer's statement
 - (3) As a credit on both statements
 - (4) As a debit on both statements
243. A property is sold for \$175,000. Real estate commission is 5% on the first \$100,000 and 2.5% on the balance of the sale price. The adjustment, possession, and completion date is July 28. Taxes for the current year, in the amount of \$516, were paid by the seller on July 1. The buyer has paid a \$20,000 deposit to her brokerage. The legal fees for the conveyance amount to \$384. No exemptions apply to this transaction, so property transfer tax is payable upon completion. It is NOT a leap year. As well, the buyer is NOT a foreign entity for property transfer tax purposes. The required balance due to complete from the buyer will be:
- (1) \$157,221.95
 - (2) \$157,739.95
 - (3) \$155,605.95
 - (4) \$157,355.95

244. In a particular real estate transaction, taxes for the current year, in the amount of \$516, were paid by the seller on July 1. The adjustment, possession, and completion date is July 28. It is NOT a leap year. Based on these facts, what amount of tax would appear on the seller's statement of adjustments?

- (1) \$221.95
- (2) \$294.05
- (3) \$240.54
- (4) \$282.45

245. A loan contract was written for a face value of \$50,000 at $j_2 = 10.75\%$ with a 20-year amortization and a 5-year term. Payments were to be made monthly in the amount of \$499.76 and the outstanding balance at the end of the term was \$45,167.50. A brokerage fee of \$2,000 was deducted from the face value, so the funds actually advanced to the borrower were \$48,000. What is the effective annual rate of interest on the funds advanced?

- (1) 12.257094%
- (2) 11.038905%
- (3) 11.618034%
- (4) 10.516863%

246. Which of the following statements is TRUE regarding professional ethics?

- (1) Professional ethics standards are the same as the legal requirements for a licensee.
- (2) Licensees have a professional duty to hold other licensees to the highest professional and ethical standards.
- (3) None of the duties owed to clients under the *Real Estate Services Rules* are also fiduciary duties.
- (4) Professional ethics only apply to the relationship between a licensee and their client.

247. You have a partially completed appraisal report that you need to fill in. The 2,000 square foot subject property has 4 bathrooms. The house next door is similar in all respects except for the number of bathrooms and square footage. The 2,100 square foot comparable sold for \$326,500 and has 3 bathrooms. If the market value of a bathroom is \$2,700 and above an 1,800 sq. ft. benchmark, each 100 sq. ft. is worth \$5,000, this comparable will have to be adjusted for bathrooms and square footage by:

- (1) -\$2,700 and +\$5,000 respectively.
- (2) +\$5,000 and -\$2,700 respectively.
- (3) +\$2,700 and -\$5,000 respectively.
- (4) +\$5,400 and +\$2,700 respectively.

248. In the shopping behaviour model, which of the following is NOT a main classification?

- (1) Specialty goods
- (2) Superior goods
- (3) Shopping goods
- (4) Convenience goods

249. If the sale price was \$120,000, the commission is 5%, the current year's taxes have been paid and were \$1,095.00, and the adjustment date is August 30, how much will the seller receive on completion?

- (1) \$114,723
- (2) \$114,369
- (3) \$126,726
- (4) \$114,372

250. Calculate the nominal rate of interest, compounded quarterly that is equivalent to 1.5% per quarterly compounding period.
- (1) 18%
 - (2) 6%
 - (3) 12%
 - (4) 10%
251. Any clause contained in a mortgage that clogs the equity of redemption is:
- (1) valid.
 - (2) void.
 - (3) illegal.
 - (4) an unreasonable restraint of trade.
252. In which of the following situations would bridge financing be the MOST advantageous form of financing for Jonathan?
- (1) Jonathan and his wife recently had a second child and are looking to purchase a larger home. Jonathan and his wife have found the perfect home in North Vancouver but their current home has not yet sold, and they need money for a down payment.
 - (2) Jonathan is a first time home buyer looking to buy a townhouse near Burnaby.
 - (3) Jonathan has recently retired and is looking for a way to use the equity in his home to finance the purchase of a recreational vehicle.
 - (4) Jonathan's children have moved out of the house and Jonathan wants to downsize to a smaller home that he can finance completely from his savings.
253. In applying the cost approach to the valuation of a single-family residence built in 1954, the value of improvements is determined by:
- (1) the actual construction costs, or if unavailable, historic construction cost data.
 - (2) the current costs of constructing a modern equivalent of the subject property.
 - (3) the current costs of constructing an exact replica of the property being appraised.
 - (4) the construction costs for a builder of average efficiency measured in 1954 standards.
254. Consider a building for which a strata plan was filed in August of 2011. In the event that the building is destroyed and the strata corporation passes a resolution not to rebuild, how will the proceeds of any insurance policy be distributed?
- (1) Equally between all owners
 - (2) According to the unit entitlement of the individual strata lot owners
 - (3) According to the value each strata lot bears to the total value of all lots (values determined at the inception of the project)
 - (4) According to a conversion schedule based upon the most recent assessed values of the strata lots
255. Under which one of the following conditions is the comparative approach of appraisal MOST applicable?
- (1) Where the volume of sales transactions is very low
 - (2) Where buyers and sellers are well informed about current sales transactions
 - (3) Where the property has redevelopment potential
 - (4) Where the property is unique

256. In a scenario where a licensee is directly or indirectly acquiring an interest in real estate and has complied strictly with the disclosure requirements of the *Real Estate Services Rules*, which of the following statements is TRUE?
- (1) No conflict of interest and duty could exist.
 - (2) The common law may still require further disclosure.
 - (3) They may make a secret profit.
 - (4) They are safe from any sort of liability arising from that purchase.
257. Whose responsibility is it under the *Assessment Act* to establish actual value?
- (1) The local municipal council
 - (2) The British Columbia Financial Services Authority
 - (3) The Lieutenant-Governor in Council
 - (4) The Assessor
258. Which of the following is NOT a characteristic of a mortgage as an investment?
- (1) Illiquid relative to government bonds
 - (2) Requires a high degree of administrative work
 - (3) Requires a high initial outlay of capital
 - (4) Has short repayment terms and amortization periods
259. Where two neighbouring landowners contract to prevent one of them from putting their land to a certain use, they are said to have created:
- (1) a licence.
 - (2) a limiting caveat.
 - (3) a restrictive covenant.
 - (4) an easement.
260. Which of the following is a valid mandatory component of the strata plan that a developer must deposit at the land title office to create a strata development?
- (1) Drawings that show the designated street address of each strata lot
 - (2) A Schedule of Unit Entitlement
 - (3) A copy of the Standard Rules for the strata corporation
 - (4) The area of each strata lot indicated in square feet
261. Which one of the following is the BEST reason for an investor to choose to use debt financing rather than all cash in order to purchase an income-producing property?
- (1) The investor can deduct from taxable income the principal portion of debt repayments, thus lowering taxes payable.
 - (2) A one-year term on the debt financing required is readily available.
 - (3) The investor can obtain the debt financing at a lower interest rate than the expected yield on the project.
 - (4) Property values are expected to decrease.

262. Shaylena is the listing agent for Dave's property. The property has a large tree in the backyard, which Dave told Shaylena he will be removing before the property is sold. Dave has a busy week at work and has asked Shaylena not to present any offers to him until the week is over. Shaylena shows the property to Kiyoko, who says that the large tree will make a perfect spot for a tire swing. Shaylena does not mention that the tree will be removed. Kiyoko makes a full-price offer on the property, but Shaylena delays telling Dave about the offer until the week is over. What professional duty has Shaylena breached?
- (1) The duty to act honestly
 - (2) The duty to communicate all offers in a timely manner
 - (3) The duty to advise her client to seek independent professional advice
 - (4) Shaylena has not breached any professional duties.
263. Bob and Margaret execute a contract under seal. Which of the following is TRUE?
- (1) Because of the seal, there is no need for written acceptance.
 - (2) Because of the seal, neither party needs to sign the contract.
 - (3) Because of the seal, they do not need the intention to contract.
 - (4) Because of the seal, there is no need for consideration.
264. Which of the following statements is TRUE?
- (1) The total of the debit column on the seller's statement must be identical to the total of the credit column on the buyer's statement.
 - (2) The practice is to hold the seller responsible for the taxes on the adjustment date itself.
 - (3) On the completion date of the sale of real property, the buyer is usually entitled to the transfer of title.
 - (4) The adjustment date and the possession date must be the same day.
265. Which of the following statements is TRUE regarding GST in a transaction for the sale of real estate?
- (1) GST generally does not apply to the amount of the deposit until the closing date.
 - (2) GST will always apply to reimbursements for prepayments.
 - (3) Under the *Excise Tax Act*, the seller is the party who is required to pay the GST.
 - (4) All amounts found on the statements of adjustments are subject to GST.
266. S, a seller, offers to sell a property to A for \$50,000. The offer is to remain open for acceptance until noon the next day. At 11:00 a.m. (the next day), B offers to buy the same property for \$75,000 and S accepts. At 11:30, A accepts the original offer to buy the property for \$50,000. Which of the following statements is TRUE?
- (1) S has entered into a contract with both A and B.
 - (2) S could have revoked the offer to A and avoided the problem.
 - (3) S was entitled to accept B's offer.
 - (4) All of the above three statements are true.
267. An interest only loan has an original loan amount of \$15,000, carries an interest rate of 6.5% per annum, compounded semi-annually, and has monthly payments of \$80.17. When will this loan be completely repaid?
- (1) 670 months
 - (2) 696.44934 months
 - (3) 300 months
 - (4) Impossible to determine from the information provided

268. The effective annual rate of interest for 10% per annum, compounded semi-annually, is:
- (1) less than the effective annual rate for 9% per annum, compounded semi-annually.
 - (2) less than the effective annual rate for 10% per annum, compounded annually.
 - (3) greater than the effective annual rate for 10% per annum, compounded monthly.
 - (4) less than the effective annual rate for 9.9% per annum, compounded daily.
269. Comparable ABC has a gross potential rent of \$124,000, operating expenses of \$44,000, and a sale price of \$635,930. Comparable XYZ has a gross potential rent of \$138,000, operating expenses of \$50,000, and a sale price of \$711,000. The long-term vacancy rate is 4%. Based on the above, the market yield is estimated to be between:
- (1) 8.47% and 8.62%.
 - (2) 11.6% and 11.8%.
 - (3) 0.116% and 0.118%.
 - (4) 19.4% and 19.5%.
270. Which of the following is required in order for a trading services representative to maintain their licence?
- (1) The representative must be employed by an active brokerage at all times.
 - (2) The representative must be licensed as a personal real estate corporation.
 - (3) Each year, the representative must file a certificate signed by a chartered accountant certifying that the representative's books and records required by the *Real Estate Services Act* have been maintained.
 - (4) The representative must file at least one real estate transaction with the British Columbia Financial Services Authority each year.
271. As one lowers a discount (or expected yield) rate, the present value of a given series of future payments:
- (1) decreases.
 - (2) could go up or down depending on the timing of the payments.
 - (3) increases.
 - (4) remains constant.
272. Mary Smith has offered to purchase a house from a seller who is willing to provide partial financing. Her offer is a \$75,000 down payment plus a mortgage of \$125,000 at 4% per annum, compounded semi-annually. The loan is to be fully amortized with monthly payments of \$755.31 over 20 years. If the market rate for similar mortgage loans is 7.5% per annum, compounded semi-annually, what is the market value of this offer, rounded to the nearest dollar?
- (1) \$169,579
 - (2) \$108,618
 - (3) \$94,579
 - (4) \$183,618
273. Earl is the registered fee simple owner of Blackacre. Duke forges and registers a transfer of Blackacre to himself in fee simple. Duke then borrows \$50,000 from Royalty Trust Co. The loan is secured against Blackacre by way of a mortgage. Which of the following statements is TRUE?
- (1) Royalty is secure in relying on Duke's title.
 - (2) Earl can recover Blackacre but the title to the property will remain encumbered by Royalty's mortgage.
 - (3) Because of the forgery, Earl can recover Blackacre free of Royalty's mortgage.
 - (4) Royalty may obtain its \$50,000 back from the Assurance Fund.

274. A borrower has arranged a loan of \$32,000 at an interest rate of 7% per annum, compounded semi-annually with payments set at \$1,400 per month. What is the amortization period of the loan?
- (1) 23.603054 years
 - (2) 24.275695 years
 - (3) approximately 2 years
 - (4) approximately 20 years
275. Which answer MOST accurately describes an official community plan?
- (1) An official community plan is a policy statement regarding the planning of a community that, when adopted by bylaw, must be carried out in every detail by the council.
 - (2) When a local government officially adopts a community plan, existing zoning bylaws that do not conform are suspended and land owners' rights are then directly subject to the official community plan.
 - (3) An official community plan is a plan that a regional district board has designed and adopted for one of its member municipalities, regardless of the views of the council of the municipality in question.
 - (4) An official community plan states the objectives and policies of a local government that guide future decisions on planning and land use management, which represents the longer-term vision for the community.
276. The risk involved in being a mortgagee (a lender of funds secured by a mortgage) is:
- (1) lower than the risk involved when investing in Canadian government bonds for a similar time period.
 - (2) unacceptable to many investors if the interest rate is high enough.
 - (3) increased through careful appraisal of the value of the property and the credit rating of the borrower.
 - (4) increased due to the greater degree of management time involved.
277. On March 7, Allan contracts, in writing, to sell his home to Bob for the price of \$100,000. The sale is to complete on March 31. Unknown to either Bob or Allan, the house was destroyed on March 6. Accordingly, there has been:
- (1) a mutual mistake.
 - (2) a frustration of the contract.
 - (3) a common mistake.
 - (4) an anticipatory breach.
278. Lawson has rented his warehouse to Tyler, who runs a moving and storage business. Which one of the following is NOT a remedy available to Lawson if Tyler fails to pay his rent?
- (1) Lawson can re-enter the premises and forfeit the rent payable for the balance of the rental period.
 - (2) Lawson may seize the personal property of Tyler and sell it in order to pay the arrears of rent.
 - (3) Lawson can sue Tyler for the rent as would any creditor.
 - (4) Lawson can apply under the provisions of the *Residential Tenancy Act* for an arbitrator to be appointed.

279. Among other factors, the maximum amount that the buyer of a residential property may borrow is NOT affected by:
- (1) the buyer's income.
 - (2) the lending value of the property.
 - (3) the prevailing mortgage interest rate.
 - (4) the interest adjustment period.
280. A potential borrower has inquired as to how large a mortgage loan she can "afford" with monthly payments of \$850. If mortgage interest rates are currently 4% per annum, compounded semi-annually, with an amortization period of 25 years, calculate the maximum loan allowable.
- (1) \$140,268.58
 - (2) \$145,628.43
 - (3) \$153,657.94
 - (4) \$161,590.75
281. The type of agency relationship that describes the situation where the licensee represents only one party as a client in a given transaction is called a:
- (1) sole agency relationship.
 - (2) no agency relationship.
 - (3) limited dual agency relationship.
 - (4) full agency relationship.
282. You have a partially completed appraisal report that you need to fill in. The subject property has 4 bedrooms and 4 bathrooms. The house next door is similar in all respects except for the number of bathrooms and the number of bedrooms. The comparable sold for \$221,000 and has 3 bedrooms and 3 bathrooms. If the market value of a bedroom is \$4,000 and the market value of a bathroom is \$5,700, the adjusted sale price for this comparable is:
- (1) \$230,700
 - (2) \$211,300
 - (3) \$219,300
 - (4) \$222,700
283. How much should an investor be willing to pay for a property that is expected to sell for \$55,000 in 3 years if the investor desires a yield of $j_2 = 10\%$?
- (1) \$40,795.68
 - (2) \$41,041.85
 - (3) \$41,322.31
 - (4) \$47,511.07
284. Which one of the following statements is FALSE regarding successful negotiations?
- (1) Honed negotiation skills are essential for handling all aspects of a client's real estate transactions.
 - (2) Learned negotiation skills can be used in one's personal and professional life.
 - (3) Reading about negotiation skills is not sufficient to master the skills, as practice is required as well.
 - (4) The single best thing that you can do to improve your negotiation effectiveness is to take detailed notes during negotiations.

285. An investor wants to decide whether to buy a mortgage that calls for monthly payments of \$390 for 20 years. If the investor can earn $j_2 = 8\%$ in other investments, at what price should the mortgage be purchased?
- (1) \$48,921.57
 - (2) \$46,626.12
 - (3) \$45,232.84
 - (4) \$47,081.12
286. A “subject to” clause in a contract of purchase and sale is correctly known as a:
- (1) condition precedent.
 - (2) warranty.
 - (3) condition subsequent.
 - (4) penalty clause.
287. Once a licensee has obtained a signed acceptance from Allan of an offer to sell real estate owned by Bob and Carol jointly, the *Real Estate Services Act* requires the delivery of a copy of the agreement to:
- (1) Allan and Bob.
 - (2) Allan, Bob, and Carol.
 - (3) Bob.
 - (4) Carol.
288. When attempting to determine whether a particular relationship is that of landlord and tenant or licensor and licensee, it is best to:
- (1) look at the formal wording of the document.
 - (2) look at the substance of the agreement between the parties.
 - (3) consult the *Residential Tenancy Act*.
 - (4) consult the *Commercial Tenancies Act*.
289. The comparative approach of appraisal is based on an analysis of recent sale prices for similar properties. Which of the following BEST defines the word “recent”?
- (1) A period of time during which at least four properties have sold in the subject property's neighbourhood
 - (2) A period of time of no less than one week and no more than six months
 - (3) A period of time during which supply and demand conditions have not changed
 - (4) A period of time during which the prime interest rate has been stable
290. Mortgage interest rates are sometimes described as being “sticky”; that is, changes in mortgage rates tend to lag behind changes in bond yields. One reason for this “stickiness” is:
- (1) the short-term nature of a mortgage loan contract.
 - (2) the weak secondary mortgage market.
 - (3) mortgages are highly liquid investments.
 - (4) all mortgage investments are identical.

291. Hurston, an employee of XYZ Preservatives Ltd., is in the habit of venting a cloud of highly toxic gas into the air at dusk every evening. Once it escapes, the cloud usually drifts over Ralph's apple orchard. Hurston's actions are strictly against company policy but by venting the gas Hurston saves time. Hurston is aware that the gas is highly toxic. Ralph has discovered that the emissions have destroyed his apple crop. Which one of the following statements is TRUE?
- (1) XYZ will not be liable for Hurston's acts because Hurston was acting contrary to XYZ's rules.
 - (2) Ralph may be successful in a claim against XYZ based on the principle of private nuisance.
 - (3) While Ralph will probably succeed in a claim against XYZ based on negligence, he will not have any remedy against Hurston.
 - (4) Ralph would probably have a successful claim against XYZ based on the provisions of the *Occupiers Liability Act*.
292. A borrower would prefer a straight line principal reduction plan to a constant payment plan if the borrower:
- (1) wishes to delay repayment as long as possible.
 - (2) foresees their income decreasing.
 - (3) foresees their income increasing.
 - (4) wishes to keep their initial payments as low as possible.
293. Which of the following situations involves a breach of a duty owed by a licensee to a client?
- (1) Julio, a licensee, discovers the property his client Emma is interested in contains asbestos. He immediately discloses this information to Emma.
 - (2) Gabriel, a licensee, is asked a complex question about mortgages by his client Koshi. Gabriel, unsure if he has the required expertise to answer the question, refers Koshi to a competent mortgage broker.
 - (3) Billy receives an offer from Asuna to purchase his client Joel's property. Asuna tells Billy she wants to demolish the existing house, and asks him not to tell Joel. Billy does not tell Joel the plans for the property, as Asuna asked him not to.
 - (4) Simon receives six offers to purchase the house of his clients, the Garfunkels. Although two offers are significantly lower than the rest, he presents every offer to his clients.
294. Which of the following would appear as a debit on the seller's statement of adjustment?
- (1) The amount of a mortgage that the buyer will assume
 - (2) The legal fees involved in discharging a judgment from the seller's title
 - (3) The amount of a penalty owing for overdue taxes
 - (4) All of the above would appear as a debit on the seller's statement
295. As a general principle, which one of the following is the proper method of communicating acceptance of an offer?
- (1) In writing
 - (2) In the same form as the offer
 - (3) By registered mail
 - (4) By telephone
296. Which one of the following transactions does NOT affect the amount of owner's equity?
- (1) Investments by the owner
 - (2) Personal withdrawals from the business
 - (3) Net income earned
 - (4) Purchase of assets by the business

297. Where a landlord refuses to allow a commercial tenant to take possession of the demised premises, the tenant may:
- (1) get an order for specific performance.
 - (2) maintain an action for breach of the covenant of quiet enjoyment.
 - (3) sue the landlord for damages.
 - (4) do none of the above.
298. Which one of the following does NOT form part of the definition of market value?
- (1) Value is a price that is reasonably expected to prevail.
 - (2) Value is based on the personal opinion of the value to the owner.
 - (3) Value is determined at a particular point in time.
 - (4) The buyer and seller must be bargaining at arm's length.
299. Who may claim a home owner grant?
- (1) Anybody whose name appears on the assessment roll
 - (2) The tenant of a property, if they have a lease exceeding three years
 - (3) The owner of a property, whether they live there or not
 - (4) The owner-occupier of a property
300. To qualify for a managing broker's licence, a person must possess which one of the following qualifications?
- (1) Have at least five years' experience as a representative in British Columbia
 - (2) Be a Canadian citizen
 - (3) Be at least 19 years of age
 - (4) None of the above are qualifications for a managing broker's licence.
301. If a licensee falls into the narrow exception in the Rules for the practice of dual agency, they must ensure that which of the following agreements is entered into before providing services within the dual agency relationship?
- (1) An Agreement Regarding Conflict of Interest Between Clients
 - (2) A written agreement of dual agency
 - (3) A Disclosure of Interest in Trade form
 - (4) A Disclosure of Risks to Unrepresented Parties form
302. It is a violation of the *Real Estate Services Rules* for a licensee to promise an owner that, if the owner enters into a listing agreement with the licensee's brokerage, then the licensee will sell the owner's property within a certain time, UNLESS:
- (1) full disclosure is made to both seller and buyer.
 - (2) a signed statement setting forth the details of the promise is given to the person to whom the promise is made when the promise is made.
 - (3) a copy of such promise is sent to the British Columbia Financial Services Authority.
 - (4) a statement under oath acknowledging the promise (but lacking details of the promise) is provided to the person to whom the promise is made.

303. What will be the purchase price of a mortgage that will provide the buyer with 48 payments of \$650 plus an outstanding balance of \$55,858.13 at the end of 48 months, if the buyer of the mortgage requires an effective annual yield of 15%?
- (1) \$55,698.26
 - (2) \$54,867.08
 - (3) \$52,536.87
 - (4) \$58,989.30
304. Which of the following statements regarding condominiums is TRUE?
- (1) Each strata lot is entitled to one vote, which is given a proportionate decision making value by the strata council in accordance with the unit entitlement of the particular lot.
 - (2) A strata corporation for a residential condominium complex that passes a bylaw severely restricting the number of lots that may be leased may restrict any renewals of existing leases until the total number of leased lots in the complex complies with the bylaw.
 - (3) A bylaw that is passed by a strata corporation cannot be enforced against a strata lot owner unless or until it has been filed in the appropriate land title office.
 - (4) The owners of the strata lots that are on the top floor of a residential condominium complex also own the airspace above their individual lots; however, the *Strata Property Act* restricts the use of the airspace to only those uses that are approved by a special resolution of the strata corporation.
305. With respect to bylaws in a strata development, which of the following statements is TRUE?
- (1) Bylaws are passed by special resolution of the strata council.
 - (2) Bylaws may limit an owner's right to lease a strata lot if it is a commercial condominium complex.
 - (3) Bylaws provide for the control and management of the strata lots and common property.
 - (4) All of the above statements are true.
306. A property recently sold for \$378,500. The stabilized net operating income for the property was estimated to be \$75,700 per annum. The estimated yield to the buyer is:
- (1) 20%
 - (2) 11%
 - (3) 5%
 - (4) 3%
307. Which of the following is TRUE regarding the use of drones (or unmanned aerial vehicles)?
- (1) Drones are generally more expensive than helicopters for capturing aerial photography and videography.
 - (2) A drone being flown to capture photos for real estate marketing purposes does not need to be insured.
 - (3) The best time to fly a drone is at night, when it is less likely to cause disruptions.
 - (4) A Special Flight Operations Certificate is required to operate a drone weighing over 25 kilograms.
308. Which of the following options is TRUE of the West Coast design housing style?
- (1) It is composed of angular roof components and large glass areas.
 - (2) It draws its appearance from the pioneer era.
 - (3) It is usually a two-storey structure with a low sloping roof.
 - (4) It has an A-Frame roof design.

309. Steve Johnson purchased a home two years ago, at which time he arranged for a mortgage in the amount of \$175,000 amortized over 20 years with a 5-year term and monthly payments. The interest rate on the mortgage was 7% per annum, compounded monthly, calling for monthly payments of \$1,356.78 and an outstanding balance of \$150,948.60 due at the end of the 5-year term.
- Steve has just received an offer on his house from Linda. Linda's offer consists of \$45,000 cash and assumption of the existing mortgage for the remainder of the term. If current market rates for 3-year term mortgages are 5% per annum, compounded monthly, what is the market value of Linda's offer?
- (1) \$220,233.07
 - (2) \$254,367.37
 - (3) \$237,989.28
 - (4) \$243,966.11
310. In British Columbia there are three basic requirements for an easement. Which one of the following is NOT a requirement?
- (1) There must be a dominant and servient tenement.
 - (2) The easement must accommodate the dominant tenement.
 - (3) The dominant and servient tenements must be owned by different parties.
 - (4) The easement must be capable of forming the subject matter of a grant.
311. In British Columbia's real property taxation system, the actual value of a property is:
- (1) the value at which the property last sold.
 - (2) the amount of the tax burden.
 - (3) the assessor's estimate of lending value.
 - (4) the value shown on the assessment notice.
312. Corey has offered \$431,000 for a house, providing he is able to obtain acceptable financing. The house lists for \$442,000, but the lender has determined the lending value is \$440,000. The lender requires a loan-to-value ratio of 80% and a gross debt service ratio of 32%. Property taxes are \$2,750 per year and Corey's annual gross income is \$75,000. If the interest rate is 6% per annum, compounded semi-annually, the amortization period is 20 years, and payments are made monthly, what is the maximum amount this lender will advance, rounded to the nearest \$10?
- (1) \$352,000
 - (2) \$230,530
 - (3) \$248,650
 - (4) \$320,640
313. Calculate the semi-annual periodic rate of interest that is equivalent to 12% per annum, compounded semi-annually.
- (1) 1%
 - (2) 0.975879%
 - (3) 12%
 - (4) 6%

314. Which of the following is NOT within the powers granted to the Agricultural Land Commission under the *Agricultural Land Commission Act*?

- (1) The ability to exclude land from an agricultural land reserve
- (2) The ability to expropriate land and add it to the agricultural land reserve
- (3) The ability to pass regulations affecting agricultural reserve land
- (4) The ability to allow subdivision of agricultural reserve land

315. Which of the following is a liability on a financial statement?

- (1) Depreciation expense
- (2) Accumulated depreciation
- (3) Salaries payable
- (4) Interest expense

316. A lease of real property is a contract by which the landlord conveys:

- (1) an easement to the tenant.
- (2) exclusive possession to the tenant.
- (3) a licence to occupy to the tenant.
- (4) a right of survivorship to the tenant.

317. Which of the following statements is FALSE regarding the seller's obligations surrounding GST in a transaction for the sale of real estate?

- (1) Sellers are generally required to collect GST from the buyer as an agent for the government.
- (2) Where a seller fails to collect GST from the buyer, the seller becomes equally liable to the government for the amount of the tax.
- (3) When the seller collects GST from the buyer, it is deemed to be held in trust for the government until it is remitted.
- (4) If the seller receives an assessment from the Canada Revenue Agency for the amount of the GST after failing to collect it from the buyer, the seller has lost their ability to pursue the buyer for the amount of the tax and will be held fully liable for the amount.

318. A borrower approaches a bank for a mortgage loan that has an 80% loan-to-value ratio. The contract rate is 3.9% per annum, compounded semi-annually and the government-specified qualifying rate is 5.25% per annum, compounded semi-annually. At what rate will the borrower have to qualify to fulfil the stress test borrower qualification rule for uninsured mortgages?

- (1) $j_2 = 5.9\%$
- (2) $j_2 = 7.5\%$
- (3) $j_2 = 5.5\%$
- (4) $j_2 = 3.9\%$

319. When Joan was viewing the apartment in a converted house that she was contemplating renting from Zack, she noticed that the steps and the handrail in the back staircase appeared to be in a state of disrepair. When Joan moved in after signing the lease, she discovered that she could not use the back stairs because the bottom three stairs were rotten and the handrail was not bolted down. Which of the following statements is TRUE?
- (1) Unless the lease provides that Zack will repair the premises, he has no responsibility to make any repairs.
 - (2) Zack is only obligated to make any necessary repairs that are brought to his attention in writing at the time the parties enter the lease.
 - (3) Joan is obligated to do the repairs if she wants them to be done, because she entered the lease aware of the condition of the premises.
 - (4) Zack is obliged by law to maintain the premises in a state of repair that complies with safety standards, irrespective of the condition of the premises at the time the lease was entered.
320. The essential distinction between a defect and a stigma is that:
- (1) a stigma increases the value of a property, whereas a defect decreases the value of a property.
 - (2) a stigma must always be disclosed to the buyer, whereas a defect need not be disclosed to the buyer.
 - (3) a stigma cannot be discovered by conducting a reasonable inspection and making reasonable inquiries, whereas a defect is visible upon reasonable examination.
 - (4) a stigma's effect on property value depends on an individual's subjective considerations, whereas a defect's impact can be objectively determined.
321. Which of the following is a key purpose of the Disclosure of Risks to Unrepresented Parties form?
- (1) To encourage unrepresented parties to obtain independent professional advice in respect of the trade in real estate
 - (2) To advise unrepresented parties of their right to report a licensee to the British Columbia Financial Services Authority if the licensee provides them with limited trading services
 - (3) To encourage unrepresented parties to enter into an agency agreement with the licensee if the licensee's acts give rise to agency by implication
 - (4) To suggest that unrepresented parties withdraw from a particular transaction if they do not find a licensee to represent them in that transaction
322. A potential borrower has inquired as to how large a mortgage loan she can "afford" with monthly payments of \$550. If mortgage interest rates are currently 14% per annum, compounded semi-annually, with an amortization period of 25 years, calculate the maximum loan allowable.
- (1) \$45,260.94
 - (2) \$47,214.35
 - (3) \$45,690.13
 - (4) \$46,853.31

323. Bill Black purchased a home two years ago, at which time he arranged for a mortgage in the amount of \$350,000 amortized over 20 years with a 5-year term and monthly payments. The interest rate on the mortgage was 6% per annum, compounded semi-annually, calling for monthly payments of \$2,493 and an outstanding balance of \$296,762.89 due at the end of the 5-year term.

Bill has just received an offer on his house from Mark. Mark's offer consists of \$50,000 cash and assumption of the existing mortgage for the remainder of the term. If current market rates for 3-year term mortgages are 3.5% per annum, compounded semi-annually, what is the market value of Mark's offer?

- (1) \$352,537.42
 - (2) \$449,911.72
 - (3) \$399,223.72
 - (4) \$402,537.42
324. Why is the sub-market for single-family residences considered to be more perfect than other real estate sub-markets?
- (1) Buyers and sellers do not necessarily attempt to achieve the greatest profit.
 - (2) Each property is unique.
 - (3) There is a more abundant flow of market information relating to current prices.
 - (4) There are a small number of buyers and sellers relative to the total number of properties.
325. Which of the following is NOT a part of a standard zoning bylaw?
- (1) The official zoning map
 - (2) Restrictions as to land use
 - (3) The schedules outlining the regulations applicable to each particular zoning district
 - (4) A consolidation of all amendments to the bylaw adopted up until the time of consolidation
326. If an applicant for a mortgage loan has income of \$1,000 per month and property taxes are estimated at \$600 per year and the permitted gross debt service ratio is 30%, what can the applicant afford to pay for monthly principal and interest?
- (1) \$285
 - (2) \$240
 - (3) \$300
 - (4) \$250
327. In a real estate transaction, when the property taxes for the subject property are not yet due and will be paid in the future by the buyer:
- (1) no entry is made on either statement of adjustments.
 - (2) the seller's share of the property taxes will be debited on their statement of adjustments.
 - (3) the buyer will be responsible to pay their share of the property taxes to the seller on closing.
 - (4) the seller's share of the property taxes will be credited on their statement of adjustments.

328. A mortgage loan with a face value of \$100,000 is arranged through a mortgage broker. A commission of \$3,500, appraisal fees of \$450, as well as survey and legal fees totalling \$600 will be deducted from the face value before the funds are advanced to the borrower. Calculate the cost of funds advanced to the borrower, expressed as an effective annual interest rate (j_1), if the loan is written at 7.75% per annum, compounded semi-annually, with monthly payments over a 20-year amortization period and term.
- (1) 8.952059%
 - (2) 8.571434%
 - (3) 8.252225%
 - (4) 9.439884%
329. As a marketing incentive to speed up the sale of newly completed but unsold condominiums, a developer agrees to provide the purchasers with first mortgages with a contract rate that is lower than the market rate of interest. Under these circumstances, it can be said that this is an offer involving:
- (1) below-market rate financing.
 - (2) market rate financing.
 - (3) above-market rate financing.
 - (4) interest only financing.
330. Susan Jones has offered to purchase a house from a vendor who is willing to provide partial financing. Her offer is a \$75,000 down payment plus a mortgage of \$125,000 at 4% per annum, compounded semi-annually. The loan is to be fully amortized with monthly payments over 20 years. What is the market value of this offer if the market rate for similar mortgage loans is 6.5% per annum, compounded semi-annually?
- (1) \$113,009.30
 - (2) \$188,009.30
 - (3) \$101,994.94
 - (4) \$176,999.94
331. A mortgage broker is arranging a partially amortized mortgage loan with a face value of \$350,000. The loan contract is to be written at 6% per annum, compounded monthly. The repayment of the loan is to take place with monthly payments over an amortization period 15 years and a 5-year term. The borrower is to receive \$336,000 as a result of a broker's commission of \$10,000, a survey fee of \$2,500, an appraisal fee of \$500, and legal fees of \$1,000, all of which are to be deducted from the face value. Calculate the cost of funds advanced to the borrower, expressed as an effective annual interest rate (j_1).
- (1) 7.296801%
 - (2) 9.942096%
 - (3) 8.407884%
 - (4) 7.163572%
332. An invitation to treat is:
- (1) a request for offers.
 - (2) a legal offer.
 - (3) a request for information.
 - (4) a binding contract.

333. A real estate appraiser would NOT value:

- (1) an existing rental agreement of a warehouse.
- (2) the right to use airspace at the top of a high-rise office building.
- (3) the legal interest in cattle on agricultural land.
- (4) a fee simple interest in a two-bedroom apartment.

334. An agency contract that specifies that the real estate brokerage shall be the sole agent for the owner with respect to the sale of property, is called:

- (1) an open listing.
- (2) a general listing.
- (3) an exclusive listing.
- (4) a restricted listing.

335. Mary registers a document, given to her by John, in the Land Title Office. The document states that:

"I, John, grant to Mary and her heirs, assigns, executors, and administrators, a right of way for persons and vehicles along and upon the easterly 30 feet of the southerly 64 feet of Lot 1, Plan 910, in order to give access to Mary's property, Lot 2, Plan 910."

The interest granted is:

- (1) a restrictive covenant.
- (2) a lease.
- (3) a licence.
- (4) an easement.

336. In using the cost approach, the MAJOR difficulty is experienced in calculating:

- (1) curable physical depreciation.
- (2) curable functional depreciation.
- (3) incurable physical depreciation.
- (4) replacement cost of the building as new.

337. You are to appraise a single-family dwelling in an ordinary neighbourhood. If supply and demand factors have remained relatively stable for the last three months, a good comparable property is a similar property that:

- (1) has just been sold at a below-market price through a court ordered sale.
- (2) after two months' exposure to the market, was sold one week ago.
- (3) is currently listed for sale as \$125,000.
- (4) was sold at an above-market price four months ago.

338. You have a partially completed appraisal report that you need to fill in. The 2,300 square foot subject property has 4 bedrooms. The house next door is similar in all respects except for the number of bedrooms and square footage. The 2,200 square foot comparable sold for \$321,000 and has 3 bedrooms. If the market value of a bedroom is \$3,200 and above an 1,800 sq. ft. benchmark, each 100 sq. ft. is worth \$5,000, the adjusted sale price for this comparable is:

- (1) \$329,200
- (2) \$312,800
- (3) \$323,700
- (4) \$318,300

339. "Reproduction cost" is best defined as:

- (1) the current construction cost of a building that would provide the same utility as the subject property.
- (2) the current cost of moving the building to a site where the building would represent the highest and best use of that site.
- (3) the current cost of constructing an exact replica of the subject property.
- (4) the original cost of construction, adjusted for inflation.

340. Which one of the following statements is FALSE?

- (1) A deposit is held by the brokerage as a stakeholder until the real estate transaction is completed.
- (2) Unless a deposit is paid when an offer to purchase is made, there is no binding contract for purchase and sale.
- (3) If a deposit is made by uncertified cheque, the brokerage should only issue a cheque on its trust account when the brokerage knows that the deposit cheque has been honoured.
- (4) Once an offer has been accepted, the brokerage may only return the deposit if all parties to the contract consent in writing to the release of the deposit.

341. Which one of the following real properties must be assessed at market value for purposes of real property taxation?

- (1) A small house, surrounded by warehouse properties, owned continuously by one owner since January, 1946
- (2) Shell Oil pipelines
- (3) Residences owned by elected government officials
- (4) Land in the agricultural land reserve, which is also classified as farmland under the *Assessment Act*

342. On an interest accruing mortgage, which one of the following interest rates would result in the highest outstanding balance?

- (1) $j_{12} = 14\%$
- (2) $j_6 = 14\%$
- (3) $j_4 = 14\%$
- (4) $j_2 = 14\%$

343. Given the following information, calculate the cash proceeds of sale to the seller on completion:

Price:	\$195,000
Deposit paid to brokerage:	\$15,000
Financing:	1 st mortgage of \$71,000 to be assumed 2 nd mortgage of \$34,000 has been arranged by the buyer.
Taxes:	The taxes in the amount of \$1,500 are not due before the completion.
Commission:	6% of sale price
Conveyancing Fees:	\$600
Adjustment, Completion, and Possession Dates:	June 30
Note:	It is <u>not</u> a leap year.

- (1) \$96,560.27
- (2) \$111,539.73
- (3) \$111,560.27
- (4) \$110,960.27

344. Given that all other factors are identical, the longer the term of the contract on a bonused, partially amortized mortgage (where the bonus is paid by the borrower):
- (1) the lower the effective interest rate paid by the borrower.
 - (2) the higher the effective interest rate paid by the borrower.
 - (3) the higher the required monthly payment.
 - (4) the higher the outstanding balance at the term's end.
345. Sam and Sally recently negotiated a second mortgage in the amount of \$25,000 at an interest rate of 9% per annum, compounded semi-annually. The loan is to be amortized over 20 years by monthly payments. As a result of a \$3,000 brokerage fee, assume that only \$22,000 of the loan's \$25,000 face value is advanced to Sam and Sally. The effective annual rate of interest charged on the funds advanced will be:
- (1) less than the effective annual equivalent of the contract interest rate.
 - (2) equal to the effective annual equivalent of the contract interest rate.
 - (3) greater than the effective annual equivalent of the contract interest rate.
 - (4) impossible to determine with the information provided.
346. Which of the following options is the generally accepted accounting principle that holds that all accounting information should be reported on objectively determined and verifiable data?
- (1) Consistency principle
 - (2) Verification principle
 - (3) Materiality principle
 - (4) Objectivity principle
347. Which of the following is NOT a procedure commonly used by a large institutional lender in order to reduce the risk associated with a particular mortgage loan?
- (1) Reduction of the loan-to-value ratio
 - (2) Increase in the interest rate charged
 - (3) Reduction in the gross debt service ratio
 - (4) Reduction in the total debt service ratio
348. Where an offer has been made by post, an acceptance by post will be effective:
- (1) when posted.
 - (2) when received.
 - (3) when received, provided it is not lost in the mail.
 - (4) when posted, provided it is not lost in the mail.
349. Which of the following is NOT a requirement of the *Real Estate Development Marketing Act* to protect the public?
- (1) Developers must meet any preliminary requirements or approvals applicable to the type of property being marketed.
 - (2) Developers must assure the buyer's title upon purchase.
 - (3) Developers must prepare and file a disclosure statement in the form required.
 - (4) Developers must consult with members of the public over any proposed developments.

350. Which one of the following is NOT a remedy available to the owner of a strata lot who is dissatisfied with certain actions of the strata corporation?
- (1) The owner may obtain a mandatory injunction against the strata corporation.
 - (2) The owner may file a lien against the strata corporation.
 - (3) The owner may have an arbitrator appointed.
 - (4) The owner may apply to the Supreme Court of British Columbia for an order requiring the strata corporation to comply with the *Strata Property Act*.
351. After determining that there are reasonable grounds to suspect that a transaction is related to a money laundering or terrorist financing offence, when must a licensee file a Suspicious Transaction Report?
- (1) After receiving approval from the licensee's managing broker
 - (2) When directed to file by a local law enforcement agency
 - (3) As soon as practicable
 - (4) Within 15 days of receiving any funds from the client
352. Which of the following statements is TRUE under the Torrens system in British Columbia?
- (1) A person whose fee simple title was transferred by a void deed can always recover title upon proving that they were the rightful owner.
 - (2) The indefeasibility principle expresses the fundamental tenet that one cannot give what one does not have.
 - (3) A void deed has no legal effect and is not capable of transferring any title in the land from the vendor to the purchaser.
 - (4) Registered fee simple owners enjoy the guarantee of indefeasibility but registered chargeholders do not.
353. In conducting an appraisal, a market analysis is undertaken covering a range of factors. Which of the following is NOT a reason for including a market analysis in an appraisal report?
- (1) To indicate the current status of the subject property in relation to trends in property values
 - (2) To confirm that comparable properties have been selected from the same market as the subject property and are subject to the same market forces
 - (3) To provide the client with an appreciation of the socio-economic determinants of supply and demand
 - (4) To reconcile the market value
354. When an agent acting within the scope of their authority and having disclosed that they are acting as an agent enters into a contract with a third party, the parties to that contract are:
- (1) the agent and the principal.
 - (2) the principal and the third party.
 - (3) the third party and the agent.
 - (4) the principal, the agent, and the third party.
355. A lease granted by a tenant for a term that is less than the whole of their remaining interest granted in the original lease is referred to as:
- (1) an assignment.
 - (2) a tenancy by sufferance.
 - (3) a sub-lease.
 - (4) a tenancy at will.

356. Benson has purchased a home from Vanessa. The sale is completed on April 15 and the property taxes are adjusted on the completion date. Property taxes are due on July 1. In this case:
- (1) Vanessa will have to pay Benson for the share of the taxes from January 1 through April 14.
 - (2) Vanessa and Benson will each pay $\frac{1}{2}$ of the current year's taxes on July 1 when they are due.
 - (3) Benson will have to pay Vanessa for his share of the year's taxes after she pays them on July 1.
 - (4) Neither Vanessa nor Benson will have to pay any taxes on July 1 because the sale completed on April 15.
357. A statement of profit and loss measures which of the following?
- (1) Assets acquired during a certain period of time
 - (2) Revenues and expenses for a certain period of time
 - (3) Revenues accrued at a single point in time
 - (4) Assets and liabilities held at a single point in time
358. The greatest bundle of rights and responsibilities that an individual can hold with respect to land is:
- (1) a fee simple interest.
 - (2) a 99-year lease.
 - (3) an easement.
 - (4) a life estate *pur autre vie*.
359. With respect to the valuation of real property, value to the owner is most often required to be estimated in the context of:
- (1) churches and heritage buildings.
 - (2) investment analysis.
 - (3) a stable, unchanged market.
 - (4) mortgage lending practice.
360. Which of the following correctly lists goods from the LEAST amount of shopping effort required to the MOST amount of shopping effort required?
- (1) Convenience goods, shopping goods, specialty goods, unsought goods
 - (2) Shopping goods, convenience goods, unsought goods, specialty goods
 - (3) Unsought goods, convenience goods, shopping goods, specialty goods
 - (4) Convenience goods, unsought goods, specialty goods, shopping goods
361. Which marketing effort focuses on a relatively small, but active and growing, target market?
- (1) Undifferentiated marketing
 - (2) Differentiated marketing
 - (3) Specialty marketing
 - (4) Niche marketing
362. Joanne Carmichael borrows \$15,000 at a periodic interest rate of 0.5% per month. She agrees to repay \$450 per month. For how many FULL years will Joanne have to make payments?
- (1) 3
 - (2) 9
 - (3) 27
 - (4) 37

363. When completing a listing contract, a licensee should:

- (1) rely on all of the information provided by the seller.
- (2) only rely on the seller's information if the seller says they have checked it.
- (3) independently check information with the appropriate authority where possible.
- (4) use the seller's information, but advise all buyers that it is unreliable.

364. An assignment of a commercial lease may be made by a tenant to a third party:

- (1) only if there is an express provision in the lease allowing the tenant to do so.
- (2) only if the tenant has a licence to do so from the landlord.
- (3) only if the landlord's consent can be implied from the course of dealings leading up to the execution of the lease.
- (4) unless the tenant is specifically prevented from doing so by a covenant in the lease.

365. A developer of land not located in a municipality filed the necessary disclosure statement with the British Columbia Financial Services Authority with respect to his 20 lot subdivision. After foreclosure proceedings, the developer's bank became the owner of the subdivision. The bank wishes to sell the lots on an individual basis. Which one of the following statements is TRUE?

- (1) Because the bank is selling more than five lots, it should file a disclosure statement with the British Columbia Financial Services Authority.
- (2) A further disclosure statement is not necessary.
- (3) The disclosure statement filed by the developer will satisfactorily protect people who purchase lots from the bank.
- (4) Because there has been a foreclosure, the bank is obligated to file a prospectus rather than a disclosure statement.

366. Which one of the following statements is FALSE?

- (1) Given that the net operating income remains constant, the market value of a property falls as the required yield rises.
- (2) The market value of an income-producing property is best determined by averaging the sale prices of any three other income producing properties that have recently sold.
- (3) In the determination of an income-producing property's market value, an appraiser should not confuse gross realized income with net operating income.
- (4) The capitalization rate applied to the net operating income of an investment property is related to the yield on comparable investment properties.

367. Which of the following is NOT a *Personal Information Protection Act* (PIPA) privacy principle?

- (1) Provide recourse
- (2) Obtain consent
- (3) Identify the proposal
- (4) Limit use, disclosure, and retention

368. In commercial mortgage underwriting, the factor calculated by dividing the annual net operating income by the annual sum of monthly mortgage payments is referred to as the:

- (1) safety margin factor.
- (2) mortgage ratio.
- (3) debt coverage ratio.
- (4) annual mortgage constant.

369. A counter-offer has the effect in law of:

- (1) leaving the original offer open for acceptance if the counter-offer is refused.
- (2) terminating the original offer so that later it cannot be accepted.
- (3) terminating all negotiations at that time.
- (4) accepting the original offer.

370. Which of the following events will terminate an agency relationship?

- (1) Revocation of the agency by the principal
- (2) Frustration
- (3) Performance
- (4) All of the above

371. A property listed for sale has a net operating income of \$15,763 per annum that is assumed to be perpetual and constant. The market capitalization rate is 9.5% per annum. What is the maximum price a prudent investor should pay for this property?

- (1) \$149,748.50
- (2) \$165,926.32
- (3) \$132,667.49
- (4) \$172,389.33

372. Charlie Brown and his sister, Sally, moved in next door to the house owned by Lucy VanPelt. Every afternoon, Lucy's friend and tenant, Schroeder, a concert pianist, would practise on the VanPelt grand piano. Unfortunately, Sally, who worked the night shift, was a very light sleeper and was unable to sleep during Schroeder's rehearsals. At Sally's request, Charlie explained to his new neighbour that the piano playing caused the Brown house to vibrate, and Sally could not sleep. Lucy just replied, "Too bad," and slammed the door on Charlie's face.

Which of the following statements is TRUE?

- (1) Lucy could successfully defend an action in private nuisance brought by the Browns for the piano vibrations by pleading *volenti non fit injuria*, that is, that the Browns moved to the nuisance.
- (2) Sally's condition of being a light sleeper would be a relevant factor in measuring the reasonableness of the noise, and Lucy will have to consider Sally's condition in assessing her own conduct.
- (3) In order to be successful in a private nuisance suit, Charlie and Sally must prove that they have either suffered some interference with the use and enjoyment of, or physical damage to, their property.
- (4) If Charlie and Sally brought an action, only Lucy, as the landlord and occupier of the land would be liable for the nuisance.

373. Which of the following is the main reason that interest accruing loans are normally written for short terms?

- (1) For long terms, borrowers generally prefer to make periodic payments.
- (2) Total payments decline over the term of an interest accruing loan, so the sooner the loan is refinanced, the higher the potential return to the lender.
- (3) The lender's return and original investment are at risk for the entire term of an interest accruing loan.
- (4) The outstanding balance of an interest accruing loan declines over the term of the loan, so it is prudent for the lender to keep the term short.

374. Sue purchased a townhouse in December 20X2 for \$145,000. Five years later, it was appraised at \$260,000. Seven years after the townhouse was purchased, Sue sold the townhouse for \$190,000. What was the pre-tax yield on her investment expressed as an effective annual rate?
- (1) 3.936807%
 - (2) 8.699947%
 - (3) 9.388291%
 - (4) 4.582727%
375. Where a condition precedent is inserted in a contract of purchase and sale, a licensee might also include a "time clause". Which of the following definitions accurately describes such a clause?
- (1) The clause requires the removal of the condition precedent within a reasonable time.
 - (2) The clause states specifically the date by which the condition precedent must be removed.
 - (3) The clause permits the seller to require the removal of the condition precedent within a specified time, if a better offer is received.
 - (4) None of the above three statements accurately describes a "time clause".
376. Carolyn has recently received an interest only loan for \$80,000 to operate a food cart in downtown Vancouver. The loan has an interest rate of 9% per annum, compounded quarterly, and requires interest only payments every quarter. Calculate the quarterly interest only payments that Carolyn makes if the duration of the loan is 18 months.
- (1) \$1,200
 - (2) \$3,600
 - (3) \$1,800
 - (4) \$7,200
377. Listed below is one of the most important powers given to municipal councils in regulating the subdivision of land. Identify it.
- (1) They may require that all lots within the proposed subdivision be capable of being served by cable television.
 - (2) They may require that all residential units within the proposed subdivision be in excess of a certain construction value specified in the bylaw.
 - (3) They may require that not more than one lot in the proposed subdivision be sold to any given buyer in order to discourage speculation in building lots.
 - (4) They may require that highways of a prescribed standard be provided as well as street lighting and underground wiring.
378. From the point of view of the lender, the interest charged on a mortgage does NOT represent:
- (1) a payment for a portion of the general overhead and operating costs of the lender.
 - (2) the cost of financing the lender's debt.
 - (3) an incentive to accept uncertainty or risk.
 - (4) a return on capital invested.

379. The relationship between a brokerage and its related licensees is recognized and reinforced by certain provisions of the *Real Estate Services Act* ("RESA"). According to RESA:

- (1) when a licensee advertises real estate on behalf of a client, the brokerage's name must be displayed in a prominent way.
- (2) a licensee is entitled to advertise real estate on behalf of a client without the name of the listing brokerage appearing in the advertisement, providing the licensee's name is displayed in a prominent way.
- (3) when a property is listed by the seller's brokerage and the buyer is represented by a different brokerage, both the seller's agent and the buyer's agent are paid their commission directly from the seller's brokerage.
- (4) real estate brokerages that charge only desk fees and pay 100% of the commission to their representatives are not responsible for the actions of the representatives.

380. Which one of the following items is deducted from gross realized income to arrive at net operating income when preparing an appraisal using the income approach?

- (1) Income tax
- (2) Interest on the mortgage
- (3) Real property taxes
- (4) Depreciation expense

381. A tenancy that automatically renews itself on the last day of the term for a further term of the same duration until terminated by either party with proper notice is called a:

- (1) tenancy at will.
- (2) tenancy at sufferance.
- (3) periodic tenancy.
- (4) term fixed tenancy.

382. A borrower has proposals from four lenders to advance funds of \$122,000 as a mortgage loan. Payments on each loan will be made annually.

	A	B	C	D
Face Value	\$125,500	\$125,000	\$124,000	\$123,000
Amortization Period	8 yrs	5 yrs	7 yrs	6 yrs
Rate: j_2	6.6%	6.5%	6.75%	7%

Based on effective annual interest rates on funds actually advanced, which alternative should the borrower choose?

- (1) A
- (2) B
- (3) C
- (4) D

383. An appraiser has located a comparable where the sale price was \$350,000, comprised of \$185,000 cash and a \$165,000 vendor take-back mortgage written at 4% per annum, compounded semi-annually, with monthly payments rounded to the next higher dollar, a 25-year amortization, and a 4-year term. Assuming that the market rate for similar financing is 6% per annum, compounded semi-annually, what should the appraiser regard as the sale price of the house? (Round answer to the nearest \$100).
- (1) \$154,000
 - (2) \$339,000
 - (3) \$350,000
 - (4) \$165,000
384. When a judge “distinguishes” a case on its facts, this means:
- (1) the judge decides that facts crucial to a former decision are not present in the case at hand, and does not follow the former decision.
 - (2) the judge formally reports the case before them because it is a crucial decision.
 - (3) the judge follows a former decision because the same facts exist in the case that is being decided.
 - (4) the judge refers the case to an appeal court because of its difficulty.
385. Which of the following could appear as a charge on a Certificate of Title?
- (1) A notation that the property is held in a trust for a specified beneficiary
 - (2) An easement in favour of a local telecommunications company
 - (3) An indication that the property is held in the name of an executor for the estate of a deceased person
 - (4) A notice that the duplicate certificate of title has been taken out of the land title office
386. Max Smith runs a small grocery store. The balance sheet as of March 31, 20XX shows land of \$180,000 and building of \$72,000 under the ASSET column. He bought the land and building exactly three years prior to this statement's date. Each year Max claimed 5% depreciation expense. What was the purchase price of the land?
- (1) \$208,373
 - (2) \$180,000
 - (3) \$209,943
 - (4) Impossible to calculate with the information provided
387. Which of the following would generally NOT be found in the current liabilities section of a balance sheet?
- (1) Current portion of long-term debt
 - (2) Property taxes payable
 - (3) Income taxes payable
 - (4) Rent receivable
388. In establishing the actual value of a residential property for tax assessment purposes the Assessor may consider:
- (1) the present use of the property.
 - (2) the location of the property.
 - (3) the rental value of the property.
 - (4) a comprehensive list of factors including all of those mentioned above.

389. Where a buyer under a standard contract of purchase and sale refuses to perform, the seller will NOT have which of the following remedies?
- (1) Specific performance
 - (2) Damages for loss of bargain
 - (3) Damages relating to the costs of preparing necessary documents
 - (4) The forfeiture of a deposit, representing fifty percent of the purchase price, as liquidated damages
390. Which of the following is the British Columbia Financial Services Authority NOT explicitly empowered to investigate under the *Real Estate Services Act*?
- (1) Wrongful taking or deceptive dealing
 - (2) Breaches of the REALTOR® Code
 - (3) Breaches of the Act
 - (4) Incompetence as a licensee
391. A term of the mortgage provides that the full outstanding balance will become due and payable in the event of default by the borrower in making any payment. This term is known as:
- (1) the repayment clause.
 - (2) the personal covenant.
 - (3) the omnibus clause.
 - (4) the acceleration clause.
392. Which of the following statements is TRUE?
- (1) Taxes always appear as a credit on the seller's statement of adjustments and as a debit on the buyer's statement of adjustments.
 - (2) Where the licensee acts only for the seller, real estate commission always appears as a debit on the seller's statement of adjustments and does not appear on the buyer's statement of adjustments.
 - (3) Conveyancing fees always appear as a debit on the buyer's statement of adjustments and as a credit on the seller's statement of adjustments.
 - (4) None of the above
393. Alexander Management Company Limited has just arranged a \$1,450,000 mortgage loan to finance their purchase of a small retail shopping complex. The interest rate is 12.75% per annum compounded semi-annually, the amortization period is 20 years, and the term of the loan is 10 years. Payments are to be made quarterly and rounded up to the next higher dollar. Which one of the following statements is FALSE with regard to this contract?
- (1) The quarterly payment will be \$49,701.
 - (2) The outstanding balance at the end of the term will be less than \$1,123,500.
 - (3) Under the terms of the federal *Interest Act*, the total outstanding balance on this loan can be prepaid at any time after five years from the initiation date of the mortgage.
 - (4) The lender has no right to demand payment of the total outstanding balance at any time prior to the end of the contractual term provided the borrower meets all contractual obligations.

394. A borrower wishes to make payments of no more than \$500 per month for 360 months. If interest rates are currently 10.5% per annum, compounded semi-annually, what is the maximum amount that should be lent?
- (1) \$55,500.00
 - (2) \$54,660.38
 - (3) \$55,670.60
 - (4) \$56,675.77
395. Which one of the following statements is FALSE?
- (1) In an entirely residential condominium complex, a bylaw must be amended by a $\frac{3}{4}$ vote of the strata corporation.
 - (2) If a rule conflicts with a bylaw, the bylaw prevails.
 - (3) Subject to some exemptions, a bylaw may prohibit the rental of strata lots in the condominium complex.
 - (4) Assuming the standard bylaws have not been amended, the strata council may pass rules with respect to the safety and cleanliness of individually owned strata lots.
396. Which one of the following will NOT be found on the balance sheet of a corporation?
- (1) Number of shares issued
 - (2) Original cost of the property owned by the corporation
 - (3) Names of the corporation's shareholders
 - (4) Retained earnings to date
397. Which of the following describes a method of identifying an individual that meets a licensee's "Know Your Client" obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*?
- (1) Viewing a client's government-issued photo identification during a videoconferencing call
 - (2) Matching personal information provided by the client to a Canadian credit file that has been in existence for at least three years
 - (3) Reviewing a client's provincial driver's licence that has been expired for less than 6 months
 - (4) Referring to information from an offshore financial entity that confirms that the client holds a deposit account with that entity
398. In which of the following situations will a contract with an infant be enforceable against the infant?
- (1) The contract is affirmed by the infant after they reach 19 years of age.
 - (2) The infant performs or partly performs the contract after reaching their 19th birthday.
 - (3) The infant does not repudiate the contract within a year after reaching their 19th birthday.
 - (4) The contract is enforceable against the infant in all of the above situations.
399. The income approach is generally NOT used for the valuation of:
- (1) warehouses.
 - (2) single-family residences.
 - (3) leasehold interests.
 - (4) apartment buildings.

400. Where a principal of an agent has acted in such a manner as to lead third parties to believe that their agent has authority to perform certain acts on their behalf, and the third party, when dealing with the agent, reasonably believes that the agent has the authority that they represent, the agent is said to have:
- (1) actual authority.
 - (2) express authority.
 - (3) legal authority.
 - (4) apparent authority.
401. Who owns the common property of a strata corporation?
- (1) The owner-developer of a strata project, as a trustee for the individual strata lot owners
 - (2) The strata corporation
 - (3) Each individual strata lot owner owns a share of the common property of a strata corporation in the proportions set out in the Schedule of Unit Entitlement
 - (4) None of the above
402. At the time a transaction is completed, which one of the following items will be the responsibility of the buyer?
- (1) Tax penalty with respect to overdue taxes
 - (2) Costs of preparing a first mortgage
 - (3) Unpaid taxes to possession date
 - (4) Commission
403. Where a licensee intends to purchase property, which of the following details must they disclose to the seller?
- (1) The fact that they hold a real estate licence
 - (2) Any details that have been arranged for the resale of the property
 - (3) The fact that they will be sharing in the commission on the sale
 - (4) All of the above information must be disclosed.
404. When using the cost approach of appraisal to estimate the value of a building that currently contains urea formaldehyde foam insulation (UFFI), insulation should be considered in your calculation as:
- (1) a part of the land value.
 - (2) only a deduction for depreciation.
 - (3) part of the overall replacement costs and a deduction for depreciation.
 - (4) a component of site value.
405. An investor has decided to establish a bank account in order to accumulate sufficient capital at the end of seven years to purchase a boat. If the account pays interest at 3% per annum, compounded annually and the investor makes deposits of \$8,000 at the end of each year, how much capital will he have accumulated at the end of 7 years?
- (1) \$42,851.59
 - (2) \$79,747.81
 - (3) \$57,987.33
 - (4) \$61,299.70

406. A contract between a seller and a buyer whereby the seller agrees to sell its interest in certain property to the buyer for a price payable by instalments and then to convey legal title to the buyer after payment of the purchase price in the manner agreed, is called:
- (1) a mortgage.
 - (2) an agreement of purchase and sale.
 - (3) an equity of redemption.
 - (4) an agreement for sale.
407. Given a nominal rate of interest of 5%, the greater the frequency of compounding:
- (1) the lower the effective annual rate.
 - (2) the higher the rate per compounding period.
 - (3) the higher the yield to the lender.
 - (4) the lower the payments to the borrower.
408. The remuneration figures contained in the Disclosure of Expected Remuneration (Payment) form:
- (1) can be disclosed as a percentage or a dollar amount.
 - (2) must be expressed as a dollar amount if the remuneration is to be received as money.
 - (3) must be expressed in the same way that they are expressed in the listing contract.
 - (4) can be expressed in any way that is most transparent to the seller.
409. Which one of the following BEST describes shareholders' equity?
- (1) Share capital plus retained earnings
 - (2) Retained earnings plus dividends
 - (3) Share capital plus retained earnings plus dividends
 - (4) Net income less dividends
410. ABC Inc. paid \$155,000 for an asset on which the *Income Tax Act* allows capital cost allowance (CCA). The asset was purchased five years ago and will be disposed at the end of this year. How much CCA will be claimed by ABC Inc. at the end of this year?
- (1) \$7,750
 - (2) \$5,997
 - (3) \$0
 - (4) \$2,500
411. Which statute requires that a brokerage keep at least one trust account in a savings institution in British Columbia?
- (1) The *Real Estate Services Act*
 - (2) The *British Columbia Property Manager's Act*
 - (3) The *Bonding Act*
 - (4) The *Bank Act*

412. A seller refuses to sign a subject removal form to strike out a condition precedent from a contract of purchase and sale. Assuming that the condition was made exclusively for the benefit of the buyer, the agreement is:
- (1) binding.
 - (2) unenforceable.
 - (3) voidable at the option of the seller.
 - (4) void.
413. Before valuing a house, an appraiser should assume that:
- (1) the registered owner is not the ultimate source of data on the property.
 - (2) the registered owner has a fee simple interest in the land.
 - (3) "value to owner" equals "market value".
 - (4) the property is unencumbered.
414. A borrower has arranged a \$159,000 mortgage at $j_2 = 12\%$ with a 20-year amortization, 5-year term, and monthly payments. If all payments are paid when due, how much principal was paid off during the 5-year term?
- (1) \$89,583.16
 - (2) \$13,541.84
 - (3) \$145,458.16
 - (4) \$296.36
415. In which of the following scenarios has the offer NOT been released or expired?
- (1) No time limit is specified in the offer but a reasonable time has passed without acceptance by the offeree.
 - (2) The offeror dies or becomes insane before the offeree accepts the offer.
 - (3) The offer is revoked by the offeror and the revocation is communicated to the offeree before acceptance.
 - (4) The offeror decides to revoke their oral offer and mails a written revocation to the offeree, which the offeree has not yet received.
416. A mortgage for \$300,000 is written at 6.5% per annum, compounded monthly. The mortgage calls for monthly payments rounded to the next higher dollar, a 5-year term, and a 25-year amortization. The mortgage contract permits the borrower to prepay the full amount of the loan at any time subject to the payment of an interest rate differential penalty. At the time of prepayment, the current comparable interest rate is 4.5% per annum, compounded monthly. If the borrower wishes to prepay this loan at the end of the second year (with the 24th payment), calculate the amount of the interest rate differential penalty.
- (1) \$1,448.76
 - (2) \$17,385.12
 - (3) \$14,708.47
 - (4) \$23,180.16
417. Functional depreciation can be defined as:
- (1) the loss in value caused by an outmoded or inadequate design.
 - (2) the loss in value caused by changing market conditions, which reduce demand for the property.
 - (3) the loss in value caused by physical wear.
 - (4) a loss in value that can always be corrected economically.

418. Where an agent, with express authority, enters into a contract with a third party on behalf of their principal and the third party knows they are an agent, who will the law recognize as parties to that contract?
- (1) The agent and the third party
 - (2) The agent, the principal, and the third party
 - (3) The principal and the third party
 - (4) None of the above
419. Ownership of land includes not only the surface of the land, but also which of the following options?
- (1) The column of airspace above it insofar as the owner can make effective use of it
 - (2) The branches of any of the neighbour's trees that hang over the owner's property
 - (3) Anything that comes over the boundary line
 - (4) All of the above are included in ownership of land
420. Which one of the following is NOT a remedy available for a private nuisance?
- (1) Abatement
 - (2) Damages
 - (3) Specific performance
 - (4) Injunction

421.

**Ambleside Productions Ltd.
as at March 31, 20XX**

<u>Assets</u>		<u>Liabilities</u>	
Current Assets		Current Liabilities	
Cash in Bank	\$3,000	Accounts Payable	\$4,500
Term Deposits	25,000	Property Taxes Payable	2,200
Rent Receivable	7,500	Income Tax Payable	19,500
Inventory	22,200	Current Portion of Mortgage Payable	28,300
Prepaid Expenses	<u>13,500</u>		
Total Current Assets	71,200	Total Current Liabilities	<u>54,500</u>
Non-Current Assets		Non-Current Liabilities	
Land	280,000	Mortgage Payable (net of current portion)	294,000
Buildings (net of accumulated depreciation)	145,000		
Equipment (net of accumulated depreciation)	<u>27,000</u>	<u>Shareholders' Equity</u>	
Total Non-Current Assets	452,000	Common Stock	100,000
		Retained Earnings	74,700
Total Assets:	\$523,200	Total Liabilities and Shareholders' Equity:	\$523,200

This financial statement of Ambleside Productions Ltd. is known as which of the following?

- (1) A statement of profit and loss
- (2) An income statement
- (3) A balance sheet
- (4) A corporate statement of holdings

422. Where a deposit is paid directly to a seller on account of the purchase price:
- (1) the amount of the deposit will appear only on the buyer's statement of adjustments.
 - (2) the amount of the deposit will appear on both the buyer's and the seller's statement of adjustments.
 - (3) the deposit will only appear on the seller's statement of adjustments.
 - (4) the deposit will not appear on either statement of adjustment.
423. You have a partially completed appraisal report that you need to fill in. The subject property has 4 bedrooms and 4 bathrooms. The house next door is similar in all respects except for the number of bedrooms and bathrooms. The comparable has a sale price of \$281,000, a -\$3,200 adjustment for bedrooms, and a +\$2,700 adjustment for bathrooms. If the market value of a bedroom is \$3,200 and the market value of a bathroom is \$2,700, it can be concluded that this comparable has:
- (1) 5 bedrooms and 2 bathrooms.
 - (2) 3 bedrooms and 3 bathrooms.
 - (3) 4 bedrooms and 3 bathrooms.
 - (4) 5 bedrooms and 3 bathrooms.
424. Two mortgages requiring constant blended payments are identical in all respects except that one has a five-year term and the other has a two-year term. The monthly payments on the five-year term mortgage would be:
- (1) higher than those required on the two-year term mortgage.
 - (2) lower than those required on the two-year term mortgage.
 - (3) the same as those required on the two-year term mortgage.
 - (4) impossible to compare given the information presented.
425. Which one of the following is NOT a required provision in a lease?
- (1) The amount of rent and method of payment
 - (2) The commencement and term of the lease
 - (3) The signatures of the parties
 - (4) The previous address of the lessee
426. A young executive has applied to her bank for a mortgage loan to enable her to purchase a house. Her income is \$45,000 per year. The bank informs her they will apply a 30% gross debt service ratio when calculating her maximum loan, and that current mortgage rates are 4% per annum, compounded semi-annually for 20-year amortization mortgages. The government-specified qualifying rate is 5.25% per annum, compounded semi-annually. Annual property taxes are \$1,500 and mortgage payments are to be made monthly. What is the maximum mortgage loan the bank will grant, given the stress test borrower qualification rules for uninsured mortgages?
- (1) \$137,963.81
 - (2) \$150,698.35
 - (3) \$147,986.22
 - (4) \$140,412.28
427. If there is no listing contract in existence but the agent effects a sale of the principal's property at the request of the principal, the courts will:
- (1) not imply an undertaking to pay the agent remuneration.
 - (2) imply a promise to pay the agent remuneration.
 - (3) allow the agent to collect only their out of pocket expenses.
 - (4) hold the agent liable for any default of the buyer.

428. Suppose XYZ Ltd. is located in a building that was purchased two years ago for \$1,000,000. The building has an economic life of 10 years with no salvage value. Annual depreciation is calculated using the straight-line method. If XYZ Ltd. earned a net income of \$450,000 and claimed \$38,400 of capital cost allowance in the second year, what is XYZ's taxable income at the end of Year 2?
- (1) \$511,600
 - (2) \$488,400
 - (3) \$394,600
 - (4) \$387,400
429. A licensee wants to add a new client to her electronic mailing list. Which of the following statements is FALSE?
- (1) The client must be provided with an option to unsubscribe.
 - (2) The licensee may not send email marketing materials without first obtaining consent from the new client.
 - (3) If a client provides consent to being added to the mailing list, they cannot be removed from it within the following 12 months.
 - (4) The licensee should ensure that the client's email address is up to date.
430. Which of the following options is a current asset on the balance sheet?
- (1) The owner's initial investment
 - (2) Rent payable
 - (3) Real property at its historic cost
 - (4) Rent receivable
431. Susan Seller discovered a secret arrangement between her agent and Bella Buyer where Susan's agent would give some of the commission payable by Susan to her agent directly to Bella. Based on this situation, which of the following statements is TRUE?
- (1) Because there was no detriment to Susan, the agent did not breach any duties owed to her.
 - (2) The agent breached her duty to disclose material facts to Susan, but this does not amount to a breach of fiduciary duty.
 - (3) The agent breached her fiduciary duty owed to Bella; therefore, the contract of purchase and sale between Susan and Bella is void.
 - (4) The agent's non-disclosure is a breach of her fiduciary duty to Susan, and as a consequence, the agent may not be entitled to the commission claimed.
432. Which of the following security measures would BEST prevent unauthorized internet users from accessing your computer when connected to the internet?
- (1) Firewalls
 - (2) Passwords
 - (3) Spam
 - (4) Protecting hardware
433. Under the British Columbia land title system, a mortgage is registered as a charge against the property of which the mortgagor is:
- (1) the first registered charge holder.
 - (2) the last registered charge holder.
 - (3) the registered owner.
 - (4) not registered.

434. Operating expenses for appraisal purposes include:

- (1) income taxes.
- (2) property taxes.
- (3) mortgage payments.
- (4) capital cost allowance.

435. Given that all other factors are identical, the shorter the term of the contract on a bonused, partially amortized mortgage (where the bonus is paid by the borrower):

- (1) the lower the effective interest rate paid by the borrower.
- (2) the higher the effective interest rate paid by the borrower.
- (3) the higher the required monthly payment.
- (4) the lower the outstanding balance at the term's end.

436. Jason is creating a real estate blog to incorporate into his website. Which of the following guidelines should he follow in developing his blog?

- (1) Jason should update his blog regularly.
- (2) The content of Jason's blog should generally focus on real estate-related information, such as market news, home maintenance tips, and information on frequently used forms and contracts.
- (3) Jason's blog should be used as a method of communicating interesting information to existing and potential clients.
- (4) All of the above

437. The British Columbia Financial Services Authority is NOT responsible for which one of the following?

- (1) Holding hearings to investigate the conduct of licensees
- (2) Determining the information required on a licence application
- (3) Enforcing the provisions of the applicable professional code of ethics
- (4) Providing for an educational program for licensees

438. As a western platform wood-frame house is being constructed, a polyethylene vapour barrier is used immediately under which of the following options?

- (1) Exterior brick veneer
- (2) Interior wood panelling on perimeter walls
- (3) Cedar shingles
- (4) Sub-floors

439. A mortgage is arranged on the following terms:

Mortgage Face Value:	\$170,000
Funds Advanced:	\$163,500
Interest Rate:	$j_2 = 6.5\%$
Amortization Period:	20 years
Term:	20 years
Payments:	Monthly, rounded up to the next higher dollar

Calculate the rate of interest paid on funds advanced, expressed as an effective annual rate.

- (1) 7.904213%
- (2) 7.135321%
- (3) 8.196945%
- (4) 6.952145%

440. Anton holds a life estate *pur autre vie* based on Bentley's life. Charles has the remainder interest in fee simple. Anton's interest will terminate when:
- (1) Anton dies.
 - (2) Bentley dies.
 - (3) Charles dies.
 - (4) all three men die.
441. Which one of the following is NOT a material commonly used for water supply piping?
- (1) Plastic
 - (2) Galvanized steel
 - (3) Copper
 - (4) Aluminium
442. Retained earnings on a company's financial statements is BEST defined as which of the following?
- (1) The company's profit for current year
 - (2) The company's profit for the current year that was retained for future investment
 - (3) The accumulated total of the company's profits (less losses) less dividends since incorporation
 - (4) The accumulated profits since incorporation used for investing in fixed assets
443. An agreement for sale in the amount of \$150,000 requires the buyer to make payments of \$1,250 per month for as long as necessary to fully amortize the loan at 8% per annum, compounded semi-annually. How many FULL payments of \$1,250 will be required?
- (1) 236
 - (2) 237
 - (3) 242
 - (4) 243
444. Velma has just accepted Patricia's written offer to purchase Velma's home, which contains the following clause: "This offer is subject to the buyer selling her home at (address) by December 31". Which one of the following statements is TRUE?
- (1) If Patricia cannot sell her home by December 31, there is no contract and Velma retains the deposit.
 - (2) Patricia must complete even if she cannot sell her home.
 - (3) Patricia may waive this requirement at any time before completion.
 - (4) This requirement may be waived by Patricia on or before December 31.
445. Which of the following statements regarding the stress test borrower qualification rule for uninsured mortgages is TRUE?
- (1) The mortgage qualifying rate is always based on an additional 2% above the mortgage's negotiated contract rate.
 - (2) The stress test mortgage qualifying rate is also known as the benchmark interest rate.
 - (3) The British Columbia Financial Services Authority established the stress test requirements for all new mortgages from federally chartered institutions.
 - (4) The stress test qualification rules only apply to mortgages from credit unions.

446. Duress, in law, consists of:

- (1) actual or threatened violence or imprisonment.
- (2) difficulty of performance.
- (3) undue influence.
- (4) a misrepresentation made knowingly or recklessly, not caring whether it be true or false.

447. Josie Purchaser arranged a mortgage loan for \$175,500 at 9.25% per annum, compounded semi-annually, with a 25-year amortization period and monthly payments. What is her interest cost for the first month?

- (1) \$1,482.01
- (2) \$1,183.30
- (3) \$1,327.46
- (4) \$154.55

448. You have sold your property with the adjustment date on September 20. You had paid the taxes on July 2. The buyer should be responsible for that share of the tax bill from and including:

- (1) January 1-September 20.
- (2) September 20-December 31.
- (3) September 21-December 31.
- (4) July 2-December 31.

449. The cost approach of appraisal is NOT generally used to value:

- (1) airport hangars.
- (2) vacant lots.
- (3) condominiums.
- (4) single-family residences.

450. A gain or reward received by an agent from a third party in connection with their agency relationship with the principal, if it not disclosed to the principal, is known in agency law as:

- (1) a secret profit.
- (2) a taxable gain.
- (3) permitted third party remuneration.
- (4) a latent defect.

451. An agent's authority can be created retroactively by their principal by an action called:

- (1) rectification.
- (2) ratification.
- (3) rescission.
- (4) revocation.

452. Which of the following is NOT an essential requirement of a lease?

- (1) The name of the parties
- (2) A description of the premises being leased
- (3) The rent
- (4) The addresses and occupations of the parties

453. Frank sends a letter to Joe saying, "I will sell you 200 dozen widgets for \$1,200." Before Joe receives the letter, he sends an email to Frank offering to buy "200 dozen widgets for \$1,200." Given this information, which of the following statements is TRUE?
- (1) Frank and Joe have formed a binding and enforceable contract.
 - (2) Because the requirement of writing contained in section 59 of the *Law and Equity Act* has not been complied with, a contract has not been formed.
 - (3) There has not been a valid offer and acceptance and therefore a contract has not been formed.
 - (4) Both (2) and (3) are true.
454. The *Law and Equity Act* contains provisions for the unilateral waiver by a party of a condition precedent. Which one of the following is NOT one of the requirements?
- (1) The condition precedent has been satisfied.
 - (2) The condition precedent benefits only that party to the contract.
 - (3) The contract is capable of being performed without fulfillment of the condition precedent.
 - (4) Where a time is stipulated for fulfillment of the condition precedent, the waiver is made before the time stipulated.
455. Bernadette offers to purchase Steve's home for \$438,000. However, before Steve has a chance to respond to the offer, Bernadette advises that she is withdrawing the offer. Which of the following legal terms describes what has occurred?
- (1) Revocation
 - (2) Rectification
 - (3) Rescission
 - (4) None of the above
456. When borrowers increase their maximum allowable loan by accepting a shorter term and a lower interest rate, the borrowers have:
- (1) an increased degree of risk regarding changes in the interest rate over time.
 - (2) the security of never having to incur another set of transaction costs (legal, appraisal) when arranging a new loan with another lender.
 - (3) a decreased degree of risk regarding changes in the interest rate over time.
 - (4) committed to paying more interest during the shorter term loan than the longer term loan.
457. Which of the following statements regarding financial covenants of the mortgagor (borrower) is FALSE?
- (1) The three main financial obligations of the borrower in addition to repayment of the loan amount include payment of property taxes, property insurance, and property maintenance.
 - (2) Lenders always make the property tax payments for the borrower to ensure that the property taxes do not fall into arrears.
 - (3) The mortgage loan agreement should contain a covenant by the borrower to insure the property against fire and other specified hazards to the full insurable value of the security.
 - (4) The borrower should maintain the property in a manner that will preserve the value of the security in order to reduce the capital risk.

458. Mary and John own a piece of real property as joint tenants. Which of the following is TRUE?
- (1) Mary cannot sell or mortgage her interest without John's consent.
 - (2) Mary and John must each have an undivided interest in the whole of the property.
 - (3) Because Mary and John are married, they were required by law to register their co-ownership as joint tenants.
 - (4) All of the above
459. With respect to commercial tenancies, the covenant of quiet enjoyment is BEST described as which of the following?
- (1) An implied covenant that the landlord will refrain and will cause others to refrain from making noise such that it would interfere with the conduct of the tenant's business
 - (2) An assurance that the tenant will conduct their business in such a manner as to obey all noise bylaws
 - (3) An assurance that all unfurnished premises be fit for human habitation
 - (4) An assurance to the tenant against the consequences of a defective title involving the landlord or those lawfully claiming under the landlord
460. Which of the following is NOT a reason why an investor would use borrowed funds instead of an all cash offer for a real estate investment?
- (1) Lack of adequate capital to make the desired investment
 - (2) To release equity for home improvements
 - (3) To reduce overall risk by using only part of the borrower's total funds for any one investment
 - (4) To invest the borrowed funds at a lower rate of interest than the borrowing rate
461. Which of the following statements pertaining to British Columbia's *Electronic Transactions Act* is TRUE?
- (1) An offer or acceptance communicated through electronic means is never legally binding.
 - (2) Listing agreements are not covered by the *Electronic Transactions Act*.
 - (3) Documents that create an interest in land and require registration to be effective against third parties are covered by the *Electronic Transactions Act*.
 - (4) When a British Columbia statute references a written document, it does not exclude electronic documents merely because they are in electronic form.
462. A purchaser has just agreed to a below-market vendor-supplied mortgage with a developer. The \$384,000 mortgage is set at an interest rate of $j_2 = 1.95\%$, with monthly payments over a 30-year amortization and a 3-year term. If the developer sells the 3-year term loan immediately to a mortgage investor for \$350,000, what is the mortgage investor's yield, expressed as an effective annual rate (j_1)?
- (1) 5.152415%
 - (2) 5.695532%
 - (3) 4.958129%
 - (4) 5.385054%
463. In a binding contract, a condition precedent can BEST be described as:
- (1) a "subject to" clause that gives a party sole discretion over whether or not to proceed with a sale.
 - (2) a condition or event, the occurrence of which will discharge the principal obligations of a party to the contract.
 - (3) a condition allowing a seller to terminate the contract when a buyer defaults on deposit obligations.
 - (4) a condition that must occur before a party is liable to perform their principal obligations under the contract.

464. Which of the following is an example of an equitable mortgage?
- (1) Mortgage of the equity of redemption
 - (2) Agreement to execute a legal mortgage
 - (3) Mortgage by way of deposit of the duplicate certificate of title
 - (4) All of the above
465. Where a seller sells a unit of subdivided land in British Columbia and the subdivision is a development property:
- (1) the *Real Estate Development Marketing Act* has no jurisdiction.
 - (2) the unit of subdivided land is called a subdivision unit.
 - (3) the buyer has the right to rescind the purchase agreement at any time by providing appropriate notice, if the seller has not provided a disclosure statement to the buyer.
 - (4) None of the above are correct.
466. Which of the following transactions is the BEST evidence of market value to an appraiser?
- (1) A custom-designed home containing an elevator and several ramps is sold by Mr. Smith to his nephew, a person with paraplegia.
 - (2) A pre-fabricated home situated in a large subdivision of similar homes is sold after three months on the market.
 - (3) Miss Jones receives an urgent message stating that she has been accepted as a teacher to children in Nigeria. In the course of one week, she arranges the sale of her condominium and leaves for Africa.
 - (4) ABC Corporation sold its office building to its subsidiary company as a part of a corporate restructuring.
467. Using the cost approach of appraisal, what will be the market value of a property with a 50,000 square foot building if new construction costs are \$50 per square foot, land value is \$750,000, and total depreciation on the structure to date is estimated to be 10%?
- (1) \$3,250,000
 - (2) \$2,500,000
 - (3) \$3,000,000
 - (4) \$2,250,000
468. The duty of care imposed by the *Occupiers Liability Act* does NOT apply to which of the following options?
- (1) Risks willingly accepted by a person as their own risks
 - (2) The condition of the premises
 - (3) Activities on the premises
 - (4) The conduct of third parties on the premises
469. In which one of the following situations is the residual method of appraisal the MOST suitable method to use?
- (1) Where the market supply and demand forces are fairly constant
 - (2) Where there is a large volume of available market data and the subject property represents the highest and best use of the site
 - (3) Where the value to be measured is market value expressed as an income flow
 - (4) Where the subject property possesses development potential

470. A \$170,000 mortgage loan, written at a nominal rate of 7% per annum, compounded semi-annually, has a two-year contractual term. Payments are made monthly and are based on a 20-year amortization period. Payments are rounded to the next higher dollar. What is the size of the required payments?
- (1) \$1,297
 - (2) \$1,298
 - (3) \$1,370
 - (4) \$1,308
471. The selling price of a property is \$175,000. The buyer has applied to a lender for mortgage funds and been told that the maximum loan he can obtain is \$122,500. The lender's appraiser feels that a long-term conservative estimate of the property's value is \$153,125. Which one of the following statements is TRUE?
- (1) The lending value of this property is \$122,500.
 - (2) The lending value of this property is \$175,000.
 - (3) The loan-to-value ratio on this loan is 70%.
 - (4) The loan-to-value ratio on this loan is 80%.
472. Sally contracted to purchase sewing machines wholesale at \$100.00 each, with a delivery date of November 30. The wholesaler did not deliver the machines until December 31. Sally had a buyer on November 30 willing to pay \$250 each for the machines but by December 31 the value had dropped to only \$75.00 each. Which is Sally's BEST remedy against the wholesaler?
- (1) *Quantum meruit*
 - (2) Specific performance
 - (3) Damages
 - (4) Injunction
473. An interest accruing mortgage loan requires that \$300,000 be paid at the end of a five-year term. If the rate of interest on the loan is $j_2 = 8\%$, calculate the amount of funds advanced.
- (1) \$246,578.13
 - (2) \$202,669.25
 - (3) \$226,965.28
 - (4) \$364,995.87
474. An individual is planning to purchase a property that has a list price of \$69,000. The proposed purchase price will be \$67,000 and the lender will apply a lending value of \$66,000. How large will the down payment be if the lender insists on a maximum loan-to-value ratio of 80%?
- (1) \$14,200
 - (2) \$16,500
 - (3) \$50,250
 - (4) \$52,800
475. Where a buyer makes an offer to purchase land, and does NOT pay a deposit:
- (1) acceptance by the seller will not form a contract.
 - (2) the licensee should personally pay \$1.00 of their own money into the brokerage's trust account.
 - (3) a contract will be formed on acceptance without existence of a deposit.
 - (4) the "offer" is actually just an invitation to treat.

476. In addition to carrying out the functions of a trading services representative, a validly licensed representative is entitled to:
- (1) carry out trading services for an unlicensed real estate brokerage.
 - (2) be the managing broker of their own proprietorship.
 - (3) carry out trading services for close personal friends and business associates although not employed by a brokerage.
 - (4) do none of the above.
477. Which of the following statements about Duplicate Certificates of Title is TRUE?
- (1) Duplicate certificates of title cannot be issued if the property is subject to a mortgage.
 - (2) Certain documents, including easements and builders liens, cannot be registered if a duplicate certificate of title has been taken out of the Land Title Office.
 - (3) A duplicate certificate of title is automatically issued to each registered owner at the time when title is transferred.
 - (4) The deposit of a duplicate title is considered to be the most preferable measure of security that a borrower can provide to a lender because it completely prevents the conveyance of a property.
478. A Court has power to re-open a mortgage transaction where, having regard to the risk and to all the circumstances, it is of the opinion that the cost of borrowing is excessive or harsh and unconscionable. In which one of the following statutes is this power contained?
- (1) *Interest Act*
 - (2) *Mortgage Brokers Act*
 - (3) *Real Estate Services Act*
 - (4) *Business Practices and Consumer Protection Act*
479. Vince sold his property to Paula with a possession and adjustment date of May 1. Vince has not yet received his current year's tax notice, but last year's taxes were \$847.00. Paula's lawyer feels taxes will increase 20%. Which of the following is correct?
- (1) Paula should be given a credit for the estimated taxes between May 1 and December 31.
 - (2) Vince should be charged the estimated taxes from January 1 to April 30.
 - (3) There is no way to attempt a tax adjustment until the actual bill arrives.
 - (4) The taxes will appear as a debit on Paula's statement of adjustment and a credit on Vince's statement of adjustment.
480. Of the following methods, which one MUST be used to determine the market value of an unused vacant site?
- (1) Cost approach of appraisal
 - (2) Comparative approach of appraisal
 - (3) Income approach of appraisal
 - (4) Depreciation approach of appraisal
481. A holding property was purchased 10 years ago for \$23,000. How much must it sell for now if the owner is to realize a pre-tax yield of $j_2 = 14\%$?
- (1) \$85,266.09
 - (2) \$89,002.74
 - (3) \$92,516.82
 - (4) \$83,144.22

482. An offer of \$235,000 is accepted, comprised of a cash down payment of \$85,000 and a vendor-supplied mortgage loan of \$150,000 at 5% per annum, compounded semi-annually. The loan has an amortization period of 25 years, a term of 5 years, and calls for monthly payments rounded up to the next higher dollar. Market rates of interest for equivalent mortgages are currently 8% per annum, compounded semi-annually. The market value of the mortgage is:

- (1) \$132,849.12
- (2) \$199,309.00
- (3) \$235,000.00
- (4) \$217,849.12

483. Which of the following is a TRUE statement regarding ethical duties?

- (1) A licensee must always act in the best interests of both their clients and non-clients.
- (2) A licensee must act with reasonable care and skill to both clients and non-clients.
- (3) A licensee owes an ethical duty of loyalty to non-clients.
- (4) A licensee who breaches an ethical duty to a client can still be acting ethically.

484. Marissa owns a 45-year-old apartment building. All six suites are rented out at below-market rents and the current leases are not up for renewal for another two years. The apartment building is situated in a block in which all of the other apartment buildings have been torn down and replaced with office buildings. In addition, the apartment is situated on land zoned for commercial purposes.

Which of the following statements is TRUE about the state of Marissa's investment?

- (1) Marissa's apartment is not "ripe for re-development".
- (2) The tenants' rents will now increase.
- (3) Marissa's apartment possesses latent value.
- (4) Marissa's apartment is currently at highest and best use.

485. Which of the following statements comparing cooperatives and condominiums is TRUE?

- (1) Both condominiums and cooperatives are created by filing a plan in the land title office.
- (2) Buyers of both condominiums and cooperatives acquire a fee simple interest in the real property on which the purchased unit is situated.
- (3) Buyers of condominiums will generally find it easier to finance their purchase than will buyers of cooperatives.
- (4) Both owners of condominiums and owners of cooperatives are equally free to sell their units to whomever they wish.

486. Gertrude is the listing licensee for Anika in the sale of her property. Gertrude receives an offer from a buyer for Anika's property. When is Gertrude required to provide a Disclosure of Expected Remuneration (Payment) form to Anika?

- (1) If Anika decides to make a counteroffer to the buyer
- (2) Before the deadline for acceptance of the offer
- (3) Only when Anika decides to accept the offer
- (4) When Gertrude presents the offer to Anika

487. An investor plans to pay \$200,000 for a vacant lot that he feels will sell at the end of three years for \$280,985.60. What effective annual interest rate will the investor earn? (Ignore real property taxes)

- (1) 14%
- (2) 13%
- (3) 12%
- (4) 11%

488. Which of the following statements regarding depreciation expense is TRUE?

- (1) It is another name for capital cost allowance.
- (2) It is an accounting concept that attempts to allocate the cost of an asset over its useful life.
- (3) It is usually calculated on land by the straight-line method.
- (4) It is never permitted on a single-family residence.

489. Which one of the following does NOT fall within the body of public law?

- (1) Tax law
- (2) Criminal law
- (3) Agency law
- (4) Constitutional law

490. Which one of the following is the BEST method of accounting for cyclical repairs in the appraisal of an income-producing property?

- (1) Increase the capitalization rate
- (2) Deduct the amount of the repair in the year it is expected to be incurred
- (3) Apportion the amount of the repair to an annual allowance
- (4) Reduce the eventual sale price of the property to reflect depreciation

491. Which of the following statements regarding trusts and real estate investment trusts (REITs) is FALSE?

- (1) Beneficial owners are liable only for the amount committed to the purchase of the trust units.
- (2) Income earned by a family trust is taxed at the tax rate of the youngest beneficiary.
- (3) Family trusts allow a parent to deposit assets with a trustee and distribute the income to other members of the family.
- (4) Mortgage trusts and equity trusts are two types of REITs.

492. Which of the following statements regarding a successful email newsletter campaign is TRUE?

- (1) Newsletters should ideally be sent once per day.
- (2) Newsletters should be used exclusively to advertise new listings and recent sales.
- (3) Newsletters should include several large, high quality photos.
- (4) Newsletters should include an option for subscribers to opt out of receiving future communications.

493. When the licensee receives a deposit in a typical real estate transaction, the licensee's brokerage holds it:

- (1) for the seller.
- (2) for the buyer.
- (3) as agent for both.
- (4) as a stakeholder.

494. A developer is offering a mortgage loan of \$102,000 at 5% per annum, compounded semi-annually, on each of 16 units in a condominium development. The mortgages have monthly payments, 5-year terms, and 20-year amortization periods. Each unit is priced at \$130,000 and the units have been selling over the past seven months. Even with a recent decrease in interest rates (currently at $j_2 = 4\%$), the property has attracted the attention of a buyer who has made a full price offer and applied for the developer's financing on one of the condominium units. The market value of the offer is:
- (1) \$134,191.60
 - (2) \$132,975.00
 - (3) \$130,000.00
 - (4) \$106,191.60
495. A nominal interest rate of 8% per annum, compounded semi-annually is NOT equivalent to:
- (1) an effective annual rate of 8.16%.
 - (2) 1.98039% per quarter.
 - (3) 4.85006% per annum, compounded monthly.
 - (4) 7.84499% per annum, compounded daily.
496. Which one of the following is NOT a required characteristic of an offer?
- (1) It must be made in clear and unambiguous terms.
 - (2) It must demonstrate a serious intention to be bound.
 - (3) It must be made in writing in order to be enforceable against the offeror.
 - (4) The terms stated must be clear enough that both offeror and offeree clearly understand the extent of their obligations.
497. Which of the following statements about the law in British Columbia governing occupiers' liability is FALSE?
- (1) Under the statute, there can be more than one occupier of land at the same time.
 - (2) An occupier's liability does not extend to risks willingly assumed by a visitor at their own risks.
 - (3) The language of the *Occupiers Liability Act* expressly preserves the common law distinction between the different types of visitors.
 - (4) The language of the *Occupiers Liability Act* would probably allow for the imposition of a lesser standard of care to be owed to a trespasser than to a person with permission to be on the premises.
498. You have a partially completed appraisal report that you need to fill in. The house next door to the subject property is similar in all respects except for the number of bedrooms and square footage. This 2,300 square foot comparable sold for \$250,000, has 4 bedrooms, and was adjusted +\$4,200 for bedrooms and +\$15,000 for square footage. If the market value of a bedroom is \$4,200 and above a 1,900 sq. ft. benchmark, each 100 sq. ft. is worth \$5,000, it can be concluded that the subject property has:
- (1) 5 bedrooms and 2,300 square feet.
 - (2) 4 bedrooms and 2,000 square feet.
 - (3) 3 bedrooms and 2,200 square feet.
 - (4) 5 bedrooms and 2,600 square feet.

499. Which of the following is NOT an example of an issue that could be addressed by a zoning bylaw?

- (1) The legality of secondary suites
- (2) The regulation of off-street parking and loading
- (3) The development and operation of airports
- (4) The regulation of short term rental accommodations

500. Which one of the following is NOT a provision of the *Interest Act*?

- (1) No interest rate higher than 25% shall be provided for in a mortgage document.
- (2) Where a mortgage requires blended payments of principal and interest, the mortgage document must contain a statement of the interest rate calculated “yearly or half-yearly not in advance”.
- (3) If a mortgage document calls for interest without specifying the rate, then the rate of interest specified by law is 5% per annum.
- (4) The interest rate on arrears under a mortgage may not exceed the rate payable on the principal monies not in arrears.

501. What is a “time clause” or “72 hour clause”?

- (1) It refers to the fact that the offer is only open for a stipulated time.
- (2) It refers to the period in which either the seller or buyer can change their mind.
- (3) It refers to the length of time that a condition subsequent is in force.
- (4) It refers to the length of time the other party has to remove a condition precedent once the clause is invoked.

502. Which of the following statements regarding trespass is TRUE?

- (1) Trespass is actionable only upon proof of damage.
- (2) Trespass is actionable per se.
- (3) Trespass is not actionable.
- (4) Trespass is actionable only within 30 days of the trespass.

503. The market value of a vacant site can be determined using:

- (1) the cost approach of appraisal.
- (2) the comparative approach of appraisal.
- (3) the accrual approach of appraisal.
- (4) the capitalization approach of appraisal.

504. A mortgage was written for \$176,000 with an interest rate of $j_2 = 6.5\%$, an amortization period of 15 years, and monthly payments. Calculate the outstanding balance owing at the end of five years, rounded to the nearest dollar.

- (1) \$150,637
- (2) \$146,984
- (3) \$141,986
- (4) \$134,809

505. A “real estate service” under the *Real Estate Services Act* includes:

- (1) finding a party to acquire real estate.
- (2) collecting rents or security deposits for the use of real estate.
- (3) advising on the appropriate price for real estate.
- (4) all of the above.

506. A potential borrower with an annual income of \$48,000 and property taxes of \$2,000.16 per annum has been told by a mortgage lender that the largest loan available will be \$177,667. What is the maximum gross debt service ratio allowed by the lender given that the loan has monthly payments and is to be written at 5% per annum, compounded semi-annually and amortized over 25 years?
- (1) 25%
 - (2) 27.5%
 - (3) 32%
 - (4) 30%
507. Mr. Smith has contracted to sell his house to Mr. Jones for \$200,000. Mr. Jones has paid a deposit of \$15,000, the balance in cash. Conveyancing fees are \$350, taxes were prepaid by the seller, totalling \$800 net for the period of July 1 to December 31, and the commission is 5%. Completion, adjustment, and possession dates are July 1. As well, Mr. Jones is NOT a foreign entity for property transfer tax purposes. Property transfer tax will be due on completion. The balance due to complete is:
- (1) \$187,753.29
 - (2) \$187,850.00
 - (3) \$188,950.00
 - (4) \$188,150.00
508. Which of the following would be classified as a current asset on the financial statements of a business?
- (1) Land
 - (2) Rents receivable
 - (3) Real property at its historic cost
 - (4) Accounts payable
509. Bobby Buyer purchased a home in an area with landslide risks; however, at the time of purchase, Bobby's licensee did not make any inquiries about landslide risks in the area. Three months after Bobby's purchase, a landslide occurred three lots away from his property. There is no physical damage to Bobby's property, but the value of the property decreased significantly. Upon a brief investigation, Bobby discovered that his neighbouring property had previously been the subject of a landslide and that there were public government reports about it. Bobby has started a claim in negligence for economic loss against his licensee for not investigating and alerting him of any landslide risks. Which of the following statements is TRUE?
- (1) Bobby will have difficulty proving that his licensee owed him a duty of care because it is not reasonably foreseeable that his licensee's actions in the course of the sale would affect Bobby.
 - (2) When assessing the standard of care, a court will need to determine whether a reasonable buyer's agent would have made inquiries as to the landslide risk relating to the property.
 - (3) Since the law of negligence only provides for compensation for physical damages, Bobby will not succeed in a negligence claim against his agent.
 - (4) All of the above statements are true.
510. An option to purchase the mortgaged property given by the mortgagor to the mortgagee at the time the mortgage is negotiated is:
- (1) enforceable if the mortgagor has independent legal advice.
 - (2) void.
 - (3) enforceable in all cases.
 - (4) called the equity of redemption.

511. All other things being equal, shortening the contractual term on a constant level payment mortgage always has the effect of:
- (1) increasing the size of the periodic payments required to fully amortize the loan.
 - (2) increasing the size of the outstanding balance payment due at the end of the term.
 - (3) increasing the interest rate.
 - (4) increasing the payment frequency.
512. If you consider that the value shown on your assessment notice is too high, you can make a formal complaint to the:
- (1) municipal court.
 - (2) Court of Appeal.
 - (3) assessment commissioner.
 - (4) Property Assessment Review Panel.
513. Charlie enters into a fixed term tenancy agreement with Lucy for the rental of a suite during the school year. The agreement is for eight months beginning on September 1, 2018. The agreement does not provide that Charlie must vacate the rental unit when the term expires. In April, Charlie finds a summer job and decides to remain in the suite after the original lease expires. He pays Lucy one month's rent on May 1, 2019, which she accepts. No new agreement is entered into. Two days later, Lucy learns that her brother, Linus, has been transferred back to Vancouver and is expected to arrive at the end of the month with his new wife, Sally. Linus has indicated that he wishes to live in the suite now occupied by Charlie.
- Which of the following statements is TRUE?
- (1) Under the termination provisions of the *Residential Tenancy Act*, Lucy can give Charlie notice of the end of the tenancy agreement since she intends, in good faith, for her brother to occupy the premises.
 - (2) Lucy just has to wait until the end of May, and can evict Charlie at any time after that, since the original fixed term lease has expired and there is no new tenancy agreement.
 - (3) If Linus decides to purchase the suite, and Lucy provides Charlie with at least two months' notice and pays an amount equivalent to one month's rent, Linus must move in within a reasonable time after the effective date of the notice and stay for at least 6 months or else a court may order that Charlie be paid an amount equivalent to 12 months' rent.
 - (4) If Linus decides to purchase the suite and plans to move in right away, Lucy can give at least one month notice to end the tenancy.
514. When can an appeal be made to the Supreme Court of British Columbia regarding a real property assessment value?
- (1) When a property owner receives their assessment notice
 - (2) After receipt of the Property Assessment Appeal Board decision, and then only on a point of law
 - (3) Never
 - (4) After receiving notification of the decision of the Property Assessment Review Panel
515. If an offer is made by mail and the acceptance is mailed, when is the acceptance effective?
- (1) When it is received by the offeree
 - (2) When it is received by the offeror
 - (3) When it is posted
 - (4) From the date and time of the postmark on the envelope

516. Where a borrower believes that the amount of interest being charged is excessive, under which statute might relief be granted?
- (1) The *Interest Act*
 - (2) The *Business Practices and Consumer Protection Act*
 - (3) The *Land Titles Act*
 - (4) All of the above
517. The Annual Percentage Rate (APR) is:
- (1) a requirement under the federal *Interest Act*.
 - (2) also known as the stated interest rate.
 - (3) the borrower's contractual interest rate plus any non-interest finance charges.
 - (4) an interest rate that must be expressed with semi-annual compounding.
518. Which one of the following lists accurately describes the correct criteria, as agreed upon by negotiation experts, for a successful negotiation?
- (1) Efficiency, a zero-sum game, minimal wasted resources, preservation of the relationship
 - (2) Efficiency, satisfaction of both parties, distributive results, minimal wasted resources
 - (3) Efficiency, satisfaction of both parties, minimal wasted resources, preservation of the relationship
 - (4) Efficiency, a zero-sum game, satisfaction of both parties, preservation of the relationship
519. As a marketing incentive to speed up the sale of newly completed but unsold condominiums, a developer agrees to provide the buyers with first mortgages written at 8% rather than the going market rate of 13%, if they pay the \$45,000 asking price. Under these circumstances, the developer would likely be equally satisfied (in cash equivalent terms) with an "all cash" offer:
- (1) less than \$45,000.
 - (2) more than \$45,000.
 - (3) equal to \$45,000.
 - (4) that includes an additional bonus in order to purchase the unit.
520. Garfield, a licensee, was representing a seller, Madison, in the sale of his house to Tyler. After the sale completed, Tyler discovered that the main and lower floors of the house sloped. Garfield, Madison, and Tyler had not noticed this before, although the defect was discoverable using ordinary diligence. Based on the above, which of the following statements is TRUE?
- (1) Garfield had a duty to inspect the premises for soundness and structural defects before advertising it for sale.
 - (2) The sloping floor is a patent defect that should have been brought to Tyler's attention.
 - (3) Neither Garfield nor Madison are liable to Tyler for failing to bring the defect to Tyler's attention.
 - (4) Both (1) and (2) are true statements.
521. Which of the following is considered to be an advantage of the mobile office environment?
- (1) It is easier to establish a sense of community within the brokerage in a mobile office environment.
 - (2) The mobile office environment reduces certain inefficiencies, such as commuting, allowing licensees to focus their time on more productive tasks.
 - (3) The mobile environment makes it easier for a licensee to feel connected to the brokerage, strengthening the sense of loyalty.
 - (4) All of the above

522. The principle of good faith includes:

- (1) the duty of parties to a contract to fulfil their contractual obligations to the best of their ability.
- (2) the duty of a mortgagee not to commence foreclosure proceedings without giving the mortgagor ample time to cure the default.
- (3) the duty to not make false representations when negotiating a contract.
- (4) the duty of parties to a contract to act honestly in the performance of their contractual obligations.

523. Which one of the following accurately describes the law with respect to security deposits on a commercial tenancy?

- (1) Security deposits must not exceed 50% of the monthly rental.
- (2) There is no limit on the amount of security deposit that may be charged.
- (3) Security deposits are not permitted.
- (4) Security deposits cannot exceed one month's rent.

524. A trading services licensee who is not licensed to provide property management services CAN:

- (1) collect rent from tenants.
- (2) supervise contractors hired by the owner.
- (3) negotiate a lease document.
- (4) negotiate contractors on the owner's behalf other than the lease.

525. Julie is acting as the listing licensee for a property owned by her client, George. Julie also represents a client, Ahmed, whom she is helping find a suitable property to buy. Ahmed becomes interested in purchasing George's property. Julie would like to continue to represent George as a client in the sale of his property, while releasing Ahmed as a client. To do this, Julie must enter into an Agreement Regarding Conflict of Interest Between Clients with:

- (1) George, the continuing client, only
- (2) Ahmed, the released client, only
- (3) Both George and Ahmed
- (4) Neither George nor Ahmed, as the Agreement Regarding Conflict of Interest Between Clients must only be agreed to by Julie's managing broker

526. Which one of the following statutes affects the real property taxation system in British Columbia?

- (1) *Real Estate Services Act*
- (2) *School Act*
- (3) *Arbitration Act*
- (4) *Land Transfer Form Act*

527. Martha, who has been George's landlord for the past three months, has seized George's furniture from his rented premises and threatens to sell the furniture in order to pay George's arrears of rent. Which one of the following statements is FALSE?

- (1) Martha has chosen an illegal remedy against George if the rented premises is George's personal residence.
- (2) Martha has chosen a remedy called "distress" or "distrain".
- (3) Martha has chosen the most effective remedy against George if the rented premises is a warehouse.
- (4) Martha has taken an action that can be described as a classic example of a private nuisance.

528. Which of the following statements about the trial process in British Columbia is FALSE?

- (1) Our common law system is based on an adversarial process in which each of the two opposing parties presents its point of view to an impartial trier of fact whose decision is binding on both parties.
- (2) A plaintiff commences an action by filing a notice of civil claim in the court registry; once served with the notice of civil claim, the defendant can answer by denying some or all of the claims set out in the plaintiff's notice of civil claim by filing a response to civil claim.
- (3) One of the major reasons why most claims are settled out of court is that the discovery process allows the parties to see more plainly the strengths and weaknesses of their positions.
- (4) The plaintiff and defendant alternate in calling their witnesses.

529. Which of the following people may NOT require an appraisal of real property?

- (1) The executor of an estate
- (2) A property assessment appellant
- (3) A mortgage lender
- (4) A strata council

530. When preparing a market value appraisal of a single-family residence, which of the following is LEAST likely to be an acceptable valuation practice?

- (1) Rely on the owner's information as to the type of water supply piping in the property provided that you note in the appraisal report the source of your information, and that it has not been verified.
- (2) Ignore above-average quality of construction if the buyers and sellers in the neighbourhood do not consider high quality materials important.
- (3) Disregard the recent sale of a house with same floor plan that is within the same subdivision as the subject property if it was sold privately.
- (4) Rely upon the income approach as the primary method of appraisal.

531. Which one of the following is NOT a depreciable asset?

- (1) A septic tank system
- (2) 50 acres of land
- (3) Carpeting
- (4) A concrete patio

532. Value in exchange is:

- (1) commonly referred to as value to the owner.
- (2) the sale price.
- (3) the owner's minimum price, called the floor price.
- (4) a range of mutual profit.

533. Which of the following is NOT a characteristic of a fee simple estate?

- (1) It is held subject to the Crown's land use regulations.
- (2) It may be expropriated by the Crown.
- (3) It is a leasehold interest.
- (4) Its owner has it only for as long as they have heirs.

534. Yang was the owner of an office building in downtown Vancouver. She recently sold the building to Ashley for \$100 million. Ashley did not pay the GST on the sale and Yang has just received an assessment for the GST due on the sale of the property from the Canada Revenue Agency ("CRA") worth \$5 million. Which of the following statements is FALSE?
- (1) The \$5 million is collectible immediately by the CRA.
 - (2) Yang will have 90 days from the date of the assessment to file an objection with the CRA if she wishes to dispute it.
 - (3) If Yang files an objection and it is affirmed by an appeals officer at the CRA, Yang has exhausted her options in terms of appealing the assessment.
 - (4) Yang may pursue Ashley for the uncollected GST that she has been assessed for.
535. An offer to purchase real estate:
- (1) must have the words "or nominee" or "or assignee" if the buyer wishes to assign the contract.
 - (2) must by default have standard terms relating to contract assignments unless the buyer instructs otherwise.
 - (3) always provides either party with the option to assign the contract.
 - (4) cannot be assigned.
536. Which of the following is an example of an action that a criminal may take during the placement stage of the money-laundering process?
- (1) Arranging for multiple people to deposit small amounts of cash at different financial institutions
 - (2) Transferring money through a succession of bank accounts in different jurisdictions
 - (3) Selling real estate that was originally purchased using illicit cash to an unsuspecting buyer
 - (4) Frequently transferring ownership of a particular property between multiple acquaintances
537. Using the cost approach, determine the market value of a property with a 37,000 square foot building if construction costs new are \$62 per square foot, land value is estimated to be \$1,200,000, and total depreciation on the building to date is estimated to be 8%.
- (1) \$2,294,000
 - (2) \$3,310,480
 - (3) \$3,494,000
 - (4) \$3,214,480
538. Which of the following is defined as a marketing initiative that involves face-to-face communication with a potential consumer?
- (1) Telemarketing
 - (2) Emotional appeal
 - (3) Brand marketing
 - (4) Personal selling

539. There is a large Olympic-sized pool in the backyard of the home Margaret owns in Coquitlam. Each week in the summer, a worker from a pool maintenance company comes in and cleans the pool. Usually when he is cleaning the pool, the backwash runs over and chlorinated water leaks down on the garden of the neighbour below, killing the flowers. Both Margaret and the worker from the pool company are aware of what is happening. This would be considered which of the following?
- (1) A breach of the duty of care under the BC *Occupiers Liability Act*
 - (2) A private nuisance
 - (3) A patent defect
 - (4) Occupiers liability
540. The income approach is NOT usually used for the valuation of:
- (1) single-family residences.
 - (2) warehouses.
 - (3) leasehold interests in real property.
 - (4) single-storey retail complexes.
541. On March 7, Allan contracts, in writing, to sell his home to Bob for the price of \$100,000. The sale is to complete on March 31. On March 8, the house is destroyed. Accordingly, there has been:
- (1) a mutual mistake.
 - (2) a frustration of the contract.
 - (3) a common mistake.
 - (4) a rescission of the contract.
542. Which of the following statements regarding mortgagees is FALSE?
- (1) A mortgagee may require the addition of a guarantor to provide a separate personal covenant as a third party in addition to the borrower's personal covenant to pay.
 - (2) Where the property secured is a condominium, a mortgagee may require the borrower to grant to the mortgagee the right to vote at meetings of the strata corporation on various matters affecting the security of the mortgage.
 - (3) Although a number of remedies are usually available to a mortgagee in the event of borrower default, the lender usually has complete discretion in deciding the most suitable remedy to use in the circumstances.
 - (4) Once the mortgage terms have been agreed to by the mortgagor and the mortgagee, the mortgagee is bound to advance the total amount of the funds when requested by the borrower, regardless of the terms of the mortgage.
543. Conditions precedent are usually included in contracts of purchase and sale to protect the buyer. However, since conditions precedent can also be abused by buyers, a seller must be protected when a condition precedent is being included in a contract of purchase and sale. Which of the following additions to the contract of purchase and sale is NOT a valid method of protecting a seller's interests?
- (1) A specific time within which the condition must be removed can be included in the contract of purchase and sale.
 - (2) A clause requiring a Property Disclosure Statement to be filled out can be included in the contract of purchase and sale.
 - (3) A covenant can be inserted stating that the buyer will use their best efforts to satisfy the specific condition.
 - (4) A time clause can be included, which gives the seller the right to demand that the buyer remove the condition precedent within 72 hours.

544. Which one of the following is TRUE where a comparable property is sold subject to a vendor supplied mortgage at an interest rate lower than the current market rate?
- (1) The comparable property may never be used as evidence of market value.
 - (2) The comparable sale price must be adjusted upward.
 - (3) The comparable sale price may only be used as evidence of market value.
 - (4) The comparable sale price must be adjusted downward.
545. An appraiser has located a comparable where the sale price was \$220,000, comprised of \$105,000 cash and a \$115,000 vendor take-back mortgage written at 3.5% per annum, compounded semi-annually, with monthly payments sufficient to fully amortize the loan over 20 years. Assuming that the market rate for similar financing is 5% per annum, compounded semi-annually, what should the appraiser regard as the sale price of the house? (Round answer to the nearest \$100).
- (1) \$101,300
 - (2) \$220,000
 - (3) \$206,300
 - (4) \$192,000
546. Allison wants to put aside some money into a savings account to accumulate enough money to go on a trip to Australia. If she can afford to deposit \$250 at the end of every month, and the savings account earns interest at $j_{12} = 4\%$, how much money will have accumulated in the savings account by the end of the third year?
- (1) \$8,467.69
 - (2) \$9,545.39
 - (3) \$7,223.68
 - (4) \$8,993.21
547. Norm Abraham has offered \$231,000 for a house, providing he is able to obtain acceptable financing. The house lists for \$242,000, but the lender has appraised the house at \$238,000. The lender requires a loan-to-value ratio of 80% and a gross debt service ratio of 28%. Property taxes are \$1,750 per year and Mr. Abraham's annual gross income is \$85,000. If the interest rate is 12% per annum, compounded annually, the amortization period is 15 years, and payments are made monthly, what is the maximum amount this lender will advance, rounded to the nearest \$10?
- (1) \$149,910
 - (2) \$178,500
 - (3) \$158,270
 - (4) \$190,400
548. Which of the following clauses contained in a mortgage would constitute a clog on the equity of redemption and therefore be void?
- (1) Collateral advantage clause
 - (2) Option to purchase clause
 - (3) Indemnity clause
 - (4) Acceleration clause

549. The MOST effective remedy available to a landlord when a tenant does not pay the rent in a commercial tenancy is:

- (1) an injunction.
- (2) a garnishing order.
- (3) distress.
- (4) a demand letter.

550. Where an agent with authority enters into a contract with a third party and does not disclose that they are acting as an agent:

- (1) the third party may sue either the agent or the principal to enforce the contract.
- (2) the principal may sue the agent to enforce the contract.
- (3) only the agent may sue the third party to enforce the contract.
- (4) there is no contract in existence because there is no disclosure.

551. In mortgage financing, a constant payment mortgage is one where:

- (1) each payment is identical to the preceding one.
- (2) the payments are comprised of a constant amount of principal plus interest due.
- (3) the payments decrease in size during the term of the loan.
- (4) principal and interest are the same amount for each payment.

552. A trading services representative must never promise to sell real estate belonging to a prospective client, as an inducement to enter into a listing agreement with the licensee's brokerage:

- (1) unless at the time of making the promise, a signed statement setting forth the details of the promise is given to the person to whom the promise has been made.
- (2) unless at the time of making the promise, the representative has in fact lined up a buyer for the property.
- (3) unless they have been authorized to make such a promise.
- (4) unless the buyer is also a licensee.

553. A property owner is making an application to the municipal council to amend a zoning bylaw. Which of the following steps is NOT a part of the rezoning process?

- (1) The municipal council must vote in favour of the amendment on four different occasions (readings).
- (2) According to the *Local Government Act*, the municipal council must wait at least six months before approving the amendment.
- (3) The applicant may be required to donate a portion of their land to the municipality to be used as a park or pay to widen an existing road.
- (4) The applicant may be required to give a presentation about the amendment and answer questions from the municipal council at a public hearing.

554. You have a partially completed appraisal report that you need to fill in. The subject property has 4 bedrooms and 4 bathrooms. The house next door is similar in all respects except for the number of bedrooms and bathrooms. It sold for \$225,500 and has 3 bedrooms and 3 bathrooms. If the market value of a bedroom is \$4,000 and the market value of a bathroom is \$5,700, this comparable will have to be adjusted for bedrooms and bathrooms by:
- (1) -\$4,000 and -\$5,700 respectively.
 - (2) +\$6,400 and +\$5,700 respectively.
 - (3) +\$4,000 and +\$5,700 respectively.
 - (4) +\$5,700 and +\$4,000 respectively.
555. In order for a person to make a successful claim against the Assurance Fund in British Columbia, they must prove three of the following. Indicate the EXCEPTION.
- (1) They have lost an interest or estate in land.
 - (2) They cannot recover that interest or estate by court action.
 - (3) The person who deprived the injured party of their interest or estate in land has resold the interest to a bona fide purchaser for valuable consideration.
 - (4) If the *Land Title Act* had not been passed, they would have recovered the interest in land by a court action.
556. Using the comparative approach of appraisal to value properties with redevelopment potential, it is NOT necessary that the comparables and the subject property:
- (1) have a similar highest and best use after redevelopment.
 - (2) have a similar current use.
 - (3) have a market value of zero in their current use.
 - (4) expect to undergo redevelopment at a similar point in time.
557. A seller refuses to acknowledge the waiver of a condition precedent from a contract of purchase and sale. Assuming that the condition was made exclusively for the benefit of the buyer and the waiver was made prior to the expiry of the condition precedent, the agreement is:
- (1) one that is not binding on either party.
 - (2) voidable at the option of the seller.
 - (3) binding.
 - (4) voidable at the option of the buyer.
558. When, with respect to commercial tenancies, there is said to be an implied covenant of quiet enjoyment, it means:
- (1) that the landlord will refrain and will cause others to refrain from entering into competition with the tenant's business.
 - (2) that the tenant will conduct their affairs in such a manner as not to violate local noise bylaws and that, if they do, they will be liable for any fines or penalties levied.
 - (3) that the landlord provides assurance to the tenant against the consequence of a defective title involving the landlord or those lawfully claiming under them.
 - (4) that the landlord will ensure that all tenants conduct their affairs in such a manner as not to violate local noise bylaws.

559. A private investor expects to receive \$281.72 per month for a period of 17 years as a result of a mortgage loan she has just advanced. Calculate the investor's expected yield (expressed as a nominal rate with semi-annual compounding) on her investment if the loan was for \$23,250.
- (1) 13.61433%
 - (2) 12.79841%
 - (3) 13.68893%
 - (4) 13.25002%
560. Which of the following statements about restrictive covenants is FALSE?
- (1) A restrictive covenant must be negative in nature.
 - (2) Both the benefited and burdened land must be precisely identified in the agreement or document creating the restrictive covenant.
 - (3) The burden of the restriction must have been intended by the parties to bind the land.
 - (4) The covenantor must retain the restricted property, as any subsequent buyer will not be a party to the original contract.
561. An agent's duty to the principal not to make a secret profit means that an agent must keep the principal fully informed about which of the following?
- (1) All of the agent's personal business dealings
 - (2) The agent's annual tax return
 - (3) All of the actual benefits and prospective benefits accruing to the agent as a result of the agency relationship
 - (4) Only the actual profits received by the agent
562. In appraising an income-producing property using the income approach, gross potential rents must be estimated. How are gross potential rents BEST determined?
- (1) Based on long-term vacancy rates in the area in which the subject property is located
 - (2) Based on published surveys of relevant real estate trends
 - (3) Based on the relationship between money actually received and units actually rented
 - (4) Based on current market rents of similar properties
563. When a strata corporation grants an owner or tenant of a strata lot the permission to exclusively use common property as a short term exclusive use:
- (1) the permission requires approval by a $\frac{3}{4}$ vote at a general meeting of the strata corporation, unless the short term exclusive use is to endure for less than six months.
 - (2) the permission may be granted by a majority vote of the strata council if the permission does not involve a significant change in the use or appearance of the common property.
 - (3) the permission is identical to the designation of limited common property for the benefit of a strata lot owner.
 - (4) the strata corporation must not grant the permission for more than one month.
564. Which one of the following is NOT an activity of a Board of Variance?
- (1) To permit a structural alteration to a building used for a non-conforming use
 - (2) To hear an appeal where the enforcement of a zoning bylaw will cause undue hardship
 - (3) To amend a zoning bylaw
 - (4) To establish a time limit within which construction of a minor variance must be completed

565. The REALTOR® Code of Ethics is enforced by the:

- (1) Canadian Real Estate Association.
- (2) local real estate boards.
- (3) British Columbia Real Estate Association.
- (4) British Columbia Financial Services Authority.

566. Which of the following information is NOT necessary for a brokerage to keep in the real estate trade record sheet?

- (1) The date of the MLS® listing
- (2) The sale price or other consideration for the trade in real estate
- (3) The nature of the trade in real estate
- (4) The names and addresses of all parties to the trade in real estate

567. Sections 15 and 18(1) of the *Manufactured Home Act* provide that no person shall move a manufactured home UNLESS:

- (1) the manufactured home is registered in the land titles office.
- (2) the manufactured home is registered in the manufactured homes registry, and a transport permit has been obtained from the registrar.
- (3) the manufactured home is free of any security interests registered against it in the personal property registry.
- (4) they are the registered owner of the manufactured home.

568. Bert and Ernie owned, as joint tenants, a revenue producing property, which was leased to Oscar. Ernie died, leaving a will, which gave his interest in the property to Grover. Grover is now demanding one-half of the rent paid by Oscar. Bert refuses this request.

Which of the following statements is TRUE?

- (1) Bert and Grover now own the revenue producing property as joint tenants.
- (2) Bert and Grover now own the revenue producing property as tenants in common.
- (3) No interest in the property could be transferred to Grover via Ernie's will because the entire estate passed to Bert when Ernie died.
- (4) Ernie severed the joint tenancy by bequeathing his interest in the property to Grover. Therefore, Grover is entitled to a one-half interest in the property.

569. There are three common types of void deeds. Which one is considered NOT to be a void deed?

- (1) An unregistered deed
- (2) A forged deed
- (3) A deed given for illegal consideration
- (4) A deed signed in circumstances where the party can plead *non est factum*

570. Which one of the following is FALSE with respect to the proprietorship form of business?

- (1) A proprietorship is terminated upon the death of the owner.
- (2) A proprietor must pay tax on their business income at personal tax rates.
- (3) The proprietor is liable for all debts of their business to the extent of their capital investment in the business only.
- (4) There is no legal separation of the assets of the business and the other assets of its owner.

571. Hurston, the Head of Production at XYZ Preservatives Ltd., has been ordered by the company's president, in Toronto, to vent some gasses that have been stored in a pressure chamber at the Vancouver plant. Although the president knows that the gas is highly toxic, Hurston has been assured by the president that the gas is totally harmless and will quickly dissipate when released. Unfortunately, having escaped from the pressure chamber, the gas drifts in a dense cloud over Ralph's neighbouring apple orchard and destroys the apple crop. Which one of the following is TRUE?

- (1) Ralph will be successful in a claim against XYZ's president under the doctrine of trespass.
- (2) Ralph will probably succeed in a claim against XYZ based on negligence.
- (3) Ralph will be successful in his claim against XYZ based on XYZ breaching its fiduciary duty towards Ralph.
- (4) Ralph would probably have a successful claim against XYZ based on the provisions of the *Occupiers Liability Act*.

572. Under the *Residential Tenancy Act*, the landlord is entitled to collect a security deposit equal to:

- (1) one half of one month's rent.
- (2) one month's rent.
- (3) the first and last month's rent.
- (4) six months' rent.

573. Joe Carmichael borrows \$11,000 at a periodic interest rate of 0.75% per month. He agrees to repay \$335 per month. For how many FULL years will Joe have to make payments?

- (1) 3
- (2) 9
- (3) 27
- (4) 37

574. When casual reference is made to the current mortgage lending rate, the common practice is to quote:

- (1) effective annual interest rates.
- (2) nominal interest rates.
- (3) equivalent interest rates.
- (4) interest rates per compounding period.

575. Charlotte offered to sell her property to Dennis for \$180,000 by email. Dennis emailed, "Send lowest cash price – will give \$165,000 cash". Charlotte replied, "Cannot reduce price". Dennis then accepted the original offer but Charlotte refused to sell claiming that there was no contract. Which of the following statements is TRUE?

- (1) There is no contract because Charlotte's reply was not a renewal of her original offer.
- (2) Charlotte's reply to Dennis' first wire was, in effect, a counter-offer on the same terms as her original offer.
- (3) Charlotte may successfully claim that her initial price of \$180,000 was an "invitation to treat" and therefore she was entitled to refuse Dennis' offer to pay that amount.
- (4) Options (1) and (3) are both true.

576. "A contract respecting land or a disposition of land is not enforceable unless there is, in writing signed by the party to be charged or by his agent, both an indication that it has been made and a reasonable indication of the subject matter..." The preceding is an extract from which statute?
- (1) *Real Estate Services Act*
 - (2) *Statute of Frauds*
 - (3) *Land Title Act*
 - (4) *Law and Equity Act*
577. Anna is interested in purchasing Elizabeth's house. In an attempt to save money, instead of hiring a licensed home inspector, Anna thoroughly inspects Elizabeth's house herself and does not find any defects or deficiencies. After the sale completes, Anna discovers a major issue with the foundation of the house that will cost \$55,000 to fix. As a result, Anna sues Elizabeth for failing to disclose the issue with the foundation. Which of the following is TRUE?
- (1) Because the deficiency in the foundation is a major issue, Elizabeth is liable to Anna, even if she did not know about the defect.
 - (2) Elizabeth would only be required to disclose this defect if Anna specifically asked about the foundation.
 - (3) Anna's claim against Elizabeth for failing to disclose the foundation issue will likely fail if it can be shown that any qualified home inspector would have identified the issue.
 - (4) The foundation issue is known as a property stigma.
578. On June 1, Jem offered to buy Boo's summer cottage for \$230,000, and Boo accepted. Since the cottage was on a secluded island, neither party was aware that on May 30, the cottage was struck by lightning and completely destroyed by fire. Boo has no insurance and is seeking to enforce the contract.
- Which of the following statements is TRUE?
- (1) This is an example of mutual mistake and Jem can rescind the contract.
 - (2) The doctrine of frustration applies here and both parties are relieved of their future obligations under the contract.
 - (3) A court will set aside the contract based on "*non est factum*" (it is not my deed) or unilateral mistake since Jem did not know the nature of the document he was signing and could not have known the cottage was no longer standing.
 - (4) This is an example of common mistake and the contract is void.
579. Which of the following is a FALSE statement regarding the duties licensees owe to their clients under the *Real Estate Services Rules*?
- (1) The duty to act in the client's best interests does not include taking actions that are unlawful.
 - (2) The duty to act within the scope of authority given by the client does not include signing agreements for the client unless written permission is received.
 - (3) The duty of confidentiality is terminated when the relationship between the licensee and the client ends.
 - (4) The duty of full disclosure can include disclosing information a licensee may see as trivial.
580. At common law and unless the agreement stipulates to the contrary, as soon as a contract is signed for the purchase and sale of real property, the risk of loss or damage suffered between the signing of the contract and the completion falls on:
- (1) the buyer.
 - (2) the seller.
 - (3) the seller's insurance company.
 - (4) no one.

581. What is the key purpose that is achieved when a licensee fulfills section 54 of the Rules and provides a consumer with a Disclosure of Representation in Trading Services form?

- (1) Informed consent
- (2) Undivided loyalty
- (3) Fiduciary duty
- (4) Disclosure of interest in trade

582. You, as a trading services licensee working in a “hot” market, have recently listed a property for sale at \$850,000. An offer of \$840,000 was received at 8:30 this morning. At noon, a second offer of \$845,000 was received and a third offer of \$850,000 at 2:30 in the afternoon. You will be seeing the seller at 7:00 this evening. Which offer is to be presented?

- (1) All of the offers
- (2) The offer of \$840,000
- (3) The offer of \$845,000
- (4) The offer of \$850,000

583. A mortgage of the mortgagor’s equity of redemption is called:

- (1) a lien.
- (2) an equitable mortgage.
- (3) an agreement for sale.
- (4) a lease.

584. The Court Order usually obtained first in a foreclosure action is an:

- (1) order nisi.
- (2) order absolute.
- (3) order for sale.
- (4) order for specific performance.

585. Which one of the following is a liability on a financial statement?

- (1) Accumulated depreciation
- (2) Mortgages payable
- (3) Wages paid
- (4) Prepaid expense

586. Which of the following options is inconsistent with generally accepted accounting principles?

- (1) Expenses directly associated with particular revenues are recognized at the time they are incurred.
- (2) Assets are revalued upwards to account for the effect of inflation.
- (3) Fiscal year ends cannot be changed at will.
- (4) Revenues are recognized at the time they are earned.

587. The secondary mortgage market:

- (1) occurs when a borrower receives funds secured by a mortgage from a bank.
- (2) is the market in which existing mortgages are bought and sold as financial investments.
- (3) has been weakened by the introduction of mortgage-backed securities and Canada mortgage bonds.
- (4) is the market in which mortgage loans are initiated.

588. An investor wants to decide whether to buy a mortgage written for \$100,000 at $j_{12} = 3.5\%$ that calls for monthly payments, a 20-year amortization, and a 5-year term. If the investor can earn $j_{12} = 6\%$ with other investments, at what price should the mortgage be purchased?
- (1) \$80,951.26
 - (2) \$110,669.93
 - (3) \$90,143.73
 - (4) \$89,602.21
589. Constant payment repayment schemes developed in response to:
- (1) rapid inflation.
 - (2) the federal government's desire to stimulate the demand for and supply of housing after World War II.
 - (3) interest rate risk.
 - (4) principal risk.
590. The appraisal of condominium units using the market comparison approach has some distinct differences from the appraisal of other types of real property. Which one of the following factors might be applicable to condominiums ONLY?
- (1) Location and neighbourhood
 - (2) Quality of construction
 - (3) Common area charges
 - (4) Interest rate on the mortgage
591. Bona Fide Brokerage Ltd. arranges a mortgage with a face value of \$55,000 for Gina Griffiths. Gina is obliged to make monthly payments at $j_2 = 12\%$ for 15 years in order to fully amortize the loan. The broker deducts legal costs of \$450 and a brokerage fee of \$1,500 from the face value of the mortgage. Calculate the monthly payment.
- (1) \$649.89
 - (2) \$567.55
 - (3) \$632.17
 - (4) \$626.85
592. A mortgage broker has helped you set up a mortgage loan. The loan is for \$350,000 at an interest rate of $j_{12} = 4.75\%$ and a 20-year amortization. The loan calls for monthly payments of \$2,262 over a 2-year term with \$327,975.95 owing at the end of 2 years. If the lender pays the broker a fee of 2% of the funds advanced, what is the yield to lender, expressed as an effective annual rate (j_1)?
- (1) 3.742599%
 - (2) 6.002862%
 - (3) 4.749999%
 - (4) 5.251251%

593. Given the following information, calculate the minimum annual income a buyer must have in order to qualify for a \$42,500 loan.

Interest Rate:	11.75% per annum, compounded semi-annually
Term:	5 years
Amortization Period:	25 years
Payments:	Monthly
Maximum Gross Debt Service Ratio:	28%
Property Taxes:	\$600 per annum

- (1) \$21,728.89
- (2) \$20,620.29
- (3) \$16,939.56
- (4) \$19,161.78

594. Jim Dickson is interested in purchasing Josephine Topanga's condominium for the listed price of \$250,000. Jim proposes to pay \$80,000 in cash and he wants Josephine to take back a mortgage for the balance. The rate on the suggested mortgage is $j_2 = 5\%$ and the loan is to be fully amortized with monthly payments over 20 years. The market rate for similar mortgages is $j_2 = 8\%$. What is the market value of Jim's offer, rounded to the nearest \$10?

- (1) \$214,860
- (2) \$146,060
- (3) \$226,060
- (4) \$139,860

595. A mortgage broker initiates a mortgage in the amount of \$100,000 at $j_2 = 5\%$, with an amortization period of 20 years, a term of 5 years, and monthly payments. The broker deducts a brokerage fee of \$2,500 in addition to appraisal and legal fees totalling \$750. Calculate the cost of funds advanced to the borrower, expressed as an effective annual rate (j_1).

- (1) 6.404727%
- (2) 6.361028%
- (3) 5.512096%
- (4) 5.912962%

596. The risk to a mortgagee can be reduced by:

- (1) increasing the amortization period.
- (2) reducing the monthly payments.
- (3) reducing the loan-to-value ratio.
- (4) reducing the debt coverage ratio.

597. Jake wants to purchase a house that is listed for \$276,000. The bank's appraiser estimates that the lending value of the property is \$275,000. Jake's gross annual income is \$50,000 per year. The bank applies an 80% loan-to-value ratio and a gross debt service ratio of 32%. Property taxes amount to \$1,800 per year. Assume that the lender demands a 25-year amortization period and monthly payments at a contract rate of $j_2 = 4.2\%$. The government-specified qualifying rate is 5.25% per annum, compounded semi-annually. How much can Jake borrow, given the stress test borrower qualification rules for uninsured mortgages? Round your answer to the nearest \$10.
- (1) \$220,000
 - (2) \$175,600
 - (3) \$206,360
 - (4) \$181,560
598. An investor plans to pay \$200,000 for a vacant lot that he feels will sell at the end of 3 years for \$280,985.60. What is the monthly interest rate the investor will earn? (Ignore real property taxes)
- (1) 0.948879%
 - (2) 1.404928%
 - (3) 12%
 - (4) 2.873734%
599. Jennifer Joseph has lived alone in an apartment since the death of her husband 10 years ago. She has just turned 60 years of age, retired from her job as a bus driver, and wants to begin gardening as a hobby to fill in her retirement years. She has found a small house that is selling at a price she can afford because it is the only residential property in an area of commercial development. The present owners, who are anxious to sell, have lived in the house for about 20 years and have developed a magnificent garden, which appeals very much to Mrs. Joseph; however, she is worried about having enough retirement income to meet the mortgage payments and the property tax payments if she uses all of her savings as a down payment. Which one of the following statements is TRUE?
- (1) Mrs. Joseph should apply for a reverse annuity mortgage (RAM) because a RAM will require lower mortgage payments than a conventional mortgage.
 - (2) After Mrs. Joseph's purchase, the property will continue to have an assessed value for real property tax purposes, which is based on its value as a residential property.
 - (3) Mrs. Joseph may make application to defer payment of the net property tax under the regular program for as many years as she owns and resides in the house.
 - (4) If Mrs. Joseph becomes an owner-occupier, the home owner grants will allow reduction of her taxes to no more than \$350.
600. If the metric building module is increased from 100 mm to 150 mm, this would be considered as which of the following?
- (1) A hard change to the metric standard of measurement
 - (2) A soft change to the metric standard of measurement
 - (3) A switch to the imperial standard of measurement
 - (4) A continuation of the current imperial standard of measurement
601. A central gas fired, forced hot water heating system with room baseboard units provides MOST of its heat transfer in which one of the following ways?
- (1) Convection
 - (2) Combustion
 - (3) Collection
 - (4) Radiation

602. A mortgage loan has a face value of \$350,000, an interest rate of $j_2 = 5.5\%$, an amortization period of 20 years, a term of 3 years, and an option to make accelerated biweekly payments. What is the amount of the accelerated biweekly payment rounded up to the next highest dollar?
- (1) \$1,325
 - (2) \$2,533
 - (3) \$1,198
 - (4) \$2,649
603. You have a partially completed appraisal report that you need to fill in. The 2,400 square foot subject property has 4 bedrooms. The house next door is similar in all respects except for the number of bedrooms and square footage. The 2,500 square foot comparable sold for \$225,800 and has 3 bedrooms. If the market value of a bedroom is \$3,200 and above an 1,800 sq. ft. benchmark, each 100 sq. ft. is worth \$6,000, it can be concluded that the adjusted sale price of this comparable is:
- (1) \$228,600
 - (2) \$216,600
 - (3) \$223,000
 - (4) \$235,000
604. In the comparative approach, it is MOST important that the subject building and the comparable buildings be:
- (1) recently constructed of average quality construction.
 - (2) of the same general architectural style.
 - (3) similar with respect to factors judged important by buyers and sellers.
 - (4) inclusive of similar types and quality of fixtures.
605. If the cost of developing houses is greater than their market value, what will occur in the short run?
- (1) Costs will decrease.
 - (2) Market value will increase.
 - (3) Development will stop.
 - (4) The style of new housing will be changed to reflect the increased costs.
606. Consider the following data related to recently sold properties A and B. They are comparable to the subject property C.

	<u>Subject Property</u>	<u>Comparables</u>	
	<u>C</u>	<u>A</u>	<u>B</u>
Sale Price	?	\$190,000	\$220,000
Gross Potential Income	\$54,000	\$38,000	\$49,000
Vacancy	\$5,400	\$3,800	\$4,900
Current Operating Expense	\$36,000	\$25,000	\$32,000

Using the limited data above, estimate a market value for property C, rounded to the nearest \$1,000.

- (1) \$229,000 to \$260,000
- (2) \$184,000 to \$213,000
- (3) \$272,000 to \$285,000
- (4) \$265,000 to \$295,000

607. Which one of the following is FALSE with respect to the estimate of vacancy rates in the appraisal of income-producing properties?
- (1) Vacancy rates are expressed as a percentage of gross potential revenue.
 - (2) Vacancy rates must be those existing at the time of the appraisal for the subject property.
 - (3) Vacancy rates are needed because the 100% occupancy assumption of gross potential revenue is unrealistic for most properties.
 - (4) Vacancy rates must be deducted from gross potential revenue.
608. Which one of the following is termed functional incurable depreciation in a building?
- (1) Worn carpeting
 - (2) No air conditioning
 - (3) Narrow hallways
 - (4) Poor landscaping
609. Which of the following is NOT an effective way for a licensee to communicate the value of their services in a listing presentation?
- (1) Pay attention to details in the presentation, as this can provide evidence of performance.
 - (2) Refrain from discussing the marketing program for the property, as this is considered proprietary information.
 - (3) Turn intangibles into tangibles by including photos, virtual walk-throughs, or client testimonials.
 - (4) Clearly spell out the services and benefits that are being offered.
610. Which of the following types of software is used to compute listing searches, produce automated hot sheets, and generate Comparative Market Analysis presentations?
- (1) Forms software
 - (2) Back office management software
 - (3) Database software
 - (4) Multiple Listing Service® systems software
611. To qualify for a managing broker's licence in British Columbia, a person must meet which of the following requirements?
- (1) Submit personal financial statements for each licensee they intend to hire
 - (2) Have provided real estate services within British Columbia or an equivalent jurisdiction for 2 out of the 5 years preceding the application
 - (3) Have 3 years' licensed experience in British Columbia
 - (4) All of the above
612. Alan recently assisted Peter in the sale of Peter's house. What are the legal consequences of his doing so?
- (1) Unless he is licensed, Alan has breached the *Real Estate Services Act*.
 - (2) If Alan is unlicensed, but performed the service without receiving or expecting any money or reward, he has done nothing wrong.
 - (3) As long as Alan was not involved in the writing of the contract of purchase and sale, he may act for Peter and receive money for it.
 - (4) If Alan is unlicensed, but he is Peter's brother, Peter can pay him for the work and no breach has occurred.

613. Which of the following statements regarding joint tenancy is FALSE?
- (1) Where a husband and wife own property in joint tenancy and one of them dies, the other becomes the owner of the whole interest.
 - (2) Where a joint tenant transfers their interest to a third party, the third party becomes a tenant in common with the original joint tenant.
 - (3) Where a husband and wife own property as tenants in common and one of them dies, the other becomes the owner of the whole interest.
 - (4) A joint tenancy becomes a tenancy in common upon severance.
614. Under the Torrens System of land registration in British Columbia, if property is registered in favour of a trustee, this is shown by which of the following?
- (1) Registering a caveat against the title
 - (2) Registering a *lis pendens* against the title
 - (3) A notation of trust on the title
 - (4) Issuing the trustee a duplicate certificate of title
615. Mark, an experienced real estate licensee, showed a home in Lion's Bay to John, who was a first-time home buyer. John asked Mark whether the house had termites. It was located in forested area and John told Mark that he was afraid that this location might have termite infestation problems. Mark told him that there were no termite infestation problems in the house. After the sale was completed, John discovered that the house had a serious termite problem, which would cost a considerable amount to repair. On what grounds might Mark be liable to John in a lawsuit?
- (1) Occupier's liability
 - (2) Private nuisance
 - (3) Negligent misrepresentation
 - (4) Vicarious liability
616. Which of the following statements is TRUE with respect to security deposits in a commercial tenancy?
- (1) The interest that accrues on a security deposit is always paid to the account of the landlord.
 - (2) Someone who purchases the property from the landlord is obligated to repay the security deposit to the tenant.
 - (3) The amount of a security deposit may be freely negotiated between the two parties to a commercial lease.
 - (4) All of the above
617. Which of the following statements about bare land strata developments is TRUE?
- (1) A typical way for a developer to ensure that the houses built within the strata lots have a uniform appearance is through a series of corresponding easement agreements affecting each lot.
 - (2) Within a bare land strata development, title to the roads is always transferred to the local municipality on completion, so that the municipality will be responsible for the costs of maintenance and repairs.
 - (3) Bare land strata developments are typically only used for residential or recreational properties.
 - (4) The owners of bare land strata lots will be responsible for the costs associated with the common property of the development, which may include outdoor recreational facilities such as lakes or trails.

618. Which of the following is/are TRUE regarding listing contracts?

- (1) The purchaser can rely on the terms in the listing contract.
- (2) The listing contract must be signed by all persons who have an ownership interest in the property being sold.
- (3) If the licensee includes the terms “approximately” or “more or less” when describing the property, the licensee does not have to perform a title search.
- (4) All of the above

619. An agent will be personally liable to third parties:

- (1) whenever the agent contracts on behalf of a principal.
- (2) where the agent fails to disclose that they are an agent.
- (3) where the agent has no written authority.
- (4) in all of the above circumstances.

620. Victoria has agreed to sell her home to Penny for \$140,000. Property taxes of \$2,300 have been assessed and were paid in full by Victoria on July 15. There is an outstanding late payment penalty of \$85, which Victoria has not yet paid. The adjustment and possession date is December 28. It is NOT a leap year. Penny's share of the property taxes will appear on her own statement of adjustments as:

- (1) a credit of \$25.21.
- (2) a credit of \$18.90.
- (3) a debit of \$25.21.
- (4) a debit of \$18.90.

621. Vivian has agreed to sell her home to Peggy for \$140,000. Peggy has saved up \$15,000, which she paid to her brokerage as a deposit. In addition, she has obtained \$92,000 in new mortgage financing from her bank. Conveyancing fees of \$690 and a mortgage administration fee of \$250 are payable by Peggy. Vivian is paying a 6% real estate commission to her real estate brokerage. The adjustment and possession date is December 28.

Vivian has agreed to take back a short term mortgage in the amount of \$8,000 in order to help Peggy finance the purchase. In addition, the conveyancer will be discharging the existing mortgage on title, which has an outstanding balance of \$12,000. Finally, property taxes of \$2,300 have been assessed and were paid in full by Vivian on July 15. These taxes are to be adjusted between the parties. There is an outstanding late payment penalty of \$85, which Vivian has not yet paid. No one is entitled to a home owner grant, and, as no exemptions apply, Peggy will be responsible for paying the property transfer tax on completion. Assume that it is NOT a leap year and Peggy is NOT a foreign entity for property transfer tax purposes. The cash proceeds of the sale which will be received by Vivian are:

- (1) \$111,540.21
- (2) \$140,025.21
- (3) \$111,533.90
- (4) \$111,515.21

622. Valentina has agreed to sell her home to Petra for \$140,000. Petra has saved up \$15,000, which she paid to her brokerage as a deposit. The deposit will appear:

- (1) as a debit on Petra's statement and a credit on Valentina's statement.
- (2) as a credit on Petra's statement only.
- (3) as a credit on both parties' statements.
- (4) as a credit on Petra's statement and a debit on Valentina's statement.

623. Bernadette has agreed to purchase Steve's home for \$438,000. However, before the sale completes, she discovers that she has been the subject of an innocent misrepresentation that materially affects the contract. Bernadette may go to court and ask for the application of which of the following legal principles?
- (1) Revocation
 - (2) Rectification
 - (3) Rescission
 - (4) None of the above
624. On January 1, Abdul placed an advertisement on CQXR radio station offering squash lessons for \$30 per hour. Lois heard the ad and phoned Abdul on January 3 and said "I want to take squash lessons but I'm a student, do you give a lower rate to students?" Abdul said that he only had one rate of \$30 per hour. Lois said she would phone back. On January 5, Lois phoned Abdul and said she accepted Abdul's offer. Which of the following statements concerning Abdul and Lois is true?
- (1) The January 1 advertisement was an offer, which Lois accepted on January 5.
 - (2) The January 1 advertisement was an offer and Lois' telephone call on January 3 was a counter-offer.
 - (3) Lois' January 3 call was a request for information and Abdul's response on January 3 was an offer.
 - (4) Lois' January 3 call was a counter-offer and Abdul's response on January 3 was a second counter-offer.
625. Which of the following statements regarding limited partnerships is TRUE?
- (1) Each limited partner is personally liable for all debts that the partnership incurs.
 - (2) A limited partner can actively be engaged in managing the business without any consequences to their partnership status.
 - (3) Income is taxed before it is distributed to the partners.
 - (4) There must be one or more general partners.
626. In a single-storey house, joists are horizontal framing members that support which of the following?
- (1) Rafters
 - (2) The foundation only
 - (3) Floors
 - (4) The foundation and ceilings
627. Which of the following situations are consistent with the existence of a joint tenancy under current British Columbia law?
- (1) Herman was a co-owner of Blueacre. When Herman died, the surviving co-owners of Blueacre automatically became its only co-owners.
 - (2) Joan and Anna are co-owners of Greenacre. The document transferring the property to them does not expressly state how they hold the property or what interest each owns.
 - (3) Paul, a co-owner of Blackacre together with Peggy, transferred his interest in the property to his son and registered the transfer in the land title office. Paul's son is now a co-owner together with Peggy.
 - (4) Bert and Ernest are co-owners of Whiteacre. The front half of the property is Bert's and the back half is owned by Ernest.

628. A property is listed for \$488,888, but the property's lending value is estimated to be \$480,000. Jay and Joan purchase the home for \$485,500 subject to mortgage of \$360,000. What loan-to-value ratio was applied by the lender with whom Jay and Joan negotiated the mortgage? (Assume that the loan-to-value ratio was the binding constraint on the loan size.)
- (1) 67.5%
 - (2) 70%
 - (3) 72%
 - (4) 75%
629. Three years ago Jim bought a house, at which time he arranged a mortgage for \$120,000. The loan was written at a rate of 6.75% per annum compounded semi-annually, calling for monthly payments of \$822.06 and an outstanding balance of \$108,904.49 due at the end of the 5-year term.
- Jim has just received an offer from Alice to buy his house. Alice's offer consists of \$25,000 cash and assumption of the existing financing for the remainder of the term. If current lending rates for 2-year term mortgages are 8.75% per annum, compounded semi-annually, what is the market value of Alice's offer?
- (1) \$97,335.06
 - (2) \$109,829.02
 - (3) \$122,335.06
 - (4) \$134,829.02
630. Kevin wants to purchase an investment that will give him payments of \$450 at the end of every quarter for the next four years. If Kevin wants to earn an interest rate of 6% per annum, compounded quarterly, how much should he pay today for this investment?
- (1) \$8,069.57
 - (2) \$7,224.92
 - (3) \$6,359.07
 - (4) \$6,983.29
631. Sue purchased a townhouse in March 20X3 for \$262,000. Five years later, it was appraised at \$350,000. Seven years after the townhouse was purchased, Sue sold the townhouse for \$332,000. What was the pre-tax yield on her investment expressed as an effective annual rate?
- (1) 6.098489%
 - (2) 3.440586%
 - (3) 5.907385%
 - (4) 4.717696%
632. A borrower who makes accelerated biweekly payments:
- (1) will make a smaller number of payments in a calendar year than a borrower who makes constant monthly payments (all other loan terms being equal).
 - (2) will pay more interest over the life of the loan than a borrower who makes constant monthly payments (all other loan terms being equal).
 - (3) pays one-twelfth of the annual payment every two weeks.
 - (4) pays one-half of the monthly payment every two weeks.

633. An estimate of gross potential rents is achieved by:
- (1) comparing all rents for similar space.
 - (2) comparing rents for recently leased similar space.
 - (3) projecting future rental increases.
 - (4) totalling current rents in the subject building.
634. You are determining the market value of a subject property using the capitalization process. The gross potential rent for the subject property is \$430,000, operating expenses are \$130,000, and the long-term vacancy rate is 4%. If immediate repairs of \$65,000 are required on the property and the appropriate capitalization rate is 6%, the market value of the property is approximately:
- (1) \$4,713,000
 - (2) \$3,630,000
 - (3) \$2,900,000
 - (4) \$4,648,000
635. Which of the following refers to communication with employees, stockholders, clients, and the general public, with the aim of enhancing the image and reputation of a business?
- (1) Sales promotion
 - (2) Undifferentiated marketing
 - (3) Public relations
 - (4) Target theory
636. The Superintendent of Real Estate is appointed by:
- (1) real estate licensees.
 - (2) the Lieutenant Governor in Council.
 - (3) the real estate boards.
 - (4) the BC Financial Services Authority board of directors.
637. Which of the following would likely NOT fall under the definition of a “residential complex” under the *Excise Tax Act*?
- (1) Land that is reasonably necessary for the use and enjoyment of the complex as a place of residence
 - (2) A detached home in which a family resides
 - (3) A condominium unit being rented out to a university student on a year-long lease
 - (4) A home that is used for short-term rentals on Airbnb
638. Your client, Bard, is a developer who owns land in an area zoned for single family residences. He wants to subdivide his 2.5 acre lot and build two 24 unit condominium projects on the land. Bard seeks your expert advice about how to overcome the land use bylaw obstacles that could prohibit the land development. You correctly advise Bard that:
- (1) Bard will have to apply for a legal non-conforming use permit for this development site, according to the process outlined in the *Local Government Act*.
 - (2) a public hearing must be held by the municipal council prior to a change in the permitted land use or density under a zoning bylaw.
 - (3) the municipal council has the power, after a public hearing has been held, to alter an amended bylaw to further change the use or density of a zone without holding another public hearing, so long as it is in the public's best interests to make this further change.
 - (4) All of the above statements are true.

639. There are several steps taken before a lawsuit actually is brought before a judge. Which of the following procedures does NOT take place before a trial begins?

- (1) Filing and serving a notice of civil claim
- (2) Filing and serving a response to civil claim
- (3) Conducting an examination for discovery
- (4) Obtaining a garnishing order

640. All other things being equal, the type of loan with the most risk to the lender is:

- (1) an interest accruing loan.
- (2) an interest only loan.
- (3) a straight line principal reduction loan.
- (4) a constant, blended payment loan.

641. Assume that it is not a leap year.

A property is sold on the following terms:

Price:	\$195,000 (cash)
Commission:	5% on the first \$100,000 of the sale price and 2½% on the balance
Adjustment, possession, and completion date:	August 28

Taxes for the current year were paid by the seller on July 1 in the amount of \$1,015. The buyer has paid a deposit of \$20,000 legal fees for the conveyance amount to \$491. Where would the tax adjustment appear on the Statements of Adjustment?

- (1) As a credit on the Seller's Statement and a debit on the Buyer's Statement
- (2) As a credit on the Buyer's Statement and a debit on the Seller's Statement
- (3) As a credit on both statements
- (4) As a debit on both statements

642. Where a licensee is personally involved in a real estate sale, which of the following is NOT a part of the disclosure requirements under the *Real Estate Services Act*?

- (1) The licensee must disclose that they, or an associated company or partnership, are purchasing the property on their own behalf.
- (2) The licensee must disclose that they, or an associated company or partnership, are selling their own property.
- (3) The licensee must disclose any other properties currently under consideration by the licensee.
- (4) The licensee must make the required disclosure in writing, in the required form, prior to entering into any agreement.

643. Which of the following is NOT a commonly used financial statement?

- (1) A statement of profit and loss
- (2) An income statement
- (3) A balance sheet
- (4) A corporate statement of holdings

644. Which of the following options defines the term “amperage”?

- (1) A measure of electrical potential
- (2) A measure of electrical consumption
- (3) A measure of electrical flow
- (4) A measure of electrical power

645. A borrower has arranged a loan of \$196,000 at an interest rate of 6% per annum, compounded annually over an amortization period of 15 years. What is the monthly payment required?

- (1) \$1,386.30
- (2) \$1,543.86
- (3) \$1,262.84
- (4) \$1,637.18

646. All other things being equal, a selling price less than the market value of a property is most likely to be obtained in a sale when:

- (1) real estate prices are increasing very quickly.
- (2) the seller is not in a hurry to sell.
- (3) the buyer is in a hurry to buy.
- (4) the property has been exposed to the market for more than two months.

647. A local mortgage broker arranged a mortgage in the amount of \$210,000. The borrower has agreed to pay a brokerage fee in the amount of \$7,200 that is to be added to the loan amount, giving a face value of \$217,200 for the loan. The mortgage bears interest at a contract rate of 6.5% per annum, compounded semi-annually. The mortgage has an amortization period and term of 20 years and calls for monthly payments. If the mortgage is to be sold to an investor for \$225,000 immediately after the loan is initiated, the investor will earn the following nominal interest rate, with semi-annual compounding:

- (1) 7.061529%
- (2) 6.047054%
- (3) 7.135586%
- (4) 6.842788%

648. What is the amortization period of a \$125,000 loan that has a term of 7 years, an interest rate of 6.5% per annum, compounded semi-annually, and monthly payments of \$926?

- (1) 300 months
- (2) 250 months
- (3) 239.803291 months
- (4) 227.985233 months

649. A property that is not employed in its highest and best use:

- (1) should be renovated.
- (2) possesses latent value.
- (3) should be rezoned.
- (4) should be appraised by the cost approach.

650. An individual is planning to purchase a property that has a list price of \$368,888. The proposed purchase price will be \$365,000 and the lender will apply a lending value of \$363,000. How large will the down payment need to be if the lender insists on a maximum loan-to-value ratio of 80%?
- (1) \$74,600
 - (2) \$73,000
 - (3) \$75,300
 - (4) \$76,888
651. Which of the following statements regarding electrical service is FALSE?
- (1) If the home is less than 25 years old, the size of the main breaker usually determines the service.
 - (2) The wires to most homes carry 120/240 volt, 3-wire electrical service.
 - (3) The Canadian Electrical Code requires that new or substantially renovated houses of more than 80 square metres have a service capacity of at least 100 amps.
 - (4) Voltage is a measure of power or consumption.
652. The process used in underwriting income-producing properties is similar to that for residential borrower qualification except that in underwriting commercial properties:
- (1) a loan-to-value constraint is never used.
 - (2) the income from the property is more important than the personal income of the borrower.
 - (3) a gross debt service ratio is commonly employed.
 - (4) a safety margin is not necessary.
653. A board of variance is a board established to:
- (1) ensure that actions by municipalities are not at variance with the *Local Government Act*.
 - (2) settle boundary line disputes between private parties.
 - (3) ensure that all non-conforming uses cease within six months after a change in a zoning bylaw.
 - (4) permit a minor deviation from a zoning bylaw for an individual property owner.
654. Which of the following is a liability on a financial statement?
- (1) Accumulated depreciation
 - (2) Inventory
 - (3) Rent receivable
 - (4) Accounts payable
655. Jennie has rented her apartment on a month to month basis for two years without a rent increase. She receives a properly delivered rent increase notice on July 31 raising her rent from \$750 per month to \$1,075 per month, effective November 1. She feels this increase is excessive and discusses it with her landlord, but her landlord remains convinced that \$1,075 is a fair market value rent, even though the applicable Consumer Price Index (CPI) is 3%. Which of the following statements is TRUE?
- (1) The notice of rent increase is invalid because it is less than six months before it becomes effective.
 - (2) This rent increase cannot be valid or approved because it is greater than the CPI.
 - (3) This rent increase will be valid only if there has been a change of landlords.
 - (4) This rent increase will be valid only if approved for special circumstances as set out in the *Residential Tenancy Regulations*.

656. Which of the following is a key determinant of the value of a property?

- (1) Vendor financing
- (2) Cash-equivalent price
- (3) Listing (asking) price
- (4) Rights of ownership

657. Where a principal adopts a contract that their agent entered into without any authority:

- (1) the third party is not obligated to honour the contract if they do not wish to.
- (2) the principal can sue the agent for breach of warranty of authority.
- (3) the agent is given authority retroactively to enter into that contract.
- (4) the agent becomes a party to that contract.

658. Mr. & Mrs. Tom Jones and Ashraf Menzies have a signed contract of purchase and sale for a triplex owned by Alan Sinclair. Mr. & Mrs. Jones have agreed to pay \$100,000 each and Ashraf has agreed to pay the balance of \$50,000. They would like their ownership registered as a joint tenancy. Which one of the following statements is TRUE?

- (1) Tom, Mrs. Jones, and Ashraf cannot register their ownership as a joint tenancy because they did not each contribute the same amount of cash.
- (2) If their interest is registered as a joint tenancy, Tom, Mrs. Jones, and Ashraf will each own an undivided interest in the triplex.
- (3) Tom and Mrs. Jones would be allowed to register their interests as a joint tenancy because they are husband and wife, but Ashraf would have to be a tenant-in-common with them.
- (4) Tom, Mrs. Jones, and Ashraf cannot meet the four common law principles required to create a joint tenancy.

659. A friend of yours is cleaning out her real estate office and is throwing away the hard copies of all her transaction-related documents. When you ask her why, she explains that she has electronic copies of all of these documents and that they are just taking up space. Which of the following statements regarding data backup and legal considerations should your friend be aware of?

- (1) Keeping only electronic copies of transaction-related documents is advisable and hard copies are not necessary in the real estate industry.
- (2) There is no need to keep hard copies because of the use of digital signatures.
- (3) She should retain her hard copies in case there is a question as to the authenticity or origin of the electronic documents and email communications.
- (4) It is only necessary to retain hard copies of documents if they do not contain signatures or initials.

660. Which of the following correctly lists assets from most liquid to least liquid?

- (1) Accounts receivable, inventories, accounts payable, marketable securities
- (2) Marketable securities, accounts receivable, inventories, prepaid expenses
- (3) Cash, accounts receivable, land, marketable securities
- (4) Building, cash, prepaid expenses, inventories

661. Elly, a licensed real estate representative, entered into a written exclusive listing contract with Laura to list Laura's house for sale for \$300,800. Shortly after entering into this agreement, Elly's licence expired. Unaware of the expiration of her licence, Elly proceeded to hold three open houses and several other showings of the house, eventually finding a buyer who offered \$300,800 for the house. Laura accepted the offer, but when she learned about Elly's licence expiry, she refused to pay any commission to Elly. Which of the following statements is TRUE?
- (1) A court will not award Elly any form of remuneration in this situation.
 - (2) The *Real Estate Services Act* permits Elly to sue Laura for commission in this situation whether or not the listing contract specified the amount Elly was to receive.
 - (3) A lawsuit to recover damages against Laura for breach of the listing contract will probably succeed even if Laura later refuses to complete the sale of her house.
 - (4) Based on the limited facts in this situation, the listing contract likely violates the statutory requirements of the *Real Estate Services Act*.
662. In which one of the following situations may the landlord choose to give the tenant one month's notice of the end of the tenancy agreement?
- (1) Charles is renting a one-bedroom apartment in the West End of Vancouver on a month-to-month basis. He has been diligent in paying his rent on the due date each month but the landlord has recently discovered that Charles' friend, Christine, has moved into the apartment with him.
 - (2) Jordan's warehouse is long overdue for a major renovation, which cannot be completed with the present tenant in occupation. Aladdin, the tenant, has four months left on his fixed term tenancy and does not wish to move.
 - (3) On September 1, Kirsten moved into a small house owned by Jackson without paying the security deposit of \$300 requested by the rental agent and according to the terms of the tenancy agreement. On September 30, she tenders \$600 for the October rent but refuses to pay the additional \$300 for the security deposit.
 - (4) MacGregor's son is moving to Vancouver and wants to live in an apartment that MacGregor owns and has rented out to Mrs. Julian for the last 20 years.
663. With respect to an insured mortgage loan, which of the following statements is FALSE?
- (1) In Canadian mortgage loan insurance, the lender pays the insurer a single premium, the cost of which is generally passed on to the borrower.
 - (2) Borrowers can add the mortgage loan insurance premium to the mortgage amount.
 - (3) Canada Mortgage and Housing Corporation (CMHC) is the only institution in Canada that provides mortgage loan insurance.
 - (4) Federally regulated financial institutions require mortgage insurance in order to make loans with loan-to-value ratios higher than 80%.
664. Ownership of land in British Columbia includes not only the surface of the land, but also:
- (1) the column of airspace above it insofar as the owner can see.
 - (2) the gold and silver below the land to a depth of ten feet.
 - (3) objects affixed to the land for the purpose of improving the land.
 - (4) petroleum down to the centre of the earth.

665. A strata plan is:

- (1) filed in the Land Title Office and designates which parts of a strata projects are strata lots and which are common property.
- (2) used for both condominium and cooperative developments.
- (3) required only when creating five or more strata lots.
- (4) essentially a package of restrictive covenants.

666. The primary purpose of a credit analysis of a mortgagor is:

- (1) to ensure that the borrower has both the ability and the intention of complying with the mortgage agreement.
- (2) to determine if the borrower is worth suing if they default on the mortgage.
- (3) to determine the exact interest rate to charge the borrower.
- (4) to appraise the value of the property given as security for the loan.

667. A licensee is required to provide the consumer with a Disclosure of Risks to Unrepresented Parties form if the licensee is providing trading services to the consumer as an unrepresented party in such a way that the licensee must provide a Disclosure of Representation in Trading Services form to that unrepresented party AND:

- (1) the unrepresented party is particularly vulnerable in the trade in real estate.
- (2) the licensee is also representing a client in the same trade in real estate.
- (3) the unrepresented party is not obtaining legal advice in respect of the trade in real estate.
- (4) the unrepresented party has never worked with a real estate licensee before.

668. When a borrower is unable to make the mortgage payments (in part or full):

- (1) the lender will immediately use legal remedies to recover the outstanding amounts.
- (2) the borrower has the right to automatically adjust payment terms.
- (3) the lender cannot grant extra time to repay the deficit amounts.
- (4) it may be due to loss of employment.

669. The consumer price index is a good method to adjust sale prices to the level of values prevailing as of the date of appraisal:

- (1) where the comparable sales are deemed to be not recent.
- (2) where there are inadequate numbers of comparable sales within a particular neighbourhood.
- (3) where the cost approach of appraisal is deemed to be inappropriate.
- (4) under no circumstances.

670. An appraiser is using the market approach for an appraisal of a single-family house. By proper adjustment, the appraiser can use sale prices of all the following properties for comparison purposes, EXCEPT:

- (1) houses in different neighbourhoods.
- (2) houses with different square footage.
- (3) houses recently sold between related parties.
- (4) houses sold over six months ago.

671. Wally Walters wants to determine the market value of his property. Unfortunately, he lives in a sparsely inhabited region where there are no similar properties that have recently sold. However, he does know that the replacement cost (new) of his 2,600 square foot house is \$42.50 per square foot. The land value estimate using the comparative approach of appraisal is \$41,500.

Mr. Walters has not taken adequate care of his house and it has depreciated in value. There has been \$16,300 of curable physical depreciation. In addition, the bathroom and kitchen fixtures are outdated; their replacement cost is \$13,200.

Based on the above information, what is the market value of Mr. Walters' property?

- (1) \$122,500
- (2) \$81,000
- (3) \$152,000
- (4) \$135,700

672. You have a partially completed appraisal report that you need to fill in. The subject property has 5 bedrooms and an alarm system. The house next door is similar in all respects except for the number of bedrooms and alarm system. It recently sold for \$445,500 and had a +\$3,500 adjustment for bedrooms and a +\$5,500 adjustment for an alarm system. If the market value of a bedroom is \$3,500 and the market value of an alarm system is \$5,500, it can be concluded that this comparable has:

- (1) 4 bedrooms and no alarm system.
- (2) 3 bedrooms and no alarm system.
- (3) 4 bedrooms and an alarm system.
- (4) 5 bedrooms and an alarm system.

673. Jonathan Wong has offered \$231,000 for a house, providing he is able to obtain acceptable financing. The house lists for \$242,000, but the lender has set the lending value at \$238,000. The lender requires a loan-to-value ratio of 80% and a gross debt service ratio of 30%. Property taxes are \$1,750 per year and Mr. Wong's annual gross income is \$65,000. If the interest rate is 6.5% per annum, compounded annually, the amortization period is 20 years, and payments are made monthly, what is the maximum amount this lender will advance, rounded to the nearest \$100?

- (1) \$201,300
- (2) \$196,800
- (3) \$215,200
- (4) \$190,400

674. Which of the following is NOT characteristic of a mortgage as an investment?

- (1) Smaller investors face a mortgage payment reinvestment problem.
- (2) Mortgages require a high initial outlay of capital.
- (3) Mortgages require a low degree of administrative work.
- (4) Mortgages are "unique", which makes them difficult to trade.

675. Cornelius gave a life tenancy to Ruel, which did not expressly state anything about Ruel's liability for waste. Ruel will NOT be liable to the remainderman for:

- (1) permissive waste.
- (2) voluntary waste.
- (3) ameliorating waste.
- (4) equitable waste.

676. Which of the following statements about depreciation expense is TRUE?

- (1) It is another name for capital cost allowance.
- (2) It is a deductible expense in computing income for purposes of income taxation.
- (3) It is usually calculated on land by the straight-line method.
- (4) It is the method used to allocate the cost of an asset over time.

677. The owner of an interest in real property that is located in British Columbia always has:

- (1) a fee simple interest.
- (2) the right to use their property in any way they choose.
- (3) at least a 99-year lease from the Crown.
- (4) common law rights as modified by legislation.

678. Steelgrave Developments is contemplating the construction of a large residential building. They have been guaranteed financing by their bank in the amount of \$1,500,000. The terms of the financing are $j_2 = 9.75\%$ with a 20-year amortization period, 5-year term, and monthly payments. Steelgrave believes that if market conditions are favourable, they will sell the building when it is completed, 2 years from now. How much principal will be paid off at the end of the 2-year construction period, rounded to the nearest dollar?

- (1) \$53,826
- (2) \$55,072
- (3) \$160,075
- (4) \$125,212

679. Consider the following data related to two recently sold properties, Property A and Property B. They are comparable to the subject Property C, whose value is to be appraised.

	<u>Subject Property</u>	<u>Comparables</u>	
	<u>C</u>	<u>A</u>	<u>B</u>
Sale Price	?	\$190,000	\$250,000
Gross Potential Income	\$54,000	\$36,000	\$47,000
Current Operating Expenses	\$36,000	\$25,000	\$32,000
Long-Term Vacancy Rate	5%	5%	5%

Using the limited data above, estimate a market value for Property C, rounded to the nearest \$1,000.

- (1) \$250,000 to \$299,000
- (2) \$302,000 to \$316,000
- (3) \$320,000 to \$350,000
- (4) \$325,000 to \$360,000

680. In which of the following situations will the agency authority continue to exist?

- (1) Lorne lists his house for sale with Steve. The house burns down.
- (2) Lorne enters into an exclusive listing agreement with his agent Mark. Lorne then sells the property himself without Mark's assistance.
- (3) Lorne tells his agent over the phone that he no longer has the authority to sell his house.
- (4) None of the above.

681. Blackacre, a revenue producing property, has been sold. The date of adjustment will be January 31, 2011, exactly 18 months after the contract of purchase and sale was signed and a deposit of \$3,500 was paid directly to the seller. If interest on this deposit accrues for the benefit of the buyer, 6% per annum, compounded annually, what will be the amount shown on the seller's statement of adjustment?
- (1) \$3,815.00 debit
 - (2) \$3,819.68 debit
 - (3) \$3,815.00 credit
 - (4) \$3,819.68 credit
682. Which of the following statements is TRUE with respect to listing contracts?
- (1) While a listing contract is a contract between the brokerage and the seller, the buyer is bound to some of the terms contained in the contract.
 - (2) It is not necessary that an exclusive listing contain a specified duration or commencement date.
 - (3) The open listing provides better protection for the agent than the exclusive listing.
 - (4) None of the above statements is true.
683. Which of the following will NOT result in the release or expiry of an offer?
- (1) The illiteracy of the offeree
 - (2) The expiry of a specified time limit in the offer prior to acceptance
 - (3) A counter-offer by the offeree
 - (4) Revocation of the offer, communicated to the offeree by the offeror
684. Which of the following options is an advantage of using a central, gas-fired, forced hot water heating system?
- (1) Its air filtration capabilities
 - (2) The production of a steady, consistent heat
 - (3) Money can be saved by leaving it off during an owner's winter absence
 - (4) Heat transmission is completely by radiation
685. Which of the following could be called "legislation"?
- (1) The *Land Title Act*
 - (2) The Principle of Specific Performance
 - (3) The Equity of Redemption
 - (4) All of the above
686. Which one of the following is NOT a mortgagor covenant?
- (1) Pay all taxes on the land and on the improvements
 - (2) Keep the premises in a reasonable state of repair
 - (3) To convey the property to the mortgagee, at its option, in exchange for an amount equal to current market value
 - (4) Pay the debt and accrued interest according to the agreed upon schedule

687. Which one of the following statements is TRUE?

- (1) Given that the net operating income remains constant, the market value of a property rises as the required yield rises.
- (2) The market value of an income-producing property is best determined by averaging the sale prices of any three other income-producing properties that have recently sold.
- (3) In the determination of an income producing property's market value, the terms "gross realized income" and "net operating income" are synonymous.
- (4) The capitalization rate applied to the net operating income of an investment property is related to the yield on comparable investment properties.

688. Robert asks Whitney to act as his agent at the auction of the effects of a deceased rock star. Robert was an enthusiastic fan of the deceased and tells Whitney that no matter what, he must become the owner of the deceased's vintage Rolls Royce, which is painted in a most attractive paisley motif. Whitney is also told that under no circumstances is she to come away from the auction without buying this automobile for Robert. At the auction, the rock star's paisley Rolls Royce is offered with a second pin-striped version of the vehicle. The two vehicles are offered as a package and accordingly, Whitney as the successful bidder purchases both vehicles for Robert. If asked to discuss Whitney's scope of authority, you would correctly answer that during the course of the fact pattern, Whitney was provided with:

- (1) express authority.
- (2) implied authority.
- (3) both express and implied authority.
- (4) neither express nor implied authority.

689. Which of the following correctly outlines the objective/task method of creating a promotional budget?

- (1) Define the competition, outline competitors' expenditures, and set tasks to maintain competitive-parity with competitors
- (2) Conduct tasks in order to reach a sales objective that is specific, realistic, measurable, and within a predetermined timeline
- (3) Create an objective, analyze costs and benefits, and determine the tasks to reach the objective
- (4) Define the advertising objective as "SMART", outline the necessary tasks, and estimate the costs of performing the tasks

690. An investor plans to pay \$200,000 for a vacant lot that he feels will sell at the end of 3 years for \$300,000. What effective annual interest rate will the investor earn? (Ignore real property taxes)

- (1) 13.480354%
- (2) 11.169912%
- (3) 14.471424%
- (4) 12.604314%

691. Which of the following BEST describes the MLS®?

- (1) A site that allows the user to create written documents in MLS® format
- (2) A site that is used to register domain names for real estate offices
- (3) A software program that allows you to conduct an appraisal
- (4) A site that pulls together information on real estate related topics with a focus on real estate listings

692. The effective annual rate of interest for 8% per annum, compounded semi-annually, is:
- (1) less than the effective annual rate for 7.2% per annum, compounded quarterly.
 - (2) greater than the effective annual rate for 8.5% per annum, compounded annually.
 - (3) greater than the effective annual rate for 8.5% per annum, compounded monthly.
 - (4) greater than the effective annual rate for 7.5% per annum, compounded daily.
693. What rate of interest per compounding period would allow savers to “double their money” in 8 compounding periods? Assume that you invest \$100 today so that it will grow to \$200 in eight compounding periods.
- (1) 12.5%
 - (2) 10.609279%
 - (3) 25%
 - (4) 9.050773%
694. The interest that is acquired by a buyer of a strata lot is:
- (1) a share in the strata corporation in proportion to the unit entitlement.
 - (2) a joint tenancy with all of the other strata lot owners.
 - (3) a fee simple interest in the strata lot and a joint tenancy with respect to the common property.
 - (4) a fee simple interest in the strata lot and a fee simple interest, as a tenant in common, with respect to the common property.
695. A constant payment mortgage is written for \$48,951.77 and specifies payments of \$548.91 per month for 15 years. The interest rate on this mortgage is approximately:
- (1) 12% per annum, compounded semi-annually.
 - (2) 8% per annum, compounded semi-annually.
 - (3) 10% per annum, compounded semi-annually.
 - (4) 11% per annum, compounded semi-annually.
696. A seller agreed to sell her home for \$155,000. The buyer paid a \$5,000 deposit to his brokerage. The buyer will assume the existing mortgage on title, which has an outstanding balance of \$71,000. Furthermore, the buyer will be granting a second mortgage to his father for \$34,000. Taxes are unpaid and overdue in the amount of \$1,095, with a further penalty owing of \$105. Real estate commission is 6% of the sale price. Conveyancing fees for the transaction are \$600. The adjustment, completion, and possession date is August 31. It is NOT a leap year and property transfer tax is payable in this transaction. Moreover, assume that the buyer is NOT a foreign entity for property transfer tax purposes. What are the cash proceeds due to the seller?
- (1) \$69,169
 - (2) \$69,538
 - (3) \$73,869
 - (4) \$74,169

697. A seller agreed to sell her home for \$155,000. The buyer paid a \$5,000 deposit to his brokerage. The buyer will assume the existing mortgage on title, which has an outstanding balance of \$71,000. Furthermore, the buyer will be granting a second mortgage to his father for \$34,000. Taxes are unpaid and overdue in the amount of \$1,095, with a further penalty owing of \$105. Real estate commission is 6% of the sale price. Conveyancing fees for the transaction are \$600. The adjustment, completion, and possession date is August 31. It is NOT a leap year and property transfer tax is payable in this transaction. Moreover, assume that the buyer is NOT a foreign entity for property transfer tax purposes. What is amount of the cash that the buyer will be required to provide on the completion date?
- (1) \$52,519
 - (2) \$45,969
 - (3) \$47,516
 - (4) \$47,519
698. Which of the following is NOT a private lender?
- (1) Mortgage corporations
 - (2) Vendors who carry a part of the purchase price by granting a mortgage loan on a property
 - (3) Trust companies whose estate and trust funds are invested in mortgages
 - (4) Credit unions
699. Where no time period is stipulated in an offer, the offer:
- (1) will lapse in 24 hours' time.
 - (2) will lapse after a reasonable time.
 - (3) will lapse in 2 hours' time.
 - (4) will not lapse but rather, it must be revoked by the offeror.
700. Which one of the following BEST describes curable functional depreciation?
- (1) General wear and tear that is easily repaired
 - (2) An outdated design that can be corrected easily
 - (3) Damage to the interior of a building that can be repaired economically
 - (4) An outdated design that cannot be corrected easily
701. Which of the following buyers who have purchased residential property in the Metro Vancouver Regional District is MOST likely to be able to claim an exemption or a rebate for the Foreign Buyers' Tax?
- (1) An American citizen who is living in Seattle and has purchased the land as an investment property.
 - (2) A citizen of the United Kingdom who purchased land in Vancouver while staying in Canada on a working holiday visa. She received status as a permanent resident of Canada six months after purchasing the home.
 - (3) An investment company that was incorporated in Canada, but operates under the control of a parent company in Brazil.
 - (4) A Canadian citizen who holds title on the property for a friend who is a Japanese citizen and is looking to move to Canada after finishing a three year work contract in Tokyo.

702. Three years ago, Larry bought a house, at which time he arranged a mortgage for \$240,000. The loan was written at a rate of 5.75% per annum compounded semi-annually, calling for monthly payments of \$1,500.05 and an outstanding balance of \$214,838.44 due at the end of the 5-year term.

Larry has just received an offer from Mary to buy his house. Mary's offer consists of \$50,000 cash and assumption of the existing financing for the remainder of the term. If current lending rates for 2-year term mortgages are 8% per annum, compounded semi-annually, what is the market value of Mary's offer?

- (1) \$238,005.91
- (2) \$266,855.29
- (3) \$290,000.00
- (4) \$219,345.07

703. Which of the following statements about fixtures and chattels is FALSE?

- (1) Where an item has been affixed for the enhancement of the use of the premises, that is evidence the item is a chattel.
- (2) Where an item is affixed slightly to the premises it will be considered, based on the first impression, to be a fixture.
- (3) A chattel is the personal property of the owner.
- (4) The test for fixtures and chattels examines the degree of affixation of an item and the purpose of affixation of the item.

704. A borrower wishes to make monthly payments totalling no more than \$625 per month for 300 months. If interest rates are currently 10.5% per annum, compounded semi-annually, what is the maximum amount that should be lent?

- (1) \$64,212.47
- (2) \$67,325.22
- (3) \$66,194.89
- (4) \$63,069.39

705. In which one of the following mortgage repayment schemes do the monthly mortgage payments increase on a regular basis?

- (1) Reverse annuity mortgage
- (2) Graduated payment mortgage
- (3) Straight line principal reduction mortgage
- (4) Interest accruing mortgage

706. Which of the following statements about federal legislation governing mortgage interest rates is TRUE?

- (1) The *Interest Act* requires that the rate of interest chargeable under a mortgage be "reasonable", in the prevailing market for funds.
- (2) The *Criminal Code* defines a criminal rate of interest as an effective annual rate in excess of 50%.
- (3) Section 10 of the *Interest Act* creates the right to tender prepayment of a mortgage after 5 years, provided that the borrower is not a corporation and the mortgage is not for a business purpose.
- (4) The *Interest Act* provides that if a mortgage agreement does not specify the rate of interest chargeable, the rate allowed by law is 5%.

707. A private investor expects to receive \$281.72 per month for a period of 17 years as a result of a mortgage loan he has just purchased for \$21,000. Calculate the investor's expected yield (expressed as a nominal rate with semi-annual compounding) on his investment.
- (1) 14.997676%
 - (2) 15.233374%
 - (3) 14.971281%
 - (4) 15.613513%
708. In order for a licensee to be liable for damages caused by a negligent misstatement, certain facts must be proved. Which of the following does NOT need to be proved?
- (1) That the licensee making the statement did so in the course of business.
 - (2) That the licensee making the statement had a contractual relationship with the person to whom they gave the advice.
 - (3) That the licensee making the statement did not qualify or disclaim the statement.
 - (4) That the licensee making the statement knows, or should have known, that the advice was relied upon.
709. In order to facilitate the exchange of possible resources in a negotiation, it is important:
- (1) to make repeated concessions in order to get the other negotiator to follow.
 - (2) to deliberate issue by issue.
 - (3) to make concessions when necessary.
 - (4) not to disclose your true interests to the other side.
710. RE/LAX Realty Inc. has ended the current year with a net income of \$234,000. During the year, RE/LAX issued \$14,000 in dividends, incurred \$112,000 of operating expenses, and paid \$15,000 in taxes. Which of the following MOST likely occurred on RE/LAX's balance sheet?
- (1) Owners' equity increased by \$234,000.
 - (2) Revenue decreased by \$14,000.
 - (3) Net income increased by \$234,000.
 - (4) Retained earnings increased by \$220,000.
711. Johnny Collins is trying to design his new home to be as energy efficient in heating as possible in a cold climate with harsh winters. On which side of the house should he place the largest windows?
- (1) North
 - (2) South
 - (3) East
 - (4) West
712. In terms of appraisal, "recent" means:
- (1) up to three months ago.
 - (2) that time period during which demand and supply conditions have remained relatively stable.
 - (3) the time period that has expired since a number of properties comparable to the subject property were sold.
 - (4) the time period that has expired since a number of properties similar to the subject property were listed for sale.

713. Which of the following options BEST describes a caveat?
- (1) A warning issued by the Prosecutor's Office
 - (2) Formal notice that a court action has been commenced
 - (3) Formal notice that a builders lien has been filed against the property
 - (4) A notice placed on the certificate of title at the request of a person who claims an interest in the land
714. Which one of the following is TRUE with respect to the estimate of vacancy rates in the appraisal of income-producing properties?
- (1) Vacancy rates are expressed as a percentage of net operating income.
 - (2) Vacancy rates are considered an operating expense.
 - (3) Vacancy rates can be ignored if the subject property has never had any vacancies.
 - (4) Vacancy rates are needed because the 100% occupancy assumption of gross potential revenue is unrealistic for most properties.
715. Yuppie is the sole proprietor of The Mountain Bike Emporium. On her balance sheet as at December 31, 20XX, total assets were \$185,900. If the only liabilities were accounts payable of \$2,900 and long-term debt of \$89,450, what is the amount of Owner's Equity: Ms. Yuppie, Capital account?
- (1) \$93,550
 - (2) \$92,350
 - (3) \$185,900
 - (4) \$175,200
716. Which of the following statements regarding generally accepted accounting principles is FALSE?
- (1) Revenues are recognized at the time they are earned.
 - (2) Fiscal year ends cannot be changed at will.
 - (3) Assets are recorded at fair market value when they are acquired.
 - (4) Expenses are recognized at the time they are incurred.
717. Joe, a store keeper, asked Harry, a courier, to deliver some groceries for him, which Harry did. What is the result?
- (1) Joe does not have to pay Harry anything because Harry's actions are past consideration.
 - (2) Harry could bring an action under the *Real Estate Services Act* to force Joe to pay for the services.
 - (3) Harry could recover a reasonable amount from Joe for his services under the principle of *quantum meruit*.
 - (4) Harry could bring an action under section 54 of the *Law and Equity Act* to force Joe to pay for the services.
718. Which of the following scenarios is LEAST likely to offend section 52 or section 74.01 of the *Competition Act* (i.e., the criminal and civil offences of misleading advertising)?
- (1) A licensee knowingly misrepresents a strata unit as having two bedrooms, but it only has one bedroom.
 - (2) A licensee advertised a house as having a recently renovated kitchen, which was false. The licensee did not know the statement was false, and did not investigate the matter.
 - (3) A licensee posts the following advertisement on her social media page: "Come check out my listings in Kitsilano! Family homes starting at \$700,000!" The licensee knew that the lowest priced home she had listed was \$1,000,000.
 - (4) A licensee advertises a Yaletown condo as 1,000 square feet. The condo is only 998 square feet.

719. A visitor enters an apartment building to visit a tenant. As he enters the lobby, the skylight above collapses, injuring the visitor. If the visitor decides to sue the owner and/or building manager, what cause of action will the visitor likely use?
- (1) Negligent misrepresentation
 - (2) Occupier's liability
 - (3) Breach of fiduciary duty
 - (4) Nuisance
720. Assume that a seller instructs his real estate licensee to make certain oral representations regarding a property that both the seller and the licensee know to be false. If the purchaser later sues the seller and the licensee on the basis of this misrepresentation, then:
- (1) the seller will be liable to the buyer because he explicitly authorized the tort.
 - (2) the licensee can escape personal liability by arguing that he was authorized to commit the tort.
 - (3) the seller and the licensee will not be liable if there is a clause in the contract of purchase and sale reading, "There are no representations, warranties, guarantees, promises, or collateral agreements other than those contained in this written agreement".
 - (4) the buyer's only remedy will be a court order against the seller for damages.
721. Which of the following statements concerning a corporation's capacity to contract is TRUE?
- (1) Under the *Business Corporations Act*, a contract entered into by a company before that company exists CANNOT be ratified after the company is formed.
 - (2) There can never be a limitation on the legal capacity of a corporation to enter a contract because a corporation can contract just as an individual person can.
 - (3) Any person may ascertain the legal capacity of a corporation to contract by reviewing its incorporation documents maintained at its official records office.
 - (4) None of the above
722. What is the purpose of restating many of the common law fiduciary duties owed by a licensee to a client in the *Real Estate Services Rules*?
- (1) In the case of a breach of fiduciary duty, the client will be able to receive twice the amount of damages.
 - (2) It allows a client to also bring action against the licensee for a breach of the Rules.
 - (3) A breach of a fiduciary duty may also result in disciplinary proceedings by the British Columbia Financial Services Authority.
 - (4) It tends to be easier to prove a violation of the Rules, allowing judges to rule in favour of the client more often with the Rules than with the common law fiduciary duties.
723. A mortgage broker will advance \$97,000 to a borrower who has agreed to pay a brokerage fee of \$2,200. As a consequence, the face value of the loan will be \$99,200. The loan will be amortized over 25 years with monthly payments at $j_2 = 6\%$. Calculate the monthly payment required to amortize the loan.
- (1) \$620.62
 - (2) \$634.69
 - (3) \$690.83
 - (4) \$650.74

724. Akiko Yamada vacated the property she had just sold, taking all her household furniture. Assuming she has taken each of the following items, which item(s) must Akiko replace? (Assume that none of the following items have been dealt with specifically in the contract of purchase and sale.)
- (1) A small Persian throw rug from the front hall, which had been chosen especially to complement the colours in the marble on the floor
 - (2) An antique, stained glass window, which was hung on two large hooks in front of the living room window
 - (3) Wall-to-wall carpeting from the den, which had been attached to a tack strip that, in turn, was attached to the hardwood floor
 - (4) Akiko must replace all of the above three items.
725. An acquaintance of yours has approached you and wants to know why the bank that may finance his purchase of a house requires an appraisal. He claims that since an appraisal is not required for an investment in stocks, an appraisal should not be required for an investment in real property.
- Which of the following statements provides the BEST reasoning for your support of the bank's requirement?
- (1) The high turnover of real estate relative to stocks means that only an expert can keep up with changing values.
 - (2) The local nature of the real estate market implies that the flow of information will be unlimited and easy to assemble.
 - (3) It is difficult to find real properties that are very much alike.
 - (4) Real estate purchase decisions are generally less significant than decisions regarding an individual share purchase.
726. Which of the following is the MOST common type of construction today for high-rise apartment buildings?
- (1) Wood stud frame
 - (2) Steel studs and concrete topping
 - (3) Concrete framing
 - (4) Masonry walls and wood floors
727. Under the *Strata Property Act*, strata corporations are obligated to do certain things. Which of the following is NOT a duty the strata corporation is obliged to carry out?
- (1) The maintenance of property insurance on the common property
 - (2) The creation of an operating fund for common expenses
 - (3) The performance of work ordered by a competent public authority in respect of a strata lot
 - (4) The establishment of a contingency reserve fund

728. Deborah is a trading services licensee. After providing her best estimate with respect to the value of Susan's property, Deborah lists the property at \$600,000. Jennifer, who has learned that Susan's property is situated in the middle of an area to be redeveloped, immediately comes to Deborah with a full-price, subject-free, offer. In response to Deborah's surprise reaction to the offer, Jennifer acknowledges that a redevelopment of the area is intended. Deborah does not advise Susan of the redevelopment as it might jeopardize the deal and, in any event, she feels that a redevelopment might cause the value of Susan's property to decrease rather than rise. Susan accepts Jennifer's offer and is delighted that the property sold so quickly. Which of the following statements is TRUE?
- (1) Susan does not have any claim against Deborah because she received the full listing price for her property.
 - (2) If Deborah had advised Susan of the redevelopment, she would have breached the duty that she owed to Jennifer.
 - (3) The proposed redevelopment might have affected Susan's decision to sell her property and therefore, should have been brought to Susan's attention.
 - (4) As long as Deborah honestly believed that the offer was fair, she has satisfied her duty to Susan.
729. The *Local Government Act* creates three different levels of local law. Which of the following is NOT one of these levels of local law?
- (1) Local improvement district
 - (2) Local enterprise zone
 - (3) Regional district
 - (4) Municipality
730. Luke and Alan are co-owners of a property, as tenants in common. They signed an agreement that stated that if either party wanted to sell their interest, the other party would have a right of first refusal to purchase the other party's interest. Alan discovers that Luke has entered into a contract to sell his interest, without offering Alan an opportunity to purchase the property, as previously agreed. What should Alan do at this time?
- (1) Alan should file a Certificate of Pending Litigation on the property.
 - (2) Alan should register a caveat on the property.
 - (3) Alan should register a judgment on the property.
 - (4) Alan should hire a bailiff to take possession of the property.
731. Vanna has agreed to sell her cottage to Pat. Vanna and Pat used a standard contract of purchase and sale, in which they agreed to the following dates:
- Completion Date: August 31, 2018
Adjustment Date: January 1, 2019
- Based on this information, which of the following statements is TRUE?
- (1) There will be no adjustment for property taxes on the buyer's statement of adjustments.
 - (2) The property taxes will appear as a credit on the buyer's statement of adjustments.
 - (3) The property taxes will appear as a credit on the seller's statement of adjustments.
 - (4) The property taxes will appear as a debit on the seller's statement of adjustments.
732. In the context of appraisal, which one of the following properties is MOST likely to possess latent value?
- (1) A 30-acre dairy farm in the Agricultural Land Reserve
 - (2) A recently constructed duplex unit in a single-family residential area of the city
 - (3) A bicycle store that is built on land zoned for commercial use
 - (4) A farmhouse situated on land zoned for commercial use

733. In the comparative approach of appraisal, one method of making final adjustments to price is to use a rating grid. In using a rating grid, it is MOST important that:
- (1) the subject property be the basis of comparison and all comparables be adjusted to it.
 - (2) the final market value be determined by averaging the comparable sale prices (after adjustments).
 - (3) the comparable properties have the same square footage of improvements as the subject property.
 - (4) the comparable properties have the same lot size as the subject property.
734. You have a partially completed appraisal report that you need to fill in. The 2,500 square foot subject property has an alarm system. The house next door is similar in all respects except for the square footage and alarm system. The 2,700 square foot comparable sold for \$236,500 and does not have an alarm system. If the market value of an alarm system is \$4,500 and, above a 2,000 sq. ft. benchmark, each 100 sq. ft. is worth \$6,000, this comparable will have to be adjusted for an alarm system and square footage by:
- (1) \$0 and -\$6,000 respectively.
 - (2) -\$4,500 and +\$6,000 respectively.
 - (3) \$0 and +\$12,000 respectively.
 - (4) +\$4,500 and -\$12,000 respectively.
735. Which one of the following statements is FALSE?
- (1) The principle on which the comparative approach of appraisal rests is that the price paid for a commodity will be equal to the cost of acquiring a substitute in the same circumstances.
 - (2) In the comparative approach of appraisal, "recent" refers to the period immediately preceding the appraisal date during which values have remained stable.
 - (3) If a comparable that has vendor financing at below market rates is used in the comparative approach of appraisal, the value of the below-market financing will be added to the sale price of the comparable to determine the adjusted sale price.
 - (4) If the adjusted sale prices of five comparables are \$100,000, \$90,000, \$95,000, \$100,000, and \$100,000, the appraiser could estimate the market value of the subject property to be \$100,000.
736. You have a partially completed appraisal report that you need to fill in. The 2,200 square foot subject property has 4 bedrooms and 4 bathrooms. The house next door is similar in all respects except for square footage, the number of bedrooms, and the number of bathrooms. The 2,300 square foot comparable sold for \$245,000 and has 3 bedrooms and 3 bathrooms. If the market value of a bedroom is \$4,000, the market value of a bathroom is \$5,700, and above a 1,900 sq. ft. benchmark, each 100 sq. ft. is worth \$6,000, the adjusted sale price for this comparable is:
- (1) \$248,700
 - (2) \$260,700
 - (3) \$229,300
 - (4) \$241,300
737. Which of the following is a current asset on the financial statement of a business?
- (1) Owner's initial investment
 - (2) Rents payable
 - (3) Marketable securities
 - (4) Sales revenue

738. Which of the following is defined as a form of online mapping that incorporates several layers of information?
- (1) Multilayered Mapping System (MMS)
 - (2) Stacked Data System (SDS) mapping
 - (3) Geographic Information System (GIS) mapping
 - (4) Regional Integrated System (RIS) mapping
739. With which one of the following loans is the lender's initial capital and periodic income at the greatest risk?
- (1) Interest only loans
 - (2) Interest accruing loans
 - (3) Straight line principal reduction loans
 - (4) Constant payment loans
740. Which of the following statements regarding depreciation expense is TRUE?
- (1) It is another name for capital cost allowance.
 - (2) It is an accounting concept that attempts to allocate the cost of an asset over the life of the asset.
 - (3) It is usually calculated on land by the straight-line method.
 - (4) It is the amount the *Income Tax Act* permits a taxpayer to deduct from income in determining taxable income.
741. Where a case is brought before a judge of the British Columbia Supreme Court, which of the following actions may be taken by the judge?
- (1) The judge may only exercise equitable jurisdiction in deciding the matter.
 - (2) The judge may exercise both equitable and common law jurisdiction in deciding the matter.
 - (3) Where common law and equity conflict, the judge must apply the common law rule.
 - (4) The judge may not do any of the above.
742. A real estate developer has borrowed \$60,000 by way of an interest accruing loan written at $j_{12} = 8\%$. How much will the developer owe at the end of 12 months?
- (1) \$64,979.97
 - (2) \$68,603.40
 - (3) \$71,286.62
 - (4) \$60,800.00
743. Erica owns a 12-unit residential apartment building and has notified Chris that she must terminate his tenancy because she is planning for repairs that can only be conducted if his unit is unoccupied. Chris does not want the repairs. However, he has notified Erica that if they must be conducted, he would like to return after the repairs are complete. Which of the following statements correctly describe Erica's obligations to Chris?
- (1) Erica must not end Chris's tenancy if he does not want the repairs to be conducted.
 - (2) Erica has no obligation to offer Chris any terms for returning to the unit after the repairs are complete.
 - (3) Erica must offer Chris the right of first refusal to enter into a new tenancy agreement after the repairs are complete, at the previous rate of rent.
 - (4) Erica must offer Chris the right of first refusal to enter into a new tenancy agreement after the repairs are complete, at a rent determined by Erica.

744. A mortgage loan has a face value of \$300,000, an interest rate of $j_2 = 4\%$, an amortization period of 25 years, a term of 5 years, and an option to make accelerated biweekly payments, rounded up to the next highest dollar. If this option is exercised, what is the outstanding balance owing at the end of the 5-year term?
- (1) \$317,935.02
 - (2) \$232,928.17
 - (3) \$311,500.07
 - (4) \$252,210.35
745. Which of the following correctly describes the nature of the ownership in land that is held by the owner of a strata lot in a freehold strata development?
- (1) A fee simple interest in the strata lot, and a leasehold interest in the common property
 - (2) A fee simple interest in the strata lot, and a fee simple interest in the common property held equally and as a joint tenant with the other owners
 - (3) A license to occupy the strata lot, and a proportionate fee simple interest in the common property as a tenant in common with the other owners
 - (4) A fee simple interest in the strata lot, and a proportionate fee simple interest in the common property as a tenant in common with the other owners
746. A mortgage for \$225,000 is written at 6.5% per annum, compounded semi-annually. The mortgage calls for monthly payments, a 5-year term, and a 20-year amortization. The mortgage contract permits the borrower to prepay the full amount of the loan at any time subject to the payment of a penalty, which is the greater of a three months' interest penalty or the interest rate differential. Payments are rounded up to the next higher dollar. At the time of prepayment, the current comparable interest rate is 3.5% per annum, compounded semi-annually. If the borrower wishes to prepay this loan at the end of the first year (with the 12th payment), calculate the amount of the payout penalty.
- (1) \$3,515.66
 - (2) \$14,062.64
 - (3) \$5,687.99
 - (4) \$26,148.25
747. A young executive has applied to her bank for a mortgage loan to enable her to purchase a house. Her income is \$55,000 per year. The bank informs her they will apply a 32% gross debt service ratio when calculating her maximum loan, and that current mortgage rates are 2.95% per annum, compounded semi-annually for 20-year amortization mortgages. The government-specified qualifying rate is 5.25% per annum, compounded semi-annually. Annual property taxes are \$2,000 and mortgage payments are to be made monthly. What is the maximum mortgage loan the bank will grant, given the stress test borrower qualification rules for uninsured mortgages?
- (1) \$193,830.00
 - (2) \$187,106.38
 - (3) \$177,986.22
 - (4) \$170,412.28

748. A complaint against the amount of a real property assessment might proceed through hearings by the four different bodies listed below:

- A. Property Assessment Appeal Board
- B. Property Assessment Review Panels
- C. Court of Appeal
- D. Supreme Court of British Columbia

The order of these hearings would be:

- (1) A, B, D, C
- (2) B, A, D, C
- (3) A, C, B, D
- (4) B, A, C, D

749. Mr. Singh has offered \$331,000 for a house, providing he is able to obtain acceptable financing. The house lists for \$342,000, but the lender has set the lending value at \$338,000. The lender requires a loan-to-value ratio of 80% and a gross debt service ratio of 30%. Property taxes are \$2,800 per year and Mr. Singh's annual gross income is \$80,000. If the interest rate is 5% per annum, compounded semi-annually, the amortization period is 20 years, and payments are made monthly, what is the maximum amount this lender will advance, rounded to the nearest \$100?

- (1) \$270,400
- (2) \$293,700
- (3) \$255,600
- (4) \$268,800

750. If an offeror who has stated that the offer is open for 24 hours, decides to terminate the offer, the offeror:

- (1) must not terminate the offer until the 24 hours has expired.
- (2) must communicate any revocation of the offer to the offeree.
- (3) must give reasonable notice to the offeree before revoking the offer.
- (4) must give at least 72 hours' notice to the offeree before revoking the offer.

751. A real estate broker has listed a property for sale at a listing price of \$100,000. The commission is agreed to be based on the difference between the listed price and the actual sale price. The agreement is:

- (1) contrary to the *Real Estate Services Act*.
- (2) lawful if the agreement is reduced to writing and signed by both parties.
- (3) specifically provided for as acceptable under the regulations to the *Real Estate Services Act*.
- (4) lawful if the buyer agrees.

752. A \$46,000 second mortgage with interest at the rate of 15% per annum, compounded monthly calls for monthly payments of \$643.81 over a 15-year amortization period and a 3-year term. The loan is based on:

- (1) an interest only repayment scheme.
- (2) a fully amortized repayment scheme.
- (3) a variable rate repayment scheme.
- (4) a partially amortized repayment scheme.

753. Which of the following is an example of a short-term national general economic factor?
- (1) Population shifts
 - (2) Number of public housing projects
 - (3) Expected changes in tax laws
 - (4) Interest rates on treasury bills
754. The potential buyer of an apartment block has asked an appraiser to do an appraisal of the apartment block in order to determine its market value. The following information has been made available to the appraiser: estimated annual gross realized income is \$44,200; estimated long-term vacancy allowance is 4%; estimated annual operating expenses are \$17,850. In addition to this information, the appraiser has found a similar property with an effective annual yield of 7.85%. Given the above information, the final estimate of value for the subject property (rounded to the nearest \$1,000) on the date of valuation is:
- (1) \$329,000
 - (2) \$307,000
 - (3) \$323,000
 - (4) \$336,000
755. As an appraiser working for a large investment firm, you have been asked to determine the value of a small commercial building that produces a net operating income of \$48,700 per annum. If the market capitalization rate for similar investments is $j_1 = 20\%$, the market value of the property is:
- (1) \$243,573.21
 - (2) \$240,000.00
 - (3) \$243,500.00
 - (4) \$247,223.89
756. _____ (i) _____ is a document evidencing a debt owed by the mortgagor to the mortgagee, which carries with it the _____ (ii) _____ equitable right to redeem the property on payment of the debt, even after default.
- (1) (i) A mortgage; (ii) mortgagee's
 - (2) (i) An agreement for sale; (ii) buyer's
 - (3) (i) A mortgage; (ii) mortgagor's
 - (4) (i) A deposit of the duplicate certificate of title; (ii) borrower's
757. Fred Jones wants to determine the market value of his property. Unfortunately, he lives in a sparsely inhabited region where there are no similar properties that have recently sold. However, he does know that the replacement cost (new) of his 1,350 square foot house is \$38.50 per square foot. The site value estimated using the comparative approach of appraisal is \$37,500.
- Mr. Jones has not taken adequate care of his house and it has depreciated in value. There has been \$12,200 of curable physical depreciation. In addition, the bathroom and kitchen fixtures are outdated; their replacement cost is \$6,300. Based on the above information, what is the market value of Mr. Jones' property?
- (1) \$51,975
 - (2) \$89,475
 - (3) \$70,975
 - (4) \$77,275

758. Assume that you have a \$100,000 mortgage loan at a rate of 10% per annum, compounded semi-annually over a 5-year amortization with monthly payments. If the amortization period of a loan is increased to 10 years and the remaining loan terms are unchanged:

- (1) the interest portion of the periodic payments will be reduced.
- (2) the amount of outstanding principal at any point in time will be increased.
- (3) the interest rate on the mortgage will be reduced.
- (4) there is reduced risk to the lender.

759. An interest accruing mortgage loan requires that \$500,000 be paid at the end of a 5-year term. If the rate of interest on the loan is $j_{12} = 12\%$, calculate the amount of funds advanced.

- (1) \$283,713.43
- (2) \$279,197.41
- (3) \$312,500.00
- (4) \$275,224.81

760. Which of the following options is defined as the theme of a personal business, encompassing a variety of attributes that distinguish a licensee from competitors?

- (1) Listing presentation
- (2) Personal brand
- (3) Message
- (4) Target market

761. Steve-Ann, a trading services licensee, has been asked by her friend Jean to find a house and, if successful, Jean has agreed to pay Steve-Ann the sum of \$3,000, over and above any commission that Steve-Ann would earn on the sale of the property. When Steve-Ann finds a house acceptable to Jean, Steve-Ann shares the commission with the other licensees involved and receives \$3,000 directly from Jean. Steve-Ann does not tell anyone of this \$3,000 payment.

Which of the following statements are TRUE?

- (1) Steve-Ann has breached the provisions of the *Real Estate Services Act*.
- (2) Steve-Ann has breached the common law principles of agency law.
- (3) Both (1) and (2) are true.
- (4) Neither (1) nor (2) is true.

762. Which of the following BEST describes the “strata corporation”?

- (1) The individual strata owners collectively, once the strata plan has been deposited at the land title office
- (2) A body of three to seven elected representatives from among the owners of the strata lots
- (3) A corporation formed by a group of individuals who possess an undivided joint ownership interest in the land and/or buildings
- (4) A group of professional managers hired by a condominium project to handle the matters affecting the security and maintenance of the common property, facilities, and assets of the condominiums

763. Which of the following examples would NOT entitle a landlord to terminate a residential tenancy under the British Columbia *Residential Tenancy Act*?
- (1) Amit, a tenant, has a girlfriend who stays in the apartment with him four or five days a week. They are constantly fighting and screaming late at night, which wakes the other tenants.
 - (2) Jean Paul, a landlord, wants to give notice to Velma, a tenant, so that Jean Paul's nephew who is moving to Vancouver can live there.
 - (3) Vittorio, a tenant, has been late in paying his rent for eight months in a row.
 - (4) Mikhail and Raisa entered a tenancy agreement on May 1 and Raisa moved in on May 15. On June 10, Raisa still had not paid to Mikhail the agreed-upon security deposit.
764. In relation to the notation of a trust on the title for a property, which of the following correctly describes the meaning of a trustee?
- (1) The trustee is the individual or entity in whose name the trust property is held.
 - (2) The trustee is the individual or entity for whom the property is beneficially held.
 - (3) The trustee is the financial institution hired by the executor of an estate to handle the transfer of title from the deceased to their heirs.
 - (4) The trustee is the government agency that is appointed to administer the assets of all persons in British Columbia who become incapable of managing their own affairs.
765. Jane purchased a condominium on the understanding that pets were permitted by the bylaws of the strata corporation. Later, the corporation passed a bylaw prohibiting any owner from keeping any animal on their strata lot. When Karl subsequently purchased his lot, he was aware of this new bylaw. The strata council has ordered the removal of Jane's dog and Karl's cat from their lots. Which of the following statements is FALSE?
- (1) Karl must remove his cat; the bylaw is enforceable against him.
 - (2) Jane will not be subject to the new bylaw because she had a dog before the bylaw was passed.
 - (3) Pet restrictions are valid under the *Strata Property Act*.
 - (4) The Schedule of Standard Bylaws allows an owner one dog or one cat, and therefore Karl and Jane can keep their pets.
766. Which of the following is the MOST common advertising contravention for which a penalty may be imposed?
- (1) Failing to display the name of a licensee's brokerage on an advertisement in a prominent and easily readable way
 - (2) Advertising a team name for a group of related licensees that has not been approved by and registered with the British Columbia Financial Services Authority
 - (3) A contravention that relates to the advertising of and signage on personal offices
 - (4) Licensees maintain personal offices and signage indicates that real estate services are provided from the office
767. A mortgage loan has a face value of \$315,000, an interest rate of $j_2 = 4\%$, an amortization period of 20 years, a term of 5 years, and an option to make accelerated biweekly payments. What is the amount of the accelerated biweekly payment rounded up to the next highest dollar?
- (1) \$952
 - (2) \$1,579
 - (3) \$889
 - (4) \$1,698

768. A 50-year-old house is arranged such that when the front door is opened fully, it is possible for a person standing on the porch to look straight down a hallway into the main bathroom. This is NOT an example of:

- (1) a design deficiency in today's market.
- (2) functional depreciation under the cost approach of appraisal.
- (3) a patent defect.
- (4) physical curable depreciation.

769. Howard slipped on a patch of ice and broke his ankle when walking up Laura's driveway to deliver a package. As a result, Howard suffered loss of wages until he recovered. Which of the following statements is TRUE?

- (1) Howard is a trespasser; therefore, Laura does not owe him a duty of care under the *Occupiers Liability Act*.
- (2) If Laura had taken reasonable and responsible precautions, such as applying sand or salt regularly to prevent ice building up on the driveway, she will likely not be liable to Howard under the *Occupiers Liability Act*.
- (3) If Laura is only a tenant under a month-to-month lease of the premises, she will not be liable to Howard.
- (4) Laura will be liable to Howard for all his damages even if she was not negligent.

770. If investors are able to double their funds in six years, what would be the effective annual rate of interest earned on those funds? Assume that you invest \$100 today so that it will grow to \$200 in six years.

- (1) 33.333333%
- (2) 20.093695%
- (3) 16.666667%
- (4) 12.246205%

771. An investor has decided to establish a bank account in order to accumulate sufficient capital at the end of seven years to purchase a boat. If the account pays interest at 6% per annum, compounded monthly and the investor makes deposits of \$8,000 at the end of each year, how much capital will the investor have accumulated at the end of 7 years?

- (1) \$67,495.21
- (2) \$83,123.84
- (3) \$113,920.74
- (4) \$91,310.99

772. Under the *Land Title Act*, in British Columbia a mortgage is registered on the title as:

- (1) a charge.
- (2) an agreement for sale.
- (3) a right to purchase.
- (4) a restrictive covenant.

773. In residential building construction, the term "truss" refers to which of the following options?

- (1) Roof extensions used to provide extra floor area and windows for the upper level
- (2) The structural member, usually wood, placed at the top of window openings
- (3) A prefabricated frame component supporting the roof
- (4) Part of a septic tank water disposal field

774. Alex Dupuis wants to purchase Joe Benardo's property. Alex would like to pay \$35,000 in cash and take over the existing mortgage that has 233 monthly payments of \$900 remaining on the mortgage loan. The interest rate on the original mortgage is $j_2 = 9\%$, but the current market rate is $j_2 = 6\%$. What is the market value of the offer?
- (1) \$100,000.00
 - (2) \$123,690.70
 - (3) \$145,223.67
 - (4) \$159,410.89
775. Which of the following provides the BEST example of a wood-frame exterior wall buildup (from the inside outwards)?
- (1) Interior finish, vapour barrier, insulation, the wood frame, plywood sheathing, building paper, and exterior siding
 - (2) Exterior siding, building paper, plywood sheathing, the wood frame, insulation, vapour barrier, and interior finish
 - (3) Insulation, exterior siding, plywood sheathing, the wood frame, building paper, vapour barrier, and wallpaper
 - (4) Vapour barrier, paint on drywall, insulation, building paper, the wood frame, insulation, and interior finish
776. Between 1900-1920, _____ were the primary form of repayment for residential mortgage financing, whereas after the Depression, _____ were the primary form of repayment for residential mortgage financing.
- (1) interest only loans; long-term fully amortized mortgages
 - (2) long-term fully amortized mortgages; interest only loans
 - (3) interest only loans; graduated payment mortgages
 - (4) partially amortized mortgages, straight line principal reduction loans
777. Which of the following will NOT serve to discharge a contract?
- (1) An agreement between the parties
 - (2) The concept of frustration
 - (3) Performance of the parties' mutual obligations
 - (4) A patent defect
778. Larry owns a large gift shop. For the past eight years, Marie, a jeweller, has leased an area in the back room for use as a workshop. Larry and Marie have an oral agreement that Marie will only use the workshop area during weekday mornings when the gift shop is not busy, so as not to disturb customers with the noise of her work. Marie pays \$350 each month to Larry for this right. Larry has sold the shop to Theo for use as a restaurant, but he is uncertain what to do about his long-term tenant. You correctly advise Larry that:
- (1) the *Commercial Tenancy Act* requires that "reasonable notice" of a least six months be given to Marie of Larry's intention to terminate the tenancy.
 - (2) in order for Marie to enforce this agreement against Theo, it must be in writing and registered in the Land Title Office.
 - (3) the agreement between Larry and Marie is not enforceable against Theo because it is only a licence.
 - (4) the agreement is not enforceable against Larry because it does not meet the requirements of the *Real Estate Services Act*.

779. Kenneth, a licensed managing broker, has been sued by a buyer who relied on the advice of a representative employed by Kenneth. Evidence in the case indicated that Kenneth's representative was grossly incompetent and that Kenneth had failed to carry out his supervisory responsibilities as the managing broker. The British Columbia Financial Services Authority (BCFSA) is instituting a formal disciplinary hearing to investigate the situation and both Kenneth and the representative have received the notice of hearing. Kenneth does not think that BCFSA can discipline him and is angry that he is being held responsible for his representative's conduct. Which of the following statements is FALSE?

- (1) BCFSA has the authority to subject Kenneth to a disciplinary hearing for the action of his representative, under the powers granted to BCFSA by the *Real Estate Services Act*.
- (2) The representative cannot be disciplined jointly with Kenneth; only Kenneth will bear responsibility for a breach of the *Real Estate Services Act* by his employee.
- (3) One of the disciplinary options available to BCFSA in this case is to suspend Kenneth's licence.
- (4) If BCFSA imposes a discipline order on Kenneth, the *Real Estate Services Act* requires that BCFSA publish this order on its website and provide copies to any person upon request.

780. Where would one find plates, studs, and lintels?

- (1) In a ceiling truss
- (2) In a wall frame
- (3) Under carpeting
- (4) In a roof

781. In which of the following scenarios would the profit, or capital gain, realized upon the sale of property be MOST likely to be completely exempt from taxation?

- (1) The seller purchased the property as a long-term investment.
- (2) The seller purchased the property in order to "flip" the real estate by selling it quickly for a profit.
- (3) The seller purchased the property to provide supplemental income by renting it out.
- (4) The seller purchased the property to live in as their principal residence.

782. Where a deposit is paid directly to a seller on account of the purchase price:

- (1) the amount of the deposit will appear only on the buyer's statement of adjustments.
- (2) the amount of the deposit will appear as a debit on the buyer's statement and a credit on the seller's statement of adjustments.
- (3) the amount of the deposit will appear only on the seller's statement of adjustment.
- (4) the amount of the deposit will appear as a credit on the buyer's statement and a debit on the seller's statement of adjustments.

783. The courts will never allow the remedy of specific performance where:

- (1) the plaintiff is a limited company.
- (2) the defendant is without means.
- (3) damages are considered to be an adequate remedy.
- (4) the contract has already been partially performed.

784. A constant payment mortgage is written for \$48,951.77 and specifies payments of \$520 per month for 15 years. The interest rate on this mortgage is:

- (1) $j_{12} = 8.821533\%$
- (2) $j_2 = 8.963722\%$
- (3) $j_4 = 9.878033\%$
- (4) $j_1 = 8.521456\%$

785. Which of the following is NOT a characteristic of a corporation?

- (1) A corporation can be sued.
- (2) The shareholders of a corporation cannot be held responsible for more than their agreed share purchase.
- (3) The shares of a corporation must be held by more than one party.
- (4) A corporation is a taxable entity.

786. What is the purpose of having a firewall on your computer?

- (1) To prevent unauthorized electronic access to a networked computer system
- (2) To remove viruses and malware that cause disturbances to the computer
- (3) To separate malware and viruses within the computer's central processing unit
- (4) To replace all hazardous viruses with user-friendly malware within the computer's hard drive

787. Which of the following is NOT a common covenant of the borrower?

- (1) Provision to pay all property taxes
- (2) Provision to keep the property well maintained
- (3) Provision to insure the property to replacement value or such lesser amount as the mortgagee determines
- (4) Provision to waive the rescission rights under the *Mortgage Brokers Act*

788. A mortgage for \$350,000 is written at 6% per annum, compounded monthly. The mortgage calls for monthly payments, a 5-year term, and a 25-year amortization. The mortgage contract permits the borrower to prepay the full amount of the loan at any time subject to the payment of a penalty, which is the greater of a three months' interest penalty or the interest rate differential. Payments are rounded up to the next higher dollar. At the time of prepayment, the current comparable interest rate is 4% per annum, compounded monthly. If the borrower wishes to prepay this loan at the end of the first year (with the 12th payment), calculate the amount of the payout penalty.

- (1) \$5,624.87
- (2) \$5,156.37
- (3) \$27,500.66
- (4) \$34,621.75

789. Many anti-virus and malware protection programs include an auto-update feature that does which of the following?

- (1) Instructs the program to download profiles of new viruses and malware from the manufacturer's website
- (2) Instructs the user to save their work because a virus threat or malware is imminent
- (3) Instructs the user to purchase the newest version of "automatic update" so that they can install new profiles
- (4) Instructs the program to erase all definitions of new viruses or malware so that your computer will be protected

790. If you hear a conversation on a construction site about "rise" and "run", what part of the building is being discussed?

- (1) Windows
- (2) Stairs
- (3) Framing
- (4) Roof

791. An appraiser is looking for comparables to use in valuing a single-family residence. Which of the following sales could provide good evidence of market value to the appraiser?
- (1) An identical house in the same neighbourhood as the subject property is listed at \$210,000 but has not yet sold.
 - (2) A similar house in the neighbourhood sold last month, after having been listed for two months.
 - (3) A similar house in a similar neighbourhood was purchased by a developer who was assembling land to build a neighbourhood plaza.
 - (4) Three weeks ago, the owner of the house next to the subject property was notified that she had been transferred to Winnipeg and was to start this week. She has now sold her home and left for Winnipeg.
792. A developer is offering a mortgage loan of \$102,000 at 9.25% per annum, compounded semi-annually, on each of 16 units in a condominium development. The mortgages have monthly payments, 5-year terms, and 20-year amortization periods. Each unit is priced at \$132,000 and the units have been selling over the past seven months. Even with a recent decrease in interest rates (currently at $j_2 = 8\%$), the property has attracted the attention of a buyer who has made a full price offer, and applied for the developer's financing on one of the condominium units. The market value of the offer, rounded to the nearest dollar is:
- (1) \$136,835
 - (2) \$115,224
 - (3) \$130,000
 - (4) \$106,300
793. Which of the following statements is TRUE?
- (1) An appeal from all courts of original jurisdiction in British Columbia, including small claims court, is to the British Columbia Court of Appeal.
 - (2) An appeal from the British Columbia Supreme Court is to the British Columbia Court of Appeal.
 - (3) A person who loses in the British Columbia Court of Appeal has an absolute right to be heard in the Supreme Court of Canada.
 - (4) An appeal from small claims court is heard by three, five, or seven judges.
794. Which of the following BEST describes the principle of indefeasibility in British Columbia?
- (1) Once a break in the chain of title has occurred, all subsequent transfers or other dealings with the land are of no effect, even though the transactions have been made in good faith and for value.
 - (2) The purchase of property from someone who has no ownership right to it also denies the purchaser any ownership title.
 - (3) Any registered owner who acquires a fee simple estate in good faith and for valuable consideration is protected by our land title system.
 - (4) If a person is named by the previous owner as the new owner of any estate in land, then that is conclusive proof, as far as the world is concerned, that they are entitled to that estate.
795. A borrower has arranged a \$250,000 mortgage at $j_2 = 6\%$ with a 25-year amortization, 5-year term, and monthly payments. If all payments are paid when due, how much principal was paid off during the 5-year term?
- (1) \$12,289.11
 - (2) \$13,541.84
 - (3) \$45,873.23
 - (4) \$25,408.48

796. Patty and Henry sign a residential tenancy agreement specified to last for one year commencing on January 1, 20XX and ending December 31, 20XX but not specifically requiring the tenant to vacate the rental unit at the end of the tenancy. Assuming neither party has given notice to end the tenancy agreement, which of the following statements about Patty and Henry's agreement is TRUE under the British Columbia *Residential Tenancy Act*?
- (1) On December 31, the term of the tenancy will automatically renew for another one year term.
 - (2) On December 31, unless the agreement provides otherwise, the term will automatically renew as a month to month tenancy.
 - (3) On December 31, the tenancy will automatically terminate.
 - (4) On December 31, the tenancy will automatically renew for one month and then terminate unless the parties give notice to continue.
797. An investor has decided to establish a bank account in order to accumulate sufficient capital at the end of 4 years to purchase a boat. If the account pays interest at 2.5% per annum, compounded annually and the investor makes deposits of \$6,000 at the end of each year, how much capital will she have accumulated at the end of four years?
- (1) \$24,915.09
 - (2) \$26,491.51
 - (3) \$28,018.91
 - (4) \$25,357.92
798. In residential building construction, the term "rafter" refers to which of the following?
- (1) Roof extensions used to provide extra floor area and windows for the upper level
 - (2) The structural member, usually wood, placed at the top of window openings
 - (3) A roof style commonly known as a hip roof
 - (4) The structural member that supports the roof deck
799. In the process model for buying behaviour, which of the following is the initial need or trigger that starts the buying process?
- (1) Motive
 - (2) Buyer's trigger
 - (3) Emotional desire
 - (4) Felt need
800. Which of the following is meant to keep a product or service at the "top-of-mind" of the consumer?
- (1) Informational message
 - (2) Persuasive message
 - (3) Appeal message
 - (4) Reminder-oriented message
801. Which one of the following statements correctly describes the manner in which taxes are adjusted?
- (1) If the seller has already paid the current year's taxes, the seller must be debited with the taxes from the adjustment date to December 31st.
 - (2) If the taxes are overdue and a penalty is owing, both the amount of the taxes and the penalty must be apportioned between the buyer and the seller.
 - (3) If the taxes are not yet due, no adjustment is made until the tax statement invoice arrives.
 - (4) None of the above

802. You have a partially completed appraisal report that you need to fill in. The house next door to the subject property is similar in all respects except for the number of bedrooms and numbers of bathrooms. This comparable has 3 bedrooms and 4 bathrooms and was adjusted +\$4,200 for bedrooms and -\$2,600 for bathrooms. If the market value of a bedroom is \$4,200 and the market value of a bathroom is \$2,600, it can be concluded that the subject property has:
- (1) 4 bedrooms and 3 bathrooms.
 - (2) 4 bedrooms and 2 bathrooms.
 - (3) 2 bedrooms and 3 bathrooms.
 - (4) 3 bedrooms and 2 bathrooms.
803. In using the comparative approach of appraisal, the appraiser estimates the value from the evidence afforded by the sale price of similar properties that have recently been sold. Which of the following BEST describes what is meant by “similar”?
- (1) Similar in replacement cost
 - (2) Similar in price bracket
 - (3) Similar with respect to the dominant architectural features
 - (4) Similar with respect to those factors that are likely to have a material influence on the behaviour of buyers and sellers
804. Which of the following statements about the fee simple estate is TRUE?
- (1) The term “fee” means that the rights exercisable by the holder of a fee simple estate have been acquired by a payment of money.
 - (2) Where the owner of a fee simple estate dies without a will, the property will “escheat” to the Crown.
 - (3) An owner of a fee simple estate has the right to sell, rent, or lease the estate.
 - (4) A fee simple estate is an estate that is held for a limited period of time.
805. Which of the following statements concerning the equitable jurisdiction of the court is TRUE?
- (1) Where the rules of equity and common law conflict, the court will apply the common law rule.
 - (2) Equitable remedies are available to parties in a court action as of right, regardless of their conduct.
 - (3) The rules of equity developed as a remedy for the rigidity of the common law in England.
 - (4) Specific performance, injunctions, and legal damages are three types of equitable remedies.
806. The duty to repair commercial premises:
- (1) is enforceable by a court only if the lease is in writing and registered in the Land Title Office as required by the *Land Title Act*.
 - (2) should be dealt with in writing in a lease to avoid disputes between lessee and lessor.
 - (3) includes an implied covenant that the tenant will be responsible for fair wear and tear.
 - (4) is generally a landlord’s obligation unless the lease specifies otherwise.
807. A holding property was purchased 10 years ago for \$23,000. How much must it sell for now if the owner is to realize a pre-tax yield of $j_2 = 6\%$?
- (1) \$30,910.08
 - (2) \$41,540.56
 - (3) \$45,189.50
 - (4) \$38,246.54

808. Which of the following is NOT a requirement for an enforceable contract of purchase and sale?

- (1) Deposit
- (2) Description of property sold
- (3) Names of the parties
- (4) Description of the price and financing

809. Which of the following statements about periodic tenancies is TRUE?

- (1) Where a periodic tenancy is created as a result of a tenant overholding a fixed term commercial lease, the resulting periodic tenancy will be on all the same terms as the fixed term lease except the rent will be increased by ten percent.
- (2) Where a periodic tenancy is created at the end of a fixed term commercial lease of five years, the new periodic tenancy will always be for a term of five years.
- (3) Where a periodic commercial tenancy is created, it cannot be terminated by either party for at least one year.
- (4) Where a fixed-term residential tenancy expires, it will automatically convert to a month-to-month periodic tenancy unless the parties have agreed in writing that it will not do so, at the time they entered into a fixed term tenancy agreement.

810. Which one of the following is NOT a primary motivation for investment in real estate?

- (1) Diversification of an investment portfolio
- (2) Acquisition of a portfolio, the income from which will benefit the investor in retirement years
- (3) A need for short-term funds to finance the acquisition of chattels
- (4) A desire for accommodation for residential or economic activities

811. Which of the following is NOT a significant characteristic of improved land?

- (1) Immobility
- (2) Durability of improvements
- (3) Indivisibility of ownership
- (4) Uniqueness of each parcel

812. A government may pass a statute in order to do which of the following?

- (1) Change the common law
- (2) Develop a system of precedent
- (3) Alter the constitutional allocation of legislative authority between the federal and provincial governments
- (4) Publicize an important judicial decision

813. If an item of the buyer's personal property, such as an automobile, is accepted by the seller as part payment of the purchase price:

- (1) the value of the traded property is listed as a credit to the buyer and a debit to the seller.
- (2) the value of the traded property will appear on the seller's statement of adjustments only.
- (3) no entry to either statement of adjustments is needed to reflect the trade.
- (4) the value of the traded property is listed as a debit to the buyer and a credit to the seller.

814. When determining the rights of a tenant of residential premises, which of the following sources of law must the parties look to?
- (1) The *Commercial Tenancy Act*
 - (2) The common law
 - (3) The *Rent Distress Act*
 - (4) None of the above
815. Of the following externalities, which would represent the BEST example of an externality that is both positive and negative?
- (1) Parks
 - (2) Pollution
 - (3) Proximity to a transportation facility
 - (4) Golf course
816. A local mortgage broker arranged a mortgage in the amount of \$210,000. The borrower has agreed to pay a brokerage fee in the amount of \$7,200 that is to be added to the loan amount, giving a face value of \$217,200 for the loan. The mortgage bears interest at a contract rate of 11.5% per annum, compounded monthly. The mortgage has an amortization period and term of 20 years and calls for monthly payments. If the mortgage is to be sold to an investor for \$220,500 immediately after the loan is initiated, the investor will earn the following nominal interest rate, with semi-annual compounding (j_2):
- (1) 12.713048%
 - (2) 0.938971%
 - (3) 11.267746%
 - (4) 11.535586%
817. Which of the following items would appear on the buyer's statement of adjustments as debits?
- (1) Purchase price, conveyancing fees, and balance due to complete
 - (2) Deposit paid, buyer's share of taxes paid, and cash proceeds of sale
 - (3) Assumption of first mortgage, deposit paid, and balance due to complete
 - (4) Buyer's share of taxes paid, purchase price, and conveyancing fees
818. Garth has agreed to buy Whiteacre from Elisa for \$448,000. Property taxes are not yet due. The taxes last year were \$1,324 and the notary public has told Garth to expect a 10% increase in that amount for the current year. The completion and adjustment dates are February 18. It is NOT a leap year. The property tax amount to be paid by Elisa will appear on her statement of adjustments as a:
- (1) debit in the amount of \$174.12
 - (2) credit in the amount of \$1,264.87
 - (3) credit in the amount of \$191.52
 - (4) debit in the amount of \$191.53

819. Karl has agreed to buy Whiteacre from Anya for \$448,000. He has deposited \$25,000 with the notary public who will complete the conveyance. The brokerage's commission is 5% on the first \$100,000 and 1.5% on the balance of the purchase price. Property taxes are not yet due. The taxes last year were \$1,324 and the notary public has told Karl to expect a 10% increase in that amount for the current year. The completion and adjustment dates are February 18. There are two mortgages on Anya's title. Karl is assuming Anya's first mortgage in the amount of \$123,544. Karl has arranged a second mortgage through the Banque Nationale de Paris, in the amount of \$98,000. The balance of the purchase price and the property transfer tax will be paid in cash out of proceeds from the sale of Karl's other property. Anya will pay out her existing second mortgage of \$23,000 from the proceeds of this transaction. The notary's fees are \$700 for the conveyance, \$250 for preparation of Karl's new mortgage, and \$75 for discharging Anya's second mortgage. It is NOT a leap year and Karl is NOT a foreign entity for property transfer tax purposes. The cash proceeds of sale which will be received by the Anya on the completion date is:

- (1) \$265,969.47
- (2) \$290,969.47
- (3) \$289,469.47
- (4) \$292,469.47

820. Kenny has agreed to buy Pinkacre from Alia for \$448,000. He has deposited \$25,000 with the notary public who will complete the conveyance. The brokerage's commission is 5% on the first \$100,000 and 1.5% on the balance of the purchase price. Property taxes are not yet due. The taxes last year were \$1,324 and the notary public has told Kenny to expect a 10% increase in that amount for the current year. The completion and adjustment dates are February 18. There are two mortgages on Alia's title. Kenny is assuming Alia's first mortgage in the amount of \$123,544. Kenny has arranged a second mortgage through the Big Bank Inc., in the amount of \$98,000. The balance of the purchase price and the property transfer tax will be paid in cash out of proceeds from the sale of Kenny's other property. Alia will pay out her existing second mortgage of \$23,000 from the proceeds of this transaction. The notary's fees are \$700 for the conveyance, \$250 for preparation of Kenny's new mortgage, and \$75 for discharging Alia's second mortgage. It is NOT a leap year and Kenny is NOT a foreign entity for property transfer tax purposes. The balance due to complete on Kenny's statement of adjustments is:

- (1) \$210,630.87
- (2) \$202,214.47
- (3) \$209,174.47
- (4) \$208,982.94

821. Which of the following statements regarding common shareholder of a corporation is TRUE?

- (1) They do not have the right to elect the board of directors.
- (2) They share directly in the income of the company.
- (3) They are not permitted to receive dividends.
- (4) They are liable only for the value of the shares purchased or agreed to be purchased.

822. When a property possesses latent value, it is implied that:

- (1) the property is not currently employed in its highest and best use.
- (2) the current rent earned on the property is below market rent.
- (3) the property is unprofitable in its current use.
- (4) the property will need to be sold below replacement cost.

823. Dave has recently been hired at a new job and is starting to make investments with his excess income. Dave's first investment is to place \$5,000 in a term deposit where it will accrue interest at a rate of 6.5% per annum, compounded annually. The term of the investment is 18 months. How much money will Dave receive from the investment at the end of the 18-month term?

- (1) \$5,487.50
- (2) \$5,473.55
- (3) \$5,495.34
- (4) \$5,503.52

824. The term "fee simple":

- (1) indicates something less than absolute ownership of land.
- (2) describes an unencumbered or clear title to land.
- (3) was abolished by the *Land Title Act*.
- (4) refers to an interest in land that does not amount to an estate.

825. Accurate Appraiser is valuing a townhouse using the direct comparison approach. A house recently sold for \$175,000, comprised of \$85,000 cash and a \$90,000 vendor-supplied mortgage written at 5% per annum, compounded semi-annually, with monthly payments sufficient to amortize the loan over 25 years and with a term of 5 years. At the time that the house sold, the market rate for similar mortgages was 7% per annum, compounded semi-annually. What price should Accurate Appraiser use if this sale is to be used as a comparable? Round your answer to the nearest \$10.

- (1) \$175,000
- (2) \$159,730
- (3) \$82,630
- (4) \$167,970

826. Which of the following is NOT an exception to the principle of indefeasibility under the British Columbia Torrens system of land registration?

- (1) A lien for unpaid provincial taxes
- (2) A public right-of-way in favour of British Columbia Hydro and Power Authority
- (3) A registered fee simple acquired *bona fide* for value without knowledge of an earlier fraudulent dealing in the fee simple title.
- (4) A right of expropriation under a British Columbia statute

827. Which of the following is NOT one of the powers and duties of the British Columbia Financial Services Authority (BCFSA)?

- (1) To conduct investigations relating to licensees
- (2) To issue and renew licences
- (3) To ensure compliance with the requirements of the *Real Estate Services Act*
- (4) To enforce the Code of Ethics and Standards of Business Practice

828. Which of the following statements is TRUE?

- (1) A term in a commercial lease that is contrary to the terms of the *Commercial Tenancy Act* is void and can only be enforced by the landlord if the landlord has reasonable cause to do so.
- (2) The implied covenant of quiet enjoyment at common law means that the tenant has a right of privacy.
- (3) A tenant is usually responsible for reasonable wear and tear to the premises, unless otherwise stated in the lease.
- (4) The doctrine of *interesse termini* is a common law rule stating that no estate in land passes until the tenant enters into possession of the leased premises.

829. Celeste's brokerage facilitates the sale of Selin's home. How long must the brokerage retain records of this transaction?

- (1) One year
- (2) Seven years
- (3) Ten years
- (4) The brokerage must retain records of this transaction indefinitely.

830. When a judge in the British Columbia Supreme Court exercises equitable jurisdiction:

- (1) they may refuse to apply any law that is unfair.
- (2) they may grant such remedies as specific performance or an injunction.
- (3) they may refer to a code to ascertain the law on a particular matter.
- (4) they may do all of the above.

831. An arrangement where a lender makes payments to a borrower over the term of the mortgage that are paid back at the end of the term is referred to as:

- (1) an interim blanket mortgage.
- (2) a vendor take-back mortgage.
- (3) bridge financing.
- (4) a reverse annuity mortgage.

832. Which of the following is NOT a statutory remedy available to an owner of a strata lot who is dissatisfied with certain actions or omissions of the strata corporation?

- (1) An owner may sue the strata corporation.
- (2) A court may order the appointment of an administrator in extreme cases.
- (3) An owner may apply for arbitration with the strata corporation.
- (4) A court may issue a judgment against the strata corporation, but not against all owners.

833. Fanny Mac Ltd. purchased a small commercial building for \$225,000, of which \$100,000 was the value of the land. Fanny, the company president, felt this was an excellent deal because she would have been willing to pay as much as \$250,000. One year later, Fanny sold the property for \$300,000.

If, at the time of purchase, the expected economic life of the building was 10 years, there was an estimated salvage value of \$25,000 at the end of that time, and Fanny uses the straight-line depreciation method, what is the depreciation expense for the year?

- (1) \$10,000
- (2) \$12,500
- (3) \$20,000
- (4) \$25,000

834. Freddy May Ltd. purchased a small commercial building for \$225,000, of which \$100,000 was the value of the land. Freddy, the company president, felt this was an excellent deal because he would have been willing to pay as much as \$250,000. One year later, Freddy sold the property for \$300,000.

According to generally accepted accounting principles, at the time of purchase, the value of the building in the question above should be recorded on Freddy May Ltd.'s balance sheet as which of the following?

- (1) \$125,000
 - (2) \$225,000
 - (3) \$250,000
 - (4) A value determined by an objective appraiser
835. Which of the following is NOT an example of an equitable mortgage?
- (1) A mortgage disguised as a transfer of land, where the "sale" price is below market value
 - (2) An agreement to execute a mortgage in the future under which the borrower has already received the principal amount
 - (3) A mortgage created by providing a lender with a duplicate certificate of title as security for the loan
 - (4) A mortgage that is unregistrable in the land title office as it is prohibited by statute
836. Scott, the fee simple owner of Blackacre, registers an easement over a neighbouring property, Whiteacre. Sven, the fee simple owner of Whiteacre, subsequently sells Whiteacre to Alice. Which of the following statements is TRUE?
- (1) Because the easement was agreed to between Scott and Sven only, Scott cannot enforce it against Alice.
 - (2) Because interests in land "run with the owner", the easement was extinguished as soon as Sven sold Whiteacre.
 - (3) Scott may only enforce the easement against Alice if it is a statutory right of way.
 - (4) Because privity of contract does not apply to contracts creating an interest in land, Scott may enforce the easement against Alice.
837. Under the Canadian Electrical Code, houses of more than 80 m² must have an electrical service capacity of not less than which of the following options?
- (1) 100 amps
 - (2) 125 amps
 - (3) 150 amps
 - (4) There is no minimum requirement of electrical service capacity; it is up to the discretion of the builder
838. Which one of the following factors would make a property owner eligible to apply for deferral of real property taxes under the regular program?
- (1) The property owner is a member of parliament.
 - (2) The property owner is a divorcee.
 - (3) The property owner is a widower.
 - (4) The property owner is a war veteran.
839. Which of the following is NOT one of the three essentials for the formation of a binding contract?
- (1) Consideration
 - (2) Acceptance
 - (3) Deposit
 - (4) Offer

840. Consider the following data related to recently sold properties A and B. They are comparable to the subject Property C, whose value is to be appraised.

	<u>Subject Property</u>	<u>Comparables</u>	
	<u>C</u>	<u>A</u>	<u>B</u>
Sale Price	?	\$210,000	\$220,000
Gross Potential Income	\$54,000	\$45,000	\$49,000
Vacancy	\$5,400	\$4,500	\$4,900
Current Operating Expenses	\$36,000	\$30,000	\$32,000

Based on the limited information indicated by the sale comparables, which of the following is the most accurate market value range for Property C, rounded to the nearest \$1,000?

- (1) \$210,000 to \$220,000
 - (2) \$229,000 to \$252,000
 - (3) \$217,000 to \$228,000
 - (4) \$299,000 to \$327,000
841. Which of the following is an interest in land that can be valued?
- (1) An easement or right-of-way
 - (2) Building scheme
 - (3) Leasehold
 - (4) All of the above
842. Ms. A. Praser has the following data related to recently sold properties A and B. These properties are comparable to the subject Property C, whose value is to be appraised.

	<u>Subject Property</u>	<u>Comparables</u>	
	<u>C</u>	<u>A</u>	<u>B</u>
Sale Price	?	\$210,000	\$225,000
Gross Realized Revenue	\$56,000	\$47,000	\$52,000
Current Operating Expenses	\$37,000	\$29,000	\$34,000

Long-term market vacancy rates are 5%. Using the information above, what should Ms. A. Praser estimate as an approximate market value for the subject property, rounded to the nearest \$1,000?

- (1) \$210,000 to \$220,000
 - (2) \$201,000 to \$221,000
 - (3) \$222,000 to \$238,000
 - (4) \$239,000 to \$247,000
843. Which of the following statements regarding capital cost allowance (CCA) is FALSE?
- (1) Only one-half of the maximum allowable CCA may be claimed on an asset in the year the asset is purchased.
 - (2) No CCA may be claimed in the year of the asset's disposal.
 - (3) The maximum CCA in a given year is equal to the depreciation expense multiplied by the CCA percentage.
 - (4) The CCA percentage rate is determined by the Canada Revenue Agency.
844. Which of the following was created by Canada Mortgage and Housing Corporation (CMHC)?
- (1) Virtual banks
 - (2) Ginnie Mae Mortgage-Backed Securities
 - (3) Canada Housing Trust Bonds
 - (4) Credit unions

845. Larry is a real estate licensee. During negotiations for the sale of a property with a well water system, the buyer asked how reliable a water source the well was. Larry, relying only on information from the seller, told the buyer that the well was reliable and supplied sufficient water for normal domestic uses. After completion of the sale, the buyer discovered that the water available was completely inadequate for domestic purposes because of a serious water shortage problem. Which of the following statements is TRUE?

- (1) Larry is not liable to the buyer in negligence because he exercised reasonable care and skill under the circumstances.
- (2) The seller does not owe a duty of disclosure of this defect (annual water shortage) to the buyer.
- (3) The seller is not liable to anyone for his misrepresentation because he is not a real estate professional.
- (4) None of the above

846. Which of the following statements is TRUE?

- (1) A real estate licensee may safely ignore the requirement of writing established by section 59 (3)(a) of the *Law and Equity Act* so long as the buyer and the seller agree on the terms of sale.
- (2) A contract respecting land or a disposition of land that does not satisfy the requirement of writing contained in section 59 of the *Law and Equity Act* is void.
- (3) The court has the power to enforce an oral contract respecting a disposition of land, if necessary to avoid an inequitable or unfair result where the party relying on the contract has substantially altered their position.
- (4) If the party denying a contract, which is not in writing, has done some act that indicates the contract was made, the contract is not enforceable under section 59 of the *Law and Equity Act*.

847. You have recently listed a property for sale at \$850,000. An offer of \$843,000 was received this morning. At noon, a second offer of \$845,000 was received with a "subject to financing" clause. This evening an offer of \$850,000 was received, also with a "subject to financing" clause. Which of the offers must be presented?

- (1) All of the offers
- (2) Only the offer of \$850,000
- (3) The two highest offers
- (4) None of the offers

848. Devco Builders Ltd., a licensed real estate sales and development company, advertised in a newspaper that its deluxe condominiums come with a 10-year manufacturer's guarantee for all electrical and heating appliances included with each unit. In fact, the advertisement contained an error; there was only a two-year guarantee available from the manufacturer of the appliances. Which of the following statements is FALSE?

- (1) These facts represent a potential breach of the federal *Competition Act*.
- (2) Devco has not breached any statute law; this was an innocent mistake for which Devco is not liable.
- (3) Devco Builders has potentially breached the *Real Estate Services Act*, which prohibits the circulation of false information concerning a real estate transaction.
- (4) If Devco is the owner of the condominium development it is offering for sale, the *Real Estate Services Act* requires Devco to disclose its interest in the property to potential buyers.

849. Robert is dying of a terminal illness. He therefore arranges for his wife Elaine to have a life estate with respect to his ancestral home with the fee simple to go to his daughter Whitney once Elaine dies.

Whitney's interest is that of a:

- (1) reversioner.
- (2) remainderman.
- (3) rectification.
- (4) None of the above

850. On May 3, Mary offered to buy Harvey's house. The offer was stated to be open for acceptance by mail or telephone until 2:00 p.m. on May 4. Which one of the following statements is TRUE?

- (1) If Harvey mails his acceptance, Mary must receive it before 2:00 p.m. on May 4 for there to be a valid contract.
- (2) Mary cannot revoke her offer prior to 2:00 p.m. on May 4.
- (3) If Harvey makes any substantial changes to Mary's offer prior to accepting it, Mary's original offer is terminated.
- (4) If Harvey telephones Mary to ask whether she intends to live on the property herself, Mary's original offer is terminated.

851. Joe and Sue Mortgagor wish to purchase a house. Joe's annual gross income is \$35,000 and Sue's annual gross income is \$30,000. The house they wish to purchase has a price of \$210,000. Ripley Finance Company has told the Mortgagors that they can supply uninsured mortgage funds for the house at $j_2 = 7.5\%$, with an amortization of 25 years and monthly payments. They have determined that the house has a lending value of \$208,000 and annual property taxes are \$1,900. Ripley uses a policy of requiring a 30% gross debt service ratio and will lend to a maximum of 80% loan-to-value. In the calculation of gross income, Ripley includes 100% of the principal wage earner's income and 75% of the secondary wage earner's income. Calculate the maximum loan the Mortgagors can expect (rounded to the nearest dollar).

- (1) \$174,856
- (2) \$166,400
- (3) \$208,000
- (4) \$150,006

852. The selling price of a property is \$350,000. The purchaser has applied to a lender for mortgage funds and been told that the maximum loan he can obtain is \$268,000. The lender's appraiser feels that a long-term conservative estimate of the property's value is \$335,000. What is the loan-to-value ratio on this loan?

- (1) 77%
- (2) 75%
- (3) 80%
- (4) 70%

853. Which of the following statements concerning government regulations of privately owned land is TRUE?
- (1) The provincial government and the federal government together have legislative authority over most privately owned land in Canada.
 - (2) The provincial governments have delegated their authority over privately owned land to local governments, and at present they retain no authority for regulating uses of privately owned land within the provinces.
 - (3) Local governments derive their powers to regulate privately owned land use from the provincial government and may only exercise the specific powers delegated to them.
 - (4) In British Columbia, all local governments derive their authority to control privately owned land use from the *Local Government Act*.
854. Two neighbours, Ms. Finch and Mr. Falcon, each sold their homes last week. Ms. Finch sold her house for \$150,000, while Mr. Falcon's house only sold for \$132,000. Both houses are identical in all respects that are important to buyers. Which of the following could account for the difference in selling price?
- (1) Ms. Finch had already purchased another home and needed to sell this home immediately.
 - (2) Mr. Falcon had already purchased another home and needed to sell this home immediately.
 - (3) Mr. Falcon supplied a vendor take-back mortgage of 13% while the current market rate was 16%.
 - (4) All of the above factors could account for the difference in selling price.
855. An assignment of a commercial lease CANNOT be made by a tenant to a third party in which of the following scenarios?
- (1) Where there is a clause in the lease allowing the tenant to do so
 - (2) Where the landlord has not given their consent during the course of dealings prior to execution
 - (3) Where the tenant is specifically prevented from doing so by a clause in the lease
 - (4) Where the lease permits subletting of the premises
856. Which of the following statements concerning the common law doctrine of the void deed is TRUE?
- (1) A current fee simple "owner" under a void deed has no remedy other than to seek compensation from the government.
 - (2) A void deed would cause all subsequent transfers of the land to be of no effect, even if made in good faith and for value.
 - (3) A deed given in exchange for illegal consideration is not a void deed.
 - (4) A current fee simple "owner" under a void deed could not have certainty of title after holding the property for 25 years.
857. Two identical houses in Amble Greene, a neighbourhood in Surrey, British Columbia, are most likely to have different appraised values because:
- (1) one property has maintained the yard while the other has not.
 - (2) one property has an attractive mountain view and the other does not.
 - (3) one property is 25 years old and the other is 26 years old.
 - (4) one property was appraised during a rainstorm, the other was appraised on a clear day.
858. Consider an asset with a purchase price of \$185,000, economic life of 9 years, and \$5,000 salvage value. If you purchase the asset today, what will be its book value in three years?
- (1) \$125,000
 - (2) \$150,000
 - (3) \$175,000
 - (4) \$190,000

859. Section 52 of the *Competition Act* prohibits false or misleading advertising and creates an offence punishable by imprisonment or a fine. Which of the following statements is FALSE concerning this offence?
- (1) This offence punishes misleading statements in various forms, including oral and written.
 - (2) All false advertisements made to the public will constitute an offence under the provisions of the *Competition Act*, even if the misrepresentation is not misleading in a material respect.
 - (3) Both the general impression of the representation as well as its literal meaning are relevant in determining whether a breach of the Act has taken place.
 - (4) The person making the representation can escape liability if they can show that they honestly believed the statement was not false or misleading and exercised due diligence in making sure that was the case.
860. Which of the following events will terminate a real estate agency relationship?
- (1) Actions of an agent that exceed the terms of the agent's authority under the listing agreement
 - (2) A failure by the agent to present all offers to the principal
 - (3) An offer by the agent to purchase for herself the principal's property
 - (4) An act of the principal that is inconsistent with the continuation of the agent's authority
861. A contract between the seller of real estate and the buyer whereby the vendor agrees to sell their interest in that land to the buyer for a specified price payable in instalments and, upon payment of the price in full, to transfer title to the buyer is called:
- (1) an equitable mortgage.
 - (2) an agreement of purchase and sale.
 - (3) an agreement for sale.
 - (4) a disguised form of mortgage.
862. Under the Regulations to the *Real Estate Services Act*, certain categories of persons are exempted from the licensing requirements contained in the Act. Which of the following is NOT covered by an exemption?
- (1) A business executive selling a neighbour's house for a flat fee
 - (2) An individual providing a property inspection
 - (3) Accountants in relation to the purchase and sale of a business
 - (4) A full-time salaried employee of Mega Land Company selling houses in a 3,000 house tract developed by Mega Land Company
863. A trading services representative must never promise to buy or sell any real estate belonging to a prospective buyer:
- (1) unless at the time of making the promise, a signed statement setting forth the details of the promise is given to the person to whom the promise has been made.
 - (2) unless at the time of making the promise, the representative has in fact lined up a buyer for the property.
 - (3) unless the representative has been authorized by the brokerage to make such a promise.
 - (4) because such promises are expressly forbidden under the *Real Estate Services Act*.

864. A \$195,000 mortgage loan has an interest rate of 7.5% per annum, compounded monthly. At the end of its 5-year amortization and term, the borrower will owe \$178,877.95 on the loan. What is the amount of each monthly payment?

- (1) \$1,423.09
- (2) \$1,598.34
- (3) \$1,441.04
- (4) \$1,567.87

865. Which of the following statements regarding software copyright is TRUE?

- (1) If you pay for software, you are purchasing an ownership purchase.
- (2) A licence agreement permits copying the software for clients and colleagues.
- (3) Generally, copying and reselling software is legally permissible.
- (4) Copyright law protects software.

866. The *Strata Property Act* does NOT permit a strata corporation to:

- (1) control, manage, and administer the common property, common facilities, or other assets of the corporation for the benefit of all owners.
- (2) register a lien for unpaid strata fees.
- (3) prohibit strata lot owners from selling their lots to non-residents of British Columbia.
- (4) remove a strata lot owner's right to use recreational facilities on common property.

867. Which one of the following is FALSE? An agent's authority to act on behalf of their principal may arise:

- (1) expressly.
- (2) contingently.
- (3) by implication.
- (4) by ratification.

868. A borrower approaches Ripley Finance Company about a mortgage on an income-producing property. The property produces an annual net operating income of \$112,500. The lending value of the property is \$880,000. Ripley will only lend to a maximum of 80% loan-to-value ratio, and requires a minimum debt coverage ratio of 1.25. Ripley's terms are: $j_{12} = 12\%$, a term and amortization period of 15 years, and monthly payments. Given these constraints, calculate the maximum allowable loan (rounded to the nearest dollar).

- (1) \$624,912
- (2) \$660,000
- (3) \$976,426
- (4) \$634,728

869. Which of the following is an example of a legal non-conforming use?

- (1) A basement suite in an area near a university that has been zoned for single family dwellings for over 20 years; the suite has been in existence for 15 years and the municipality is aware of it
- (2) A 25-year-old corner grocery store that is located in an area where the original zoning was changed from multi-family to single family two years ago
- (3) A restaurant located in an area that was originally zoned for commercial use, but 5 years ago was changed to residential use; the restaurant is thriving and the owners are currently expanding the building to accommodate an additional 20 seats
- (4) A long-established factory in an area that has just been rezoned from industrial to residential

870. A tenancy agreement, as statutorily defined:

- (1) entitles a landlord to exercise the right to distrain a tenant's goods for arrears of rent.
- (2) requires a tenant to carry out all repairs and maintenance of the leased premises.
- (3) must always be registered in the Land Title Office to secure a tenant's rights against subsequent owners of the leased premises.
- (4) will be terminated if a residential tenant abandons the rental unit.

871. Which of the following statements regarding manufactured home registration is FALSE?

- (1) Except as between the parties to the transfer, the transfer is not effective unless both the home itself and the transfer are registered.
- (2) A person must not import a manufactured home into British Columbia unless ownership of that home has been registered.
- (3) Upon completion of the initial registration of a manufactured home, the registrar will assign it a registration number and issue two decals bearing that number.
- (4) If an owner discovers that their manufactured home is not registered, they must register the home within 30 days of that discovery.

872. Which of the following is NOT an advantage of a wood-fired space heater?

- (1) Reduced overall heating expense
- (2) Provides both radiant and convection heat
- (3) Steady consistent heat
- (4) Thermostatic controls for temperature and circulation fans are available

873. Which of the following is NOT a power or duty of the British Columbia Financial Services Authority?

- (1) Issuance of real estate services licences
- (2) Conduct formal disciplinary processes
- (3) Require the licensees to pay part or all of the expenses incurred in relation to an investigation to which an order relates
- (4) Undertaking and carrying out real estate law reform

874. Which of the following is the simplest, most effective, and most reliable method of protecting against viruses?

- (1) Use a proven anti-virus and malware software
- (2) Buy a new computer every year
- (3) Use separate email accounts for personal and business
- (4) Avoid engaging in social media

875. Under the law of contract, which of the following is NOT an element of a misrepresentation by a seller that will entitle a buyer to rescind the contract of purchase and sale and claim damages?

- (1) The statement must be one of opinion.
- (2) The statement must have induced the buyer to enter the contract.
- (3) The statement must have been one on which a reasonable person would have relied.
- (4) The statement must have been made by the seller knowing it to be false, or recklessly as to its truth or falsehood.

876. Which of the following could a defendant use as a defence to a claim in negligence against them?

- (1) The defendant did not intend to cause injury or damage to the plaintiff.
- (2) The defendant breached the standard of care owed to the plaintiff.
- (3) The damage suffered by the plaintiff was not reasonably foreseeable by a person in the defendant's position.
- (4) The act of the defendant was authorized by statute.

877. Which of the following is FALSE with respect to the law of contract?

- (1) Subject to some exceptions, only the parties to a contract have a right to sue or be sued for breach of the contract.
- (2) The burden or liability under a contract may be assigned, provided that the requirements of the *Law and Equity Act* are met.
- (3) A contract that creates an interest in land is one of the exceptions to the doctrine of privity of contract.
- (4) A statutory assignment must be in writing, must be absolute and unconditional, and notice in writing of the assignment must be given to the original promisor.

878. George bought two units in a 10-unit condominium project. Within one week of the completion of this purchase, some of the owners of another condominium unit, the Smithe family, were killed in an accident in the jacuzzi whirlpool. Mrs. Smithe was the sole survivor of this family. The pool is located on the common property in which George now owns an interest. Mrs. Smithe is suing the strata corporation and George is concerned about the extent of his liability for any damage award she may receive. Assuming that the strata corporation is found liable to Mrs. Smithe, which of the following statements correctly describes George's liability?

- (1) George must pay his proportionate share of any judgment registered against the common property of the strata corporation.
- (2) George will owe Mrs. Smithe absolutely nothing as the *Strata Property Act* contains provisions requiring all strata corporations to obtain and maintain liability insurance to insure against this type of occupiers liability.
- (3) The *Strata Property Act* requires the strata corporation to pay out Mrs. Smithe's judgment from its contingency reserve fund. George will pay only his proportionate share of any amount left unpaid after the reserve fund is used up.
- (4) Because George has not owned the units for a minimum of two weeks before the accident occurred, he is not responsible to pay any proportionate amount of the judgment.

879. David Jones is being sued by a neighbour for creating a nuisance and causing damage to the neighbour's property. Which of the following could be a valid defence to the lawsuit?

- (1) David has taken the utmost care and exercised skill in carrying on the activity causing the nuisance.
- (2) The damage caused is trifling.
- (3) David has authority under a municipal business licence to carry on the activity.
- (4) David is using his property reasonably.

880. A life tenancy has been granted to Avon "without liability for waste". For which of the following actions would Avon incur liability to the remainderman?

- (1) Failure to repair or maintain buildings and improvements on the land
- (2) Erecting a chain link fence across the centre of the property
- (3) Destruction and removal of all the buildings from the land out of spite to the remainderman
- (4) Avon would not be liable in any of the above situations.

881. A company pays \$97,835 for an asset on which the *Income Tax Act* allows capital cost allowance at 5% per year. The asset is expected to have a useful life of 25 years and will have no salvage value at the end of this time. Calculate the depreciation expense for accounting purposes for the asset's third year if the accountant chooses to use straight-line depreciation.
- (1) \$3,913.40
 - (2) \$4,414.80
 - (3) \$4,891.75
 - (4) \$4,505.41
882. Which of the following is a basic requirement for an easement in British Columbia?
- (1) The easement must be negative in nature.
 - (2) The easement must be capable of forming the subject matter of a grant.
 - (3) The dominant and servient tenements must be owned by different parties.
 - (4) The easement must accommodate the servient tenement.
883. When an Order Absolute of Foreclosure is obtained by a petitioner who is in the position of second mortgagee, which of the following is FALSE?
- (1) The second mortgagee can no longer exercise its right to sue the borrower on their personal covenant.
 - (2) The order forecloses the registered owner's interest in the mortgaged land and permits the petitioner to transfer title into their own name.
 - (3) All other charges, liens, encumbrances, and interests registered on the borrower's title are foreclosed or "wiped" off the title.
 - (4) The petitioner may sell the property after taking title to it and does not have to account to the borrower for any profit that might be realized in excess of the mortgage debt.
884. With a portable mortgage:
- (1) a purchaser takes over responsibility for the remaining contractual terms of an existing mortgage.
 - (2) a borrower can save money when the existing mortgage has a lower interest rate than current market rates.
 - (3) the vendor creates a vendor-supplied mortgage.
 - (4) the portable funds fee (PFF) is always charged.
885. Which British Columbia act regulates the way private sector organizations collect, use, keep secure, and disclose personal information?
- (1) *Private Information and Disclosure Act*
 - (2) *Private Sector Protection Act*
 - (3) *Personal Information Protection Act*
 - (4) *Privacy Collection Act*
886. When a real estate licensee manages rental real estate owned by herself, the licensee:
- (1) is exempt from the application of the *Real Estate Services Act* (RESA) if they provide rental property management services under the name of their related brokerage.
 - (2) is always subject to RESA and the associated *Real Estate Services Rules*.
 - (3) should include the name of their related brokerage in any advertisements.
 - (4) must disclose to potential tenants that although they are licensed under RESA, they are not acting as a licensee in this case and are not regulated under RESA in relation to the rental real estate.

887. Which of the following statements comparing condominiums and cooperatives is FALSE?

- (1) Buyers of both condominiums and cooperatives acquire ownership of a fee simple interest in land.
- (2) The requirement for a disclosure statement may apply to both condominiums and cooperatives.
- (3) Condominiums are generally easier to sell than cooperatives.
- (4) Where an existing building is being converted to either a condominium or a non-profit cooperative, the existing tenants are covered by the protections afforded by the British Columbia *Residential Tenancy Act*.

888. Which of the following statements about trust accounts under the *Real Estate Services Act* is FALSE?

- (1) A brokerage must have a trust account for each client.
- (2) All client funds must be placed in a trust account as soon as they are received by the brokerage.
- (3) Money paid by mistake into trust may be withdrawn from the trust account.
- (4) Money paid for expenses incurred on behalf of a client and according to the client's instructions may be withdrawn from the trust account.

889. Fancy Finance Corporation has agreed to advance \$370,000 to a real estate developer by way of an interest accruing loan. If Fancy Finance Corporation wants to earn an effective annual rate of 6% on the funds advanced, what is the amount they should receive from the developer in 30 days?

- (1) \$370,250.42
- (2) \$372,933.33
- (3) \$371,776.26
- (4) \$374,833.98

890. Which of the following statements relating to statements of adjustments is FALSE?

- (1) An existing mortgage assumed by a buyer is a debit on a seller's statement of adjustments.
- (2) A brokerage's real estate commission always appears on the buyer's statement of adjustments as a credit.
- (3) A seller of real property is responsible for their property taxes up to the day before the adjustment date in a contract of purchase and sale.
- (4) A seller's portion of taxes to be paid in the future is a credit on a buyer's statement of adjustments.

891. In which of the following ways would an agency contract NOT be terminated?

- (1) By the death of one of the parties
- (2) By the legal doctrine of frustration
- (3) By a letter of termination by the principal provided to the agent
- (4) By an act of a third party inconsistent with the continuation of authority

892. Which of the following statements is TRUE?

- (1) The presence of a special buyer in a sales transaction will greatly extend the range of possible bids.
- (2) Real property markets are local by nature, due to the immobility of real property.
- (3) The neighbourhood an appraiser should consider when doing an appraisal may not be limited to the subdivision in which the property is located.
- (4) All of the above

893. The principle of “unlimited liability” implies which of the following?
- (1) That an owner of a business has a very large debt load that cannot be serviced
 - (2) That one should never become a general partner
 - (3) That an owner may lose more money than their initial investment
 - (4) That there is no difference between being a sole proprietor of a small business and a shareholder of a large corporation
894. Which of the following statements about a commercial lease for a fixed term is/are TRUE?
- (1) It automatically terminates upon expiration of the term specified in the lease.
 - (2) It may be for any specified length of time.
 - (3) It must contain a description of the commencement date and duration of its term.
 - (4) All of the above statements are true.
895. Ryan wants to purchase a house that is listed for \$376,000. The bank’s appraiser estimates that the lending value of the property is \$375,000. Ryan’s gross annual income is \$60,000 per year. The bank applies an 80% loan-to-value ratio and a gross debt service ratio of 32%. Property taxes amount to \$1,800 per year. Assume that the lender demands a 25-year amortization period and monthly payments at a contract rate of $j_2 = 3\%$. The government specified qualifying rate is 5.25% per annum, compounded semi-annually. How much can Ryan borrow, given the stress test borrower qualification rules for uninsured mortgages? Round your answer to the nearest \$10.
- (1) \$266,630
 - (2) \$243,320
 - (3) \$230,000
 - (4) \$251,560
896. Which of the following is NOT a component of the British Columbia land title registration system?
- (1) The assurance principle
 - (2) The doctrine of the void deed
 - (3) Abolition of the doctrine of notice
 - (4) Indefeasibility of registered fee simple titles
897. Which of the following is the correct chronological order of some of the procedural steps involved in the trial process in British Columbia?
- (1) Conducting an examination for discovery; filing and serving a notice of civil claim; filing and serving a response to civil claim; enforcing a judgment
 - (2) Filing and serving a response to civil claim; filing and serving a notice of civil claim; enforcing a judgment; conducting an examination for discovery
 - (3) Filing and serving a response to civil claim; conducting an examination for discovery; filing and serving a response to civil claim; enforcing a judgment
 - (4) Filing and serving a notice of civil claim; filing and serving a response to civil claim; conducting an examination for discovery; enforcing a judgment

898. Which of the following statements concerning the *Business Practices and Consumer Protection Act* (BPCPA) is FALSE?

- (1) Mortgage lenders and brokers must disclose the Annual Percentage Rate (APR) to the borrower.
- (2) The Annual Percentage Rate (APR) represents the borrower's contractual interest rate plus any non-interest finance charges.
- (3) A disclosure statement must be given to a borrower six days prior to the borrower incurring an obligation under a credit agreement, unless the time period is waived by the borrower.
- (4) In order to provide borrowers with some help in determining the actual cost of borrowing, most provincial governments in Canada have legislated that certain disclosure requirements must be met for specific types of mortgages.

899. The *Real Estate Services Act* does NOT:

- (1) set out sales procedures that must be followed by all licensees in order to keep their licences.
- (2) empower the Superintendent of Real Estate to carry out key functions with respect to real estate licensing.
- (3) provide for subdivision regulation by requiring all developers to supply a disclosure statement.
- (4) require that all representatives and brokerages be licensed.

900. Which of the following items would appear on the vendor's statement of adjustments as debits?

- (1) Assumption of mortgage, purchaser's share of taxes paid, and discharge of second mortgage
- (2) Real estate commission, cash proceeds of sale, and sale price
- (3) Legal fees for discharge of second mortgage, sales commission, and assumption of first mortgage
- (4) Assumption of mortgage, purchaser's share of taxes paid, and cash proceeds of sale

901. In the case of a proprietorship, which one of the following accounts represents the link between the income statement and the balance sheet?

- (1) Net income
- (2) Net assets
- (3) Depreciation expense
- (4) Retained earnings

902. Which of the following is NOT a requirement for a successful claim of negligent misrepresentation?

- (1) A statement of fact given negligently
- (2) Reasonable reliance on the statement by the person to whom it is given
- (3) An existing contractual relationship between the parties
- (4) A special relationship between plaintiff and defendant giving rise to a duty of care

903. Mombasa Logging Company wants to borrow money to build a head office building in Victoria. The company plans to occupy one floor of the building and rent out the rest. They project that the building's net operating income for the next five years will be \$637,500 per year. Current mortgage terms on office building projects are $j_1 = 14\%$, amortized over 30 years with quarterly payments. River Bank feels that Mombasa Logging is optimistic in their net operating income projections and has therefore set the required debt coverage ratio at 1.5. Which of the following represents Mombasa's maximum allowable loan (rounded to the nearest \$1,000)?

- (1) \$3,128,000
- (2) \$7,038,000
- (3) \$1,043,000
- (4) \$12,512,000

904. A company has just bought a truck for \$22,500. It is expected that the truck can be sold for \$3,000 15 years from now. The current market value of the vehicle is \$27,000. Using the straight-line method, what is the annual depreciation expense?
- (1) \$1,300
 - (2) \$1,500
 - (3) \$1,600
 - (4) \$1,800
905. Which of the following statements is FALSE?
- (1) In a conflict between common law principles and equitable principles, equitable principles will prevail.
 - (2) In a conflict between common law principles and statute law, statute law will prevail.
 - (3) In a conflict between statute law and equitable principles, equitable principles will prevail.
 - (4) In a conflict between equitable principles and statute law, statute law will prevail.
906. With respect to the foundation of a residential building, which of the following options defines dampproofing?
- (1) A material used to eliminate the penetration of frost in the concrete slab
 - (2) A material applied to foundation walls to seal minor capillary pores in the concrete
 - (3) A plastic vapour barrier placed under concrete footings
 - (4) A plastic pipe laid alongside the concrete foundation wall
907. Section 52 of the *Competition Act* is a criminal offence that prohibits misleading advertising. Which of the following statements concerning this offence is FALSE?
- (1) A person or company can be found guilty under section 52 when the general impression conveyed by an advertisement is misleading, even though every part of their advertisement is true in a literal sense.
 - (2) To constitute an offence under this section, the representation must be false or misleading in a material respect.
 - (3) The standard applicable in determining whether a statement is misleading or not is whether a consumer was actually misled or deceived.
 - (4) Someone accused under section 52 can avoid conviction if they show that they honestly believed that the representation was not false or misleading and that they exercised due diligence in making sure that was the case.
908. Which of the following statements about FINTRAC's Administrative Monetary Penalties ("AMPs") is TRUE?
- (1) FINTRAC is required to publish the names of the individuals or entities that have committed violations resulting in an AMP.
 - (2) FINTRAC will automatically issue an AMP whenever it receives evidence that a reporting entity has committed a violation.
 - (3) FINTRAC is required to disclose all cases of non-compliance to law enforcement agencies for the assessment of potential criminal charges.
 - (4) FINTRAC can impose a penalty of up to \$2 million through an AMP.

909. Johnny F. Lane wants to purchase a sports car that will be introduced to the market 10 months from now for \$19,800. How much money should Johnny deposit in the bank today if he can earn 9% per annum, compounded monthly in his savings account?
- (1) \$18,374.46
 - (2) \$7,856.84
 - (3) \$19,800.00
 - (4) \$18,018.00
910. The cost approach of appraisal is only used on rare occasions to determine market value of residential properties. Which one of the following would be MOST correct as reasoning for the infrequency of use?
- (1) Costs are historic and therefore have no relevance.
 - (2) Replacement cost would be difficult to determine.
 - (3) Only the cost of land can be accurately determined.
 - (4) The assumption that cost equals value is not necessarily correct.
911. Which of the following statements concerning an open listing is FALSE?
- (1) Under an open listing, a commission will only be paid to the agent who is the effective cause of the sale.
 - (2) The *Real Estate Services Act* requires all listings to always be in writing.
 - (3) Under an open listing, the seller is free to dispose of the property independently without any liability to pay commission to an agent.
 - (4) Under an open listing, a seller is free to use the services of any number of brokerages.
912. The “subject clauses” have just been removed from a contract of purchase and sale, but the sale will not complete for another 17 days. Sandy Salesperson has already recorded the commission from the sale as income. Which of the generally accepted accounting principles (GAAP) was she following?
- (1) The matching principle
 - (2) The cost principle
 - (3) The consistency principle
 - (4) The revenue recognition principle
913. Sara wants to purchase Bart’s property. She cannot qualify for financing, so she has offered to give Bart \$50,000 in cash plus assume the existing \$125,195 mortgage loan. This loan has 233 monthly payments of \$1,050 remaining. The interest rate on the original mortgage is $j_2 = 8\%$, but the current market rate is $j_2 = 5.5\%$. What is the market value of the offer?
- (1) \$244,650.00
 - (2) \$200,903.78
 - (3) \$180,322.00
 - (4) \$150,154.54

914. Which of the following is NOT an example of a situation in which a landlord can end a residential tenancy agreement for cause?
- (1) The number of persons permanently occupying a suite is unreasonable.
 - (2) A tenant fails to give the necessary security deposit within 30 days of the date required by the tenancy agreement.
 - (3) The premises must be vacated to allow for renovations that cannot be performed while the premises are occupied.
 - (4) The premises must be vacated to comply with an order made by the local authority regarding zoning.
915. Richard owns a 2,400 square foot unit in a strata complex. There are 19 other units, the square footage of which totals 37,600 square feet. The common property has an area of 12,600 square feet. The total common expenses for the year amount to \$48,000. What is Richard's monthly share of the common expenses?
- (1) \$596.83
 - (2) \$255.32
 - (3) \$761.90
 - (4) \$240.00
916. Which of the following factors is generally NOT considered in determining whether or not profit realized on the sale of property is treated as business income rather than a capital gain for taxation purposes?
- (1) The intention of the owner at the time they purchased the property
 - (2) The method of financing used to purchase the property
 - (3) The nature of the buyer who purchased the property
 - (4) The length of time the seller owned the property
917. An acquaintance of yours is about to purchase an income-producing property and asks your opinion of the property value. You wisely recommend that she have an appraisal done, but she counters by saying: "since appraisers in British Columbia are not required to be licensed, it must be a straight-forward process that could be done by anyone. Why should I pay someone for an appraisal?"
- Which of the following is NOT a reason for hiring a professional appraiser?
- (1) Income-producing properties have low turnover rates.
 - (2) The heterogeneity of property means that knowledge concerning one property cannot necessarily be applied to another property.
 - (3) Real property markets are local.
 - (4) Real property is short-lived; it is easy to account for changes over time.
918. Which of the following is NOT one of the obligations imposed on a strata corporation under the *Strata Property Act*?
- (1) The obligation to keep the common property in a state of good and serviceable repair
 - (2) The obligation to maintain liability insurance of no less than \$5,000,000 on the strata project
 - (3) The obligation to establish a contingency reserve fund for unusual or extraordinary expenses
 - (4) The obligation to establish a fund for payment of administrative expenses of the strata corporation

919. Which of the following would NOT be available to a judgment creditor as a means of enforcing a judgment?

- (1) Examination of the judgment debtor under oath
- (2) Obtaining a writ of execution so that the judgment debtor's personal car can be seized and sold
- (3) Obtaining and serving a garnishing order on the judgment debtor's bank
- (4) Registering a notice of civil claim in the appropriate land title office against the judgment debtor's property

920. Which of the following statements regarding mortgage default insurance is FALSE?

- (1) A lender may apply a higher loan-to-value ratio to an insured loan than an uninsured loan.
- (2) The insurance company guarantees borrowers will be able to continue to make their mortgage payments without interruption.
- (3) The insurance premium paid on an insured mortgage can be added to the loan amount.
- (4) Mortgage default insurance is insurance for the lender.

921. Which of the following properties would be MOST suitable for an appraisal by the comparative approach?

- (1) A penitentiary located just outside the municipal boundary of a town inhabited by a population of 83,000
- (2) A 2-bedroom unit in a 4-year-old condominium; the building is a concrete high-rise and is in an area where an abundance of similar units are marketed
- (3) A 30-year-old house designed by the famous architect, Earl Wright, to the owner's specifications; the house is situated in an exclusive area in West Vancouver
- (4) A large office building in downtown Vancouver, owned by a forestry company that has been placed on the market because the first mortgage holder has commenced foreclosure action

922. Which one of the following statements is FALSE?

- (1) Subprime lenders account for risk by charging increased interest rates and incorporating higher administration and processing fees compared to prime lenders.
- (2) One of the problems in the US subprime market arose because the subprime boom introduced lending practices that made it easier to obtain loans.
- (3) The market share of Canadian subprime mortgages is much larger than in the US.
- (4) The Canadian subprime market is subject to less risk than its American counterpart because all high-ratio Canadian mortgages must be secured with mortgage insurance.

923. In which of the following circumstances will an agent NOT be personally liable for their actions?

- (1) The agent, identified as such, is mistakenly believed by a third party to be contracting as a principal.
- (2) The agent has no authority to act as an agent.
- (3) The agent commits a tort.
- (4) The agent fails to disclose that they are an agent.

924. Which of the following statements about deposits is FALSE?
- (1) A binding contract of purchase and sale cannot be formed unless the offer is accompanied by a deposit.
 - (2) Where an offer is presented with a deposit cheque after banking hours, and the offer is refused by the seller before the banks open, the deposit cheque may be returned directly to the offeror by the licensee.
 - (3) A licensee's brokerage holds deposits as a stakeholder.
 - (4) Licensees are not allowed to wait until an offer is accepted before depositing the deposit cheque in the licensee's brokerage trust account.
925. A building scheme is a special example of a group of restrictive covenants attaching to two or more lots within a particular development plan. Which of the following statements concerning building schemes is FALSE?
- (1) The original purchasers must receive their fee simple title from the same seller.
 - (2) The seller must have intended the restrictions to bind each lot.
 - (3) Buyers must negotiate any exemptions from the application of the building scheme individually prior to purchase.
 - (4) The restrictions must apply equally to all the individual lots and be consistent with a general scheme of development.
926. With fully amortized constant payment mortgages, when payments are rounded up to the next higher dollar, the numbers of payments necessary to repay the loan amount:
- (1) will always increase in addition to increasing the size of the final payment.
 - (2) may decline in addition to reducing the size of the final payment.
 - (3) may increase to the length of the term.
 - (4) cannot be determined.
927. Which of the following is NOT subject to the provisions of the *Residential Tenancy Act*?
- (1) A residential condominium rented out by the offshore owner
 - (2) An apartment attached to a warehouse rented under a separate lease
 - (3) A basement suite in a private residence
 - (4) A house let for a 29-year term
928. Which of the following heating systems offers rapid response to extreme outside temperature changes?
- (1) Electric baseboard heating
 - (2) Electric heated hot water radiant unit
 - (3) Central gas fired forced hot air
 - (4) Central gas fired forced hot water
929. A borrower wishes to make monthly payments of no more than 30% of their monthly income of \$2,500 for a period of 200 months. If interest rates are currently 9% per annum, compounded semi-annually, what is the maximum amount that should be lent?
- (1) \$90,582.19
 - (2) \$89,371.22
 - (3) \$77,561.75
 - (4) \$78,374.01

930. Which of the following statements concerning listing agreements is TRUE?

- (1) A listing agreement is a contract between the seller and the brokerage, the terms of which can be relied on by the buyer.
- (2) For the brokerage to become entitled to commission, the offer to purchase presented by the brokerage must be substantially in accordance with the terms of the listing.
- (3) A listing brokerage will not be entitled to a commission if it does not have a listing agreement with the seller prior to listing the property for sale.
- (4) All owners listed on title must sign the listing contract.

931. Which of the following does NOT relate to the topic of contract law?

- (1) Depreciation
- (2) Consideration
- (3) Voidability
- (4) *Quantum meruit*

932. Which of the following statements about false or misleading advertising as prohibited by section 52 of the *Competition Act* is FALSE?

- (1) It is not an offence under the *Competition Act* for the visual advertisement to create a false impression as long as the written statements are true.
- (2) For a misrepresentation to be contrary to the Act, it must be false or misleading in a material respect.
- (3) The *Competition Act* applies to both oral and written representations.
- (4) To avoid liability under section 52, the person accused of the offence must show that they honestly believed that the representation was not false or misleading and exercised due diligence in making sure that was the case.

933. A prospective buyer signs an offer on a property for \$250,000 and mentions to the listing licensee that she would be willing to pay as much as \$270,000 for the property if necessary. The listing licensee presents the offer to the seller without mentioning that the buyer may be willing to increase the offer. The seller accepts the offer of \$250,000. This fact pattern is:

- (1) an example of the agent's ethical obligation to deal fairly with the buyer at all times.
- (2) a breach of the agent's legal and ethical duty of full disclosure to her principal.
- (3) acceptable conduct on the part of the agent.
- (4) an example of the agent's duty not to make a secret profit.

934. ABC Loan Co. ("ABC") has agreed to lend \$2 million dollars to Devco Ltd. in exchange for a registered first mortgage against Devco's current residential construction project. The loan is to be paid out in four equal instalments over a five month period, but all payments are at the discretion of ABC under the "advances" clause in the mortgage. The first instalment has been paid and it is now time to pay out the second instalment. ABC has discovered that a builder's lien has been filed against Devco's property. You correctly advise ABC that:

- (1) it is obligated to pay out the second instalment to Devco; to refuse to do so would be a breach of the mortgage contract.
- (2) if the second instalment is advanced to Devco, the lien claimant will have priority over this and any other advances made under the mortgage after the date of registration of the lien.
- (3) the lien cannot take priority over ABC's mortgage because the lien was registered after the mortgage.
- (4) None of the above statements is correct.

935. An investor has negotiated to purchase a piece of raw land for \$375,000. The investor believes that the land will increase substantially in value, and that at the end of 3 years the land will sell for \$483,400. What yield expressed as an effective annual rate will the investor earn on this investment?
- (1) 8.832463%
 - (2) 9.493867%
 - (3) 6.664926%
 - (4) 7.645597%
936. Equitable remedies are remedies that are within the court's discretion to award. Which of the following is NOT an equitable remedy?
- (1) Specific performance
 - (2) Injunction
 - (3) *Quantum meruit*
 - (4) Damages
937. The residual method of appraisal is the most suitable method for use where the subject property:
- (1) is an apartment block in an area currently zoned for residential duplexes only.
 - (2) is vacant land.
 - (3) represents the highest and best use of the site and there is a large volume of market data available.
 - (4) has latent value.
938. What is the nominal rate of interest, compounded semi-annually that is equivalent to 11.5% per annum, compounded monthly?
- (1) 5.889533%
 - (2) 12.125933%
 - (3) 11.779067%
 - (4) 10.233782%
939. A clerk in the land title office mistakenly registered a fee simple transfer on the wrong title, with the result that Lot 5, owned by Michael, was transferred to Scott. Scott discovered this error and, instead of correcting the error, he sold the property to another person who was unaware of the clerical error and of Scott's dishonest conduct. Michael discovered the error after the buyer had registered the transfer from Scott. He wants his land restored to him and the register corrected. You correctly advise Michael that:
- (1) because this situation was caused by a clerical error, the Registrar will correct the register and restore Michael's property to him.
 - (2) the person who bought the property, bona fide and for value, from Scott, is protected by the British Columbia land title system; as a result, Michael cannot have his property restored to him.
 - (3) Michael contributed to his own loss by neglecting to register a lien on his title to indicate to anyone searching title that he was the registered owner; as a result, he cannot recover damages in a lawsuit against Scott.
 - (4) because Scott acted fraudulently, the transfer of the property to the third party is a void deed, meaning that Michael can have the property restored to him.

940. According to the *Strata Property Act*, which of the following statements is TRUE?

- (1) A unanimous vote of 100% of the members of a strata corporation is usually required to approve an amendment to the bylaws of the corporation.
- (2) An estate in fee simple is created for each individual strata lot by the registration, and approval of the registrar of land titles, of a strata plan.
- (3) The condominium concept can be utilized only for residential projects.
- (4) Before a strata plan can be registered in the land title office, all of the strata lots must be presold.

941. Terrence needs to borrow \$200,000 to buy a studio apartment, so he can move out of his East Vancouver basement suite. He saw an ad on the bus that said "Bad Credit, No Problem, We Loan to ANYONE!", so he gave them a call. The potential lender was very friendly and said they could advance a loan of \$200,000 with monthly payments of \$1,400 over a 1-year term. The lender also gave Terrence a disclosure statement with a lot of fine print he didn't understand, which stated the face value of the loan is \$224,000 and the outstanding balance at the end of 1-year loan term is \$219,820.63. Calculate the cost of funds advanced (expressed as a j_1) for this loan with a 1-year term.

- (1) 15.832652%
- (2) 19.019559%
- (3) 12.521578%
- (4) 17.115529%

942. Which of the following statements concerning mortgages is FALSE?

- (1) A mortgage is a loan.
- (2) A mortgage is an interest in land created by contract.
- (3) The relationship of the parties to a mortgage is that of debtor and creditor.
- (4) In British Columbia, mortgages are registered on title as a charge.

943. According to the *Real Estate Services Act* and *Real Estate Services Regulations*, which of the following statements is TRUE?

- (1) An individual may commence trading in real estate immediately after receiving proof of passing the real estate licensing exam.
- (2) All staff employed by a real estate brokerage must be registered with the British Columbia Financial Services Authority.
- (3) An individual may be registered independently as a real estate representative without being employed by a registered real estate brokerage.
- (4) A real estate representative is employed by their brokerage to trade in real estate in the brokerage's name, on behalf of the brokerage's clients.

944. What is the meaning of designated agency in the context of the standard form listing agreement?

- (1) The licensee cannot act for both the buyer and seller.
- (2) The licensee can act for both the buyer and seller.
- (3) The brokerage and its agents have been designated to act as a team for the buyer.
- (4) The brokerage appoints one or more specific licensees to act as the seller's sole agent.

945. Fletcher owns Lot 1, a rock-strewn beachfront property to which he had added 1 tonne of white sand imported from Aruba. Ana, owner of Lot 2, is Fletcher's neighbour. Lot 2 has a tennis court located near the beach. On windy days, the fine white sand on Fletcher's property is carried by the wind onto Ana's property, where it coats the clay surface of the tennis court, making it very slippery and hazardous for anyone playing there. Ana has discussed this problem with Fletcher on several occasions but he has not done anything to prevent the problem from continuing. Ana has been unable to use her tennis court for several months as a result of the sand accumulating on the property. Which of the following statements is TRUE?

- (1) This is likely an example of the tort of trespass.
- (2) This is likely an example of the tort of private nuisance.
- (3) Ana has no basis in law on which to sue Fletcher because the problem is caused by natural forces.
- (4) Fletcher may successfully defend against a lawsuit brought by Ana on the basis that the damage caused is unintentional.

946. Mac O'Rooney plans to build a small restaurant and requires \$275,000 in construction financing. First Mortgage Co. has agreed to lend the funds in the form of an interest accruing loan. Interest is to be charged at a rate of 11.25% per annum, compounded semi-annually. How much will Mac owe at the end of the 12-month term?

- (1) \$306,807.62
- (2) \$340,355.45
- (3) \$305,937.50
- (4) \$313,467.23

947. An appraiser has located a comparable property that sold for \$173,000 three weeks ago. The comparable and the subject property are similar in all respects except the following:

	<u>Subject</u>	<u>Comparable</u>
No. of bedrooms	4	3
Square footage	2,600	2,400
Garage	no	yes

The appraiser also knows that the market value of a bedroom is \$1,100, the value of a garage is \$7,000, and above a 2,000 sq. ft. benchmark, each 100 sq. ft. is worth \$3,000. What should the appraiser regard as the adjusted sale price of the comparable?

- (1) \$173,100
- (2) \$187,100
- (3) \$191,000
- (4) \$168,200

948. In which of the following scenarios would the City of Vancouver's Empty Homes Tax MOST likely apply?

- (1) The owner spends the summer (from June to August) living in the property as a principal residence. For the remainder of the year, she lists the property on Airbnb, exclusively for weekend trips. She does not have a hotel or B&B licence.
- (2) The owner lives abroad, but he rents the property for six 30-day terms throughout the year in order to avoid paying the Empty Homes Tax.
- (3) The owner uses the property as a principal residence, but spends up to six months of the year abroad on business trips.
- (4) The owners initially purchased the property as an investment, but now that their daughter has started attending university in Vancouver, she uses the property as a principal residence from September to April of the same year.

949. You have a partially completed appraisal report that you need to fill in. The subject property has 4 bedrooms and 4 bathrooms. The house next door is similar in all respects except for the number of bedrooms and bathrooms. It sold for \$234,000 and was adjusted - \$4,000 for bedrooms and +\$5,700 for bathrooms. If the market value of a bedroom is \$4,000 and the market value of a bathroom is \$5,700, you can conclude that the comparable has:
- (1) 5 bedrooms and 3 bathrooms.
 - (2) 4 bedrooms and 4 bathrooms.
 - (3) 3 bedrooms and 5 bathrooms.
 - (4) fewer bedrooms and fewer bathrooms than the subject.
950. Sophisticated investors will ultimately determine the value of undeveloped land by:
- (1) estimating the value of the land when improved and subtracting the costs of undertaking such a development.
 - (2) consulting with the owner of the undeveloped land as to their estimate of the land's value.
 - (3) asking the advice of a mortgage broker as to the availability of debt financing.
 - (4) considering the proximity of the property to positive externalities.
951. You have a partially completed appraisal report that you need to fill in. The subject property has 4 bathrooms and an alarm system. The house next door is similar in all respects except for the number of bathrooms and alarm system. It sold for \$226,500 and has 3 bathrooms and no alarm system. If the market value of a bathroom is \$6,000 and the market value of an alarm system is \$4,000, this comparable will have to be adjusted for bathrooms and an alarm system by:
- (1) -\$6,000 and -\$4,000 respectively.
 - (2) +\$4,000 and -\$6,000 respectively.
 - (3) +\$6,000 and +\$4,000 respectively.
 - (4) \$0 and +\$4,000 respectively.
952. A limitation or restriction placed upon the use of one person's land for the benefit of another is called:
- (1) remuneration.
 - (2) a zoning bylaw.
 - (3) a restrictive covenant.
 - (4) an order absolute of foreclosure.
953. In a mortgage transaction, the mortgagee is:
- (1) the borrower.
 - (2) the fee simple owner of the mortgaged property.
 - (3) the holder of an equitable right to redeem the mortgaged property.
 - (4) granted the mortgage as security for a loan.
954. You have a partially completed appraisal report that you need to fill in. The 2,200 square foot subject property has an alarm system. The house next door is similar in all respects except for square footage and alarm system. This 2,300 square foot comparable sold for \$245,500 and does not have an alarm system. If the market value of an alarm system is \$4,500 and above a 2,000 sq. ft. benchmark, each 100 sq. ft. is worth \$6,000, this comparable will have to be adjusted for alarm system and square footage by:
- (1) +\$4,500 and -\$6,000 respectively.
 - (2) +\$6,000 and +\$4,500 respectively.
 - (3) -\$4,500 and +\$6,000 respectively.
 - (4) -\$6,000 and +\$4,500 respectively.

955. Two years ago, Burt bought a beautiful lakefront estate for \$750,000. Burt made the purchase with a \$250,000 down payment and financed the remainder with a mortgage loan written at a contract rate of $j_2 = 7.5\%$, calling for monthly payments of \$3,994 and an outstanding balance of \$433,709.14 due at the end of the 5-year term. Ernie has made an offer of a \$240,000 down payment and assumption of the existing financing for the remainder of the term. If the current market interest rates for 3-year term mortgages is $j_1 = 10\%$, what is the market value of Ernie's offer?
- (1) \$690,410.81
 - (2) \$526,899.31
 - (3) \$650,783.33
 - (4) \$685,478.28
956. Which of the following statements is FALSE with respect to residential tenancies under the provisions of the *Residential Tenancy Act*?
- (1) With the consent of the landlord, a residential tenant can assign or sublet all or part of the leased premises at any time during the term of the tenancy.
 - (2) A landlord is entitled to give not less than one month written notice of the end of the tenancy agreement to a tenant who, after two months of entering into the tenancy agreement, has failed to give the security deposit required under the agreement.
 - (3) In cases of emergency, a landlord has a right of entry to leased premises.
 - (4) A landlord may only increase rent once per year, and must provide either written or oral notice at least three months before it becomes effective.
957. Which of the following statements is NOT included in the Knowledge Base section entitled "Advertising Checklist and Sample Advertising"?
- (1) Licensees must include the name of their related brokerage on their profile screen.
 - (2) Licensees must include the name of their related brokerage in each "Tweet".
 - (3) A Facebook profile making any claim (i.e., "Top Selling Real Estate Team!") must include a qualifying statement about the claim.
 - (4) A licensee posting a video blog to YouTube must include the name of their related brokerage in the title or description of the video.
958. Which of the following is FALSE? Specific performance is:
- (1) not granted in a contract for the sale of property if the property is unique.
 - (2) an equitable remedy that may be granted at the discretion of the court.
 - (3) not granted by a court in cases where monetary damages are an adequate remedy.
 - (4) a remedy for a breach of contract, requiring the terms of the contract to be performed.

959. You have been asked to appraise an apartment building using the income approach of appraisal. You have been given the following data relating to recently sold properties A and B. They are comparable to the Subject Property C, whose value is to be appraised.

	<u>Subject Property</u>	<u>Comparables</u>	
	<u>C</u>	<u>A</u>	<u>B</u>
Sale Price	?	\$234,000	\$211,000
Gross Potential Rental Income	\$48,000	\$51,000	\$44,000
Vacancy	\$3,840	\$4,080	\$3,520
Current Operating Expenses	\$30,000	\$32,000	\$28,000

Using the limited data found above, which of the following is the BEST estimated range in market value for Subject Property C, rounded to the nearest \$1,000?

- (1) \$200,000 to \$220,000
 - (2) \$210,000 to \$220,000
 - (3) \$222,000 to \$239,000
 - (4) \$240,000 to \$260,000
960. Assume the net operating incomes of office buildings in your area have remained steady while the market capitalization rate has gradually fallen over the last year. This would mean:
- (1) the sale prices of office buildings have risen.
 - (2) the sale prices of office buildings have fallen.
 - (3) recent buyers anticipate an impending fall in net operating incomes.
 - (4) the sale prices of office buildings have stayed the same.
961. Which of the following statements regarding the effect of registration of a mortgage in a British Columbia land title office is TRUE?
- (1) The registration of a mortgage in the land title office is conclusive evidence that the mortgagee is entitled to an interest in the land described in the mortgage document.
 - (2) A mortgage that is not registered in the land title office is unenforceable against the parties to the mortgage.
 - (3) Registration of a mortgage raises only a rebuttable presumption that the mortgage is valid; a registered mortgage is not “guaranteed” under the British Columbia land registration system.
 - (4) None of the above statements are true.
962. A conflict of interest is a situation where there is a(n) _____ risk that the agent’s representation of a client would be negatively affected by the agent’s own interest or by the agent’s duties to another current client, a former client, or a third party.
- (1) substantial
 - (2) unavoidable
 - (3) documented
 - (4) trivial
963. Which of the following is NOT normally included in the concept of real property?
- (1) Natural features, such as trees and streams
 - (2) Moveable objects such as furniture
 - (3) Land
 - (4) Manmade improvements, such as buildings

964. Which of the following is FALSE with respect to strata lot ownership?

- (1) The sole purpose of creating a strata corporation is to limit the liability of the corporation members.
- (2) The concept of ownership of part of a building is an ancient one, now recognized by provincial legislation.
- (3) A strata development is a special way of subdividing land and buildings into parts for separate ownership with common features.
- (4) A strata corporation is permitted to pass a bylaw limiting the number of strata lots that may be leased by the corporation members, where the strata plan is entirely or partially residential.

965. Helen is the owner and occupier of a detached 2-bedroom house in Vancouver. Which of the following statements regarding property taxes on Helen's property is FALSE?

- (1) The *Assessment Act* is the sole source of statute law governing taxation of real property in British Columbia.
- (2) If Helen moves to Toronto but keeps her home in Vancouver for her mother to live in, Helen may have higher annual net property tax liability.
- (3) The municipality can appeal the assessment on Helen's home if they believe the original assessed value is too low.
- (4) Helen has lived in her home for the last 11 years and in that time her neighbourhood has been rezoned to multi-family strata buildings. Each strata lot has a higher assessment value than Helen's current detached home. Helen may apply for a special assessment for her home to be assessed based on its current residential use.

966. A mortgage with a face value of \$288,000 and a contract rate of interest rate of 4.2% per annum, compounded monthly calls for monthly payments of \$1,780. What is the outstanding balance immediately after the 40th monthly payment has been made?

- (1) \$245,223.45
- (2) \$254,915.90
- (3) \$224,654.84
- (4) \$232,919.53

967. Which of the following statements respecting a real estate agency relationship is TRUE?

- (1) The interests of the agent take priority over those of the principal.
- (2) The buyer of the property is always owed the agent's primary duty to act solely for their benefit.
- (3) The "agent" is an employee and works under the direct control and supervision of their principal.
- (4) None of the above statements are true.

968. For licensees who wish to use pictures in advertising, which of the following statements regarding photo editing is TRUE?

- (1) Changing the physical characteristics of the property with photo editing is always acceptable.
- (2) Editing photos in any way is not acceptable.
- (3) Removing power lines with photo editing is acceptable.
- (4) Removing a parked car in the driveway with photo editing is acceptable.

969. Which of the following is NOT a requirement under the *Interest Act* in order for a borrower to tender prepayment of their mortgage?
- (1) The borrower is an individual.
 - (2) The mortgage is not payable until a time more than five years from the date of the mortgage.
 - (3) The expiration of the five years from the date of the mortgage has occurred.
 - (4) The lender is a financial institution.
970. Arco Architects recently purchased \$19,000 worth of new office furniture, but with their quantity discount, the final cost was only \$17,100. It is expected that the furniture can be sold at the end of its 10 year life for \$1,500. What is the annual depreciation expense if Arco uses the straight-line method?
- (1) \$1,750
 - (2) \$1,560
 - (3) \$1,710
 - (4) \$1,900
971. A landlord has rented an apartment to a tenant under a one year tenancy agreement. Three days ago, at the beginning of the third month of the term, the tenant failed to pay rent as due. What action can the landlord take?
- (1) The landlord may immediately enter the leased premises and seize the tenant's furniture of sufficient value to equal the amount of rent owing.
 - (2) The landlord is prohibited by law from terminating this fixed term lease; it must continue until its expiry date. The landlord's only remedy is to take the matter to arbitration.
 - (3) The landlord may now give the tenant 10 days written notice of the end of the tenancy agreement, and the tenant may avoid termination by paying the overdue rent within 5 days of receiving the notice.
 - (4) The agreement is now void because of the tenant's breach of one its fundamental covenants, i.e., the requirement to pay rent.
972. Which of the following statements about easements is TRUE?
- (1) Only the land owner and not the land benefits from an easement.
 - (2) The granting of an easement by one landowner to another conveys ownership of the easement area to the dominant tenement owner.
 - (3) Where a right or privilege over land benefits a long established trade on a dominant tenement, this has been held by the court in some cases to be sufficient to create an easement.
 - (4) A tenant who occupies land under a 20 year lease can grant an easement to a neighbouring property owner and the easement, if registered in the land title office, will run with the land even after the lease expires.

973. Joan was considering putting in an offer on a farm in Peachland, British Columbia for \$130,000, subject to arranging suitable financing. She approached Peachy Credit Union for pre-approval of a mortgage loan, and Peachy hired A & A Appraisers to determine the value of the farm for mortgage purposes. A & A appraised the property at \$135,000 and Peachy Credit Union approved a mortgage loan of \$101,250 to Joan, who then went ahead with the purchase. Eleven months later the bank was forced to foreclose on the property and upon obtaining another appraisal, found that the market value of the property was only \$70,000. It is found that A & A was negligent in its appraisal report.

What remedies, if any, are available to Joan and Peachy Credit Union?

- (1) Peachy Credit Union can sue A & A for breach of contract, but Joan has no case against A & A.
- (2) Peachy Credit Union can sue Joan for their loss under her personal covenant but cannot sue A & A Appraisers.
- (3) Peachy Credit Union can sue A & A for breach of contract and Joan can sue A & A under tort law.
- (4) No remedies are available to either Joan or Peachy Credit Union.

974. Which of the following statements is TRUE with respect to security deposits in a commercial tenancy?

- (1) The interest that accrues on a security deposit is always paid to the account of the landlord.
- (2) The amount of a security deposit may be freely negotiated between the two parties to a commercial lease.
- (3) The interest rate on a security deposit is restricted by the federal *Interest Act*.
- (4) Security deposits must not exceed 150% of the monthly rent as a higher amount is unconscionable and therefore illegal.

975. Which of the following statements is TRUE?

- (1) A licensee can protect themselves from all liability for misrepresentation by having the vendor complete and sign a disclosure statement at the time the property is listed.
- (2) A licensee will not be liable for the tort of fraudulent misrepresentation unless they have some expertise in the particular area.
- (3) A licensee will be vicariously liable to a buyer for incorrect information given by the licensee to the vendor who passed the information on to the buyer.
- (4) A licensee is not required to provide opinions to buyers on areas outside their expertise; rather, it is the buyer's responsibility to seek the opinion of a qualified expert.

976. Under the Rules, what must a listing licensee do if the seller instructs them to withhold the disclosure of a material latent defect to a potential buyer of the property?

- (1) The listing licensee must disclose that material latent defect to the buyer.
- (2) The listing licensee must report the situation to the British Columbia Financial Services Authority.
- (3) The listing licensee must follow the seller's instructions and withhold disclosure to potential buyers.
- (4) The listing licensee must refuse to provide further trading services to or on behalf of that client in respect of the trade in real estate.

977. A mortgage broker has helped you set up a mortgage loan. The loan is for \$250,000 at an interest rate of $j_{12} = 4.5\%$ and a 20-year amortization. The loan calls for monthly payments of \$1,582 over a 3-year term with \$225,208.61 owing at the end of 3 years. If the lender pays the broker a fee of 2% of the funds advanced, what is the yield to the lender, expressed as an effective annual rate (j_1)?

- (1) 4.485244%
- (2) 3.228752%
- (3) 4.749999%
- (4) 3.825288%

978. The term *stare decisis* means:

- (1) on the surface.
- (2) let the former decision stand.
- (3) beyond the powers.
- (4) decisions must be equitable.

979. Tina had a listing on a house that she wanted to sell to Tom. Tom didn't want to make an offer on Tina's listing because his own house had not sold. Tina offered to buy Tom's present house if it did not sell in time to close on her listing. Tina signed a statement containing the details of her promise and gave it to Tom. Tom then signed an offer on Tina's listing, which was accepted. Tom, now suffering from buyer's remorse, is unhappy with the arrangement, and has reported Tina to the British Columbia Financial Services Authority (BCFSA) Which of the following statements is/are TRUE?

- (1) Tina did nothing wrong in making this promise because she provided all the terms of the promise in writing, to Tom, prior to his entering the contract of purchase and sale.
- (2) Tina is in breach of the *Real Estate Services Act*, because it prohibits licensees from promising to purchase property in order to induce a buyer to enter a contract.
- (3) Tina is liable to be disciplined by BCFSA since her behaviour qualifies as misconduct as a licensee.
- (4) Both (2) and (3) are true.

980. Andrew forged a mortgage and registered it against the fee simple title of Julia, without her knowledge. Andrew then went to the Handy Dandy finance company and sold the mortgage to them. Wendy, an employee of Handy Dandy, searched the title and ascertained that Andrew was the registered mortgagee, prior to buying the mortgage from Andrew. Subsequently, Julia learned of the mortgage when Handy Dandy sent notice to her instructing her to make her payments in future to Handy Dandy. Julia told Handy Dandy that she had never granted a mortgage to anyone, and that she had no intention of paying them anything. Andrew is now living happily in Bolivia. Which of the following statements is TRUE?

- (1) Handy Dandy's mortgage is protected under the *Land Title Act*, since they dealt with the registered holder of the mortgage, and relied on the register.
- (2) Julia will be obliged to repay the mortgage to Handy Dandy, but she will be entitled to recover that amount from the assurance fund.
- (3) Handy Dandy will not be able to recover the mortgage debt from Julia, but they will be able to recover the amount of the mortgage from the assurance fund.
- (4) Julia will be able to have Handy Dandy's mortgage removed from her title, and Handy Dandy will have no recourse, except against Andrew.

981. Real property is affected by external influences from neighbouring properties. What characteristic of real estate causes this?

- (1) The supply of urban land is not fixed.
- (2) Real property is immobile.
- (3) Ownership of real property may be divided both physically and legally.
- (4) Real property is durable.

982. You have been asked to appraise an apartment building using the income approach of appraisal. Although the current rents on the subject property are \$270,000, you suspect the building is poorly managed. Your research indicates that the subject property's gross potential rent is \$310,000. The operating expenses on the apartment building being appraised are expected to be \$87,900.

The following comparable building, similar to the subject property, was sold recently.

	<u>Comparable</u>
Gross Potential Rents	\$312,800
Long-Term Market Vacancy Rate	5%
Operating Expenses	\$88,200
Sale Price	\$2,190,000

Based on the information from the comparable, determine the market value of the subject property, rounded to the nearest \$1,000.

- (1) \$1,822,000
 - (2) \$2,400,000
 - (3) \$2,285,000
 - (4) \$2,165,000
983. Which of the following is NOT one of the three main classifications of interests in land that are less than estates?
- (1) Easements
 - (2) Profits-a-prendre
 - (3) Restrictive covenants
 - (4) Licences
984. A mortgage loan, created five years ago, was originally in the amount of \$25,500. The contract called for interest at the rate of 9% per annum, compounded semi-annually and constant monthly payments of \$219.39. Calculate the outstanding balance due immediately after the 36th and the 60th monthly payments have been made.
- (1) \$23,550.43; \$23,480.78
 - (2) \$24,201.56; \$23,124.56
 - (3) \$24,540.22; \$23,744.14
 - (4) \$24,201.56; \$23,992.19
985. Which of the following statements concerning restrictive covenants is FALSE?
- (1) The covenant must be worded in positive terms.
 - (2) The restriction must be intended by the parties to bind the land.
 - (3) The person who agrees to be bound is called the covenantor.
 - (4) A restrictive covenant will not be enforceable where the character of the neighbourhood has changed so as to make enforcement useless.

986. Under the *Real Estate Services Act*, where a licensee desires to buy real property or an interest in it for themselves, or for a company of which the licensee is a shareholder, director, or officer, or for a partnership of which the licensee is a partner, which of the following must the licensee disclose in writing to the seller prior to the agreement?

- (1) That they are a licensee acquiring the real estate for themselves, or for the corporation or partnership
- (2) The amount of remuneration the licensee expects to receive based on the transaction
- (3) The name of the person to whom the disclosure is made
- (4) A licensee is required to disclose all of the above.

987. Which of the following statements is FALSE?

- (1) Trespass is an act done to another's land, while nuisance is an act done on one person's land, which affects another's land.
- (2) The remedies for trespass are damages, injunction, and self-help, while the remedies for nuisance are damages, injunction, and abatement.
- (3) With both trespass and nuisance, the plaintiff must prove interference with the use and enjoyment of the plaintiff's land and physical damage to property.
- (4) Trespass usually occurs once or twice, whereas nuisance usually involves repeated or continuous occurrences.

988. What will be the maximum loan granted on a commercial building with a lending value of \$4,250,000 and yielding a net operating income of \$212,500 per year, where the lender requires a debt coverage ratio of 1.3 and a 65% loan-to-value ratio? The loan will be amortized over 25 years with annual payments and the interest rate is 6.5% per annum, compounded annually. Round your answer to the nearest \$1,000.

- (1) \$1,994,000
- (2) \$2,997,000
- (3) \$1,592,000
- (4) \$2,763,000

989. Jake has owned an industrial toxic waste disposal plant in Vancouver for a number of years. The area in which the plant is located was rezoned one year ago and the applicable zoning bylaws do not permit a waste disposal land use. The residents of Vancouver are lobbying the city council to close down the plant.

Which of the following statements is TRUE?

- (1) The plant is a legal non-conforming use of the land that may continue indefinitely.
- (2) The plant is a legal non-conforming use of the land that may continue until Jake sells the property.
- (3) The *Planning Act* establishes the circumstances under which non-conforming uses may continue.
- (4) If Jake wants to sell the plant, most buyers will require him to take steps to make the use a legal one by obtaining a bylaw amendment called a land use contract for the site.

990. Eugene and Lenore visited Green Maple Tree Farms. The property is owned and operated by Rodney. Trees kept for sale are placed in holes in the ground, with their roots encased in burlap. The holes are not filled in when a tree is removed, but are located in a grid pattern, which is apparent to any viewer. Signs are located at the beginning and end of every row of trees warning customers to watch for and avoid open holes. Eugene and Lenore walked among the rows of trees while selecting a tree for their purchase. Eugene and Lenore noticed an open hole (approximately 3 feet in diameter). Lenore walked around the hole and Eugene attempted to step across the hole. Eugene fell into the hole and fractured his leg. Shortly after this event, Lenore tripped over a green garden hose lying unseen in the grass between the rows of trees, which was left by Rodney earlier in the day. Lenore broke her arm in her fall.

Which of the following statements is TRUE?

- (1) Rodney is liable to both Eugene and Lenore for their injuries suffered as a result of his breach of the duty of care owed to them under the *Occupiers Liability Act*.
 - (2) Rodney can successfully defend against a lawsuit by both Eugene and Lenore, using the defence contained in the *Occupiers Liability Act* that an occupier has no duty of care to a person in respect of risks willingly accepted by that person as their own risks.
 - (3) Eugene will probably not recover any damages in a lawsuit against Rodney because he breached his duty to take reasonable care for his own safety; he was the author of his own harm.
 - (4) Rodney will not be liable for either Eugene or Lenore's injuries if he was not at Green Maple Tree Farms at the time that the injuries occurred.
991. Ethan visited a used car lot, owned and operated by Clara. The lot contains a variety of used cars, in addition to a marked off area where Clara keeps a variety of car parts. There are large signs around the marked off area, warning customers not to enter the area without the presence of an employee. Ethan, while walking around the lot, noticed a set of vintage car wheels in the marked off area. Disregarding the signage, Ethan entered the area to get a closer look at the wheels. Unfortunately, Ethan stepped on a small engine part that was lying on the ground and slipped and broke his ankle. Which of the following statements is TRUE?
- (1) If Ethan had been trespassing on Clara's lot, Ethan would have been owed no duty of care whatsoever under the *Occupiers Liability Act*.
 - (2) If Ethan was an infant, he would likely be owed a higher duty of care than an adult because of an infant's relative inability to appreciate the danger presented by marked off areas in a used car lot.
 - (3) Clara could not be held liable to Ethan if she was merely leasing the lot; only the owner of the land can be sued under the *Occupiers Liability Act*.
 - (4) If Clara had an employee supervise the lot, and Clara was away from the lot at the time of the injury, only the employee can be held liable under the *Occupiers Liability Act*.
992. A new furnace that Sally installed in her house exploded six months after installation. Sally intends to bring a lawsuit against the manufacturer. What is the first document that Sally's lawyer will file?
- (1) A response to civil claim
 - (2) A notice of trial
 - (3) A notice of civil claim
 - (4) A garnishing order

993. Which of the following appears in the “Description of Land” section of a Land Title Search in British Columbia?

- (1) Civic street address of the property
- (2) Parcel identifier, or PID
- (3) Dimensions of the parcel of land
- (4) Geodetic coordinates for each corner of the property

994. Which of the following results from the immobility of land?

- (1) A large older home is divided into four separate suites, and each is sold as a unit.
- (2) A piece of land is zoned as parkland, thereby increasing the value of nearby homes.
- (3) There is no licensing requirement for appraisers.
- (4) The economic life of a building may be shorter than its physical life.

995. A company pays \$97,635 for an asset on which the *Income Tax Act* allows capital cost allowance at 5% per year. The asset is expected to have a useful life of 25 years and will have no salvage value at the end of this time. Calculate the depreciation expense for accounting purposes for the asset’s third year if the accountant chooses to use straight-line depreciation.

- (1) \$3,913.40
- (2) \$4,185.49
- (3) \$4,521.72
- (4) \$3,905.40

996. Which of the following statements about fixtures and chattels is FALSE?

- (1) When a chattel becomes attached, even slightly, to real property, it is presumed to be considered a fixture unless circumstances show that the item was intended to remain a chattel.
- (2) A seller of real property has the right to detach and remove any fixture after entering the contract of purchase and sale, if they so desire.
- (3) When an owner of a house attaches a mirror to the wall, to better use the mirror, they will usually be entitled to remove the mirror when the house is sold and the seller moves out.
- (4) If an object cannot be removed without damaging the real property, this is an indication that the object is a fixture.

997. Which one of the following is NOT a reason why an investor would use borrowed funds instead of an all cash offer for a real estate investment?

- (1) To diversify investments and reduce overall risk
- (2) To get a regular and predictable return on capital
- (3) To invest the borrowed funds at a higher rate of interest than the borrowing rate
- (4) Lack of adequate capital to make the desired investment

998. Which of the following is a common law source of duties to clients?

- (1) The *Real Estate Services Act*
- (2) The Real Estate Services Regulation
- (3) Agency/fiduciary law
- (4) The *Real Estate Services Rules*

999. Mimi was house-sitting for her friends Tom and Lizzie while they were on a three month photo-safari in Africa. The front porch was damaged in a freak storm that caused a tree to fall and smash the bottom two steps. Mimi didn't have the money to hire a carpenter to repair the stairs, so she attached a large sign to the bottom of the steps reading, "DANGER KEEP OFF". Dave, an out of work handyman who could not read English, was walking from house to house in the neighbourhood looking for casual work. He entered Tom and Lizzie's property, and not understanding the sign started up the steps to the front door. Dave landed on the damaged step, and the weight of his body was more than the step could stand. He broke his leg in two places, and having no insurance, has run up \$3,750 in medical bills. Dave now intends to begin a lawsuit. Which of the following statements is FALSE?
- (1) Under the *Occupiers Liability Act*, both Mimi and the absent owners qualify as "occupiers."
 - (2) Dave will be unsuccessful in his lawsuit because he willingly accepted the risk of injury when he walked up the broken steps.
 - (3) The duty of care owed by an occupier under the *Occupiers Liability Act* applies in relation to the condition of the premises, activities on the premises, or the conduct of third parties on the premises.
 - (4) A court will consider the reasonableness of the occupier's actions in order to establish liability in this case.
1000. Mr. Dunigan has agreed to sell his prime Vancouver home to his friend Mr. Flutie. Mr. Flutie's offer consists of \$55,000 cash and financing the remainder by way of a vendor take-back mortgage. The vendor take-back mortgage would be written for \$375,000 at 11.75% per annum, compounded semi-annually, an amortization period of 25 years, a term of 5 years, and monthly payments. Market rates of interest for equivalent mortgages are currently 13% per annum, compounded semi-annually. What will be the market value of Flutie's offer, rounded to the nearest \$10?
- (1) \$588,800
 - (2) \$358,850
 - (3) \$413,850
 - (4) \$400,080

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ANSWERS BY QUESTION

Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.
1.	4	10	49.	4	20	97.	3	24	145.	4	2
2.	3	21	50.	2	15	98.	1	24	146.	4	14
3.	1	2	51.	1	15	99.	2	24	147.	1	16
4.	4	8	52.	3	3	100.	2	4	148.	4	1
5.	2	12	53.	4	3	101.	4	21	149.	3	23
6.	4	14	54.	3	17	102.	2	1	150.	1	5
7.	4	18	55.	4	21	103.	3	2	151.	4	12
8.	1	21	56.	3	10	104.	2	2	152.	2	19
9.	3	1	57.	2	12	105.	1	16	153.	3	11
10.	4	4	58.	4	26	106.	1	4	154.	2	12
11.	3	6	59.	4	7	107.	4	5	155.	3	22
12.	4	13	60.	4	17	108.	1	6	156.	2	14
13.	1	6	61.	4	11	109.	3	14	157.	2	17
14.	3	1	62.	2	24	110.	4	8	158.	4	12
15.	2	10	63.	2	14	111.	4	18	159.	3	8
16.	2	16	64.	2	3	112.	2	10	160.	4	13
17.	4	15	65.	4	16	113.	3	11	161.	1	26
18.	2	26	66.	4	10	114.	4	11	162.	2	17
19.	2	2	67.	2	22	115.	4	12	163.	3	24
20.	4	21	68.	3	13	116.	3	12	164.	4	1
21.	1	12	69.	1	5	117.	2	13	165.	1	21
22.	3	22	70.	2	17	118.	2	14	166.	2	17
23.	1	1	71.	4	7	119.	4	16	167.	4	10
24.	4	17	72.	2	17	120.	3	14	168.	1	20
25.	3	10	73.	1	25	121.	3	15	169.	3	3
26.	4	8	74.	2	22	122.	2	15	170.	3	5
27.	1	5	75.	1	8	123.	4	16	171.	2	13
28.	2	21	76.	4	5	124.	1	17	172.	3	26
29.	1	8	77.	2	21	125.	4	18	173.	2	16
30.	1	6	78.	4	10	126.	3	19	174.	2	22
31.	3	26	79.	2	26	127.	2	20	175.	2	3
32.	2	15	80.	4	3	128.	4	21	176.	3	6
33.	1	21	81.	2	22	129.	2	21	177.	3	24
34.	2	8	82.	1	7	130.	3	22	178.	1	13, 17
35.	4	2	83.	1	10	131.	2	22	179.	1	14
36.	1	13	84.	2	23	132.	1	23	180.	4	2
37.	2	10	85.	3	6	133.	3	24	181.	1	22
38.	3	1	86.	3	21, 23	134.	4	25	182.	2	15
39.	3	6	87.	3	18	135.	2	7	183.	4	16
40.	4	21	88.	3	17	136.	4	15	184.	4	15
41.	3	12	89.	2	21	137.	4	21	185.	3	18
42.	1	4	90.	4	3	138.	3	5	186.	2	17
43.	2	21	91.	3	20	139.	4	4	187.	4	11
44.	3	11	92.	2	12	140.	1	21	188.	4	17
45.	4	7	93.	1	11	141.	3	20	189.	3	14
46.	2	17	94.	4	16	142.	4	13	190.	2	12
47.	3	17	95.	2	15	143.	1	24	191.	4	23
48.	2	2	96.	4	24	144.	3	24	192.	1	19

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ANSWERS BY QUESTION

Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.
193.	1	3	241.	1	17	289.	3	22	337.	2	22
194.	3	14	242.	2	24	290.	2	13	338.	1	22
195.	1	6	243.	4	24	291.	2	5	339.	3	22
196.	4	21	244.	1	24	292.	2	13	340.	2	11
197.	3	13	245.	1	16	293.	3	9	341.	3	19
198.	1	8	246.	2	9	294.	4	24	342.	1	14
199.	3	10	247.	3	22	295.	2	10	343.	3	24
200.	3	15	248.	2	25	296.	4	8	344.	1	16
201.	3	10	249.	4	24	297.	3	6	345.	3	16
202.	1	21	250.	2	13	298.	2	21	346.	4	8
203.	4	13	251.	2	15	299.	4	19	347.	2	17
204.	4	17	252.	1	15	300.	3	2	348.	1	10
205.	2	10	253.	2	22	301.	2	12	349.	4	2
206.	2	14	254.	4	7	302.	2	5	350.	2	7
207.	1	3	255.	2	21	303.	1	14	351.	3	5
208.	3	16	256.	2	12	304.	3	7	352.	4	4
209.	3	7	257.	4	19	305.	3	7	353.	4	21
210.	3	18	258.	4	13	306.	1	23	354.	2	12
211.	2	4	259.	3	3	307.	4	26	355.	3	6
212.	2	8	260.	2	4	308.	1	20	356.	1	24
213.	4	26	261.	3	13	309.	1	16	357.	2	8
214.	2	14	262.	1	9	310.	3	3	358.	1	3
215.	1	22	263.	4	10	311.	4	19	359.	2	21
216.	3	4	264.	3	24	312.	3	17	360.	3	25
217.	3	6	265.	1	19	313.	4	13	361.	4	25
218.	1	2	266.	4	10	314.	2	18	362.	1	14
219.	1	24	267.	4	13, 14	315.	3	8	363.	3	11
220.	3	8	268.	4	14	316.	2	6	364.	4	6
221.	4	8	269.	2	23	317.	4	19	365.	1	2
222.	4	8	270.	1	2	318.	1	17	366.	2	23
223.	3	1	271.	3	16	319.	4	6	367.	3	26
224.	1	13, 14	272.	1	16	320.	4	10	368.	3	17
225.	2	5	273.	3	4	321.	1	12	369.	2	10
226.	2	4	274.	3	14	322.	4	17	370.	4	12
227.	1	16	275.	4	18	323.	4	16	371.	2	23
228.	1	25	276.	4	13	324.	3	21	372.	3	5
229.	1	12	277.	3	10	325.	4	18	373.	3	13
230.	4	26	278.	4	6	326.	4	17	374.	1	13
231.	2	17	279.	4	17	327.	2	24	375.	3	11
232.	3	2	280.	4	17	328.	2	16	376.	3	13
233.	2	5	281.	1	12	329.	1	16	377.	4	18
234.	3	15	282.	1	22	330.	4	16	378.	2	13
235.	2	21	283.	2	13	331.	1	16	379.	1	2
236.	1	19	284.	4	11	332.	1	10	380.	3	23
237.	1	19	285.	4	14	333.	3	21	381.	3	6
238.	4	18	286.	1	10	334.	3	12	382.	3	16
239.	1	17	287.	2	2	335.	4	3	383.	2	16
240.	1	17	288.	2	6	336.	3	22	384.	1	1

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ANSWERS BY QUESTION

Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.
385.	2	4	433.	3	15	481.	2	13	529.	4	21
386.	2	8	434.	2	23	482.	1	16	530.	4	21
387.	4	8	435.	2	16	483.	2	9	531.	2	8
388.	4	19	436.	4	26	484.	3	21	532.	2	21
389.	4	11	437.	3	2	485.	3	7	533.	3	3
390.	2	2	438.	2	20	486.	4	12	534.	3	19
391.	4	15	439.	2	16	487.	3	13	535.	2	11
392.	2	24	440.	2	3	488.	2	8	536.	1	5
393.	3	14, 15	441.	4	20	489.	3	1	537.	2	22
394.	3	14	442.	3	8	490.	3	23	538.	4	25
395.	4	7	443.	1	14	491.	2	8	539.	2	5
396.	3	8	444.	4	11	492.	4	26	540.	1	23
397.	2	5	445.	2	17	493.	4	11	541.	2	10
398.	4	10	446.	1	10	494.	1	16	542.	4	15
399.	2	21	447.	3	14	495.	3	14	543.	2	11
400.	4	12	448.	2	24	496.	3	10	544.	4	22
401.	3	7	449.	2	22	497.	3	5	545.	3	16
402.	2	24	450.	1	12	498.	4	22	546.	2	13
403.	4	2	451.	2	12	499.	3	18	547.	3	17
404.	3	22	452.	4	6	500.	1	15	548.	2	15
405.	4	13	453.	3	10	501.	4	11	549.	3	6
406.	4	15	454.	1	11	502.	2	5	550.	1	12
407.	3	14	455.	1	10	503.	2	21	551.	1	13
408.	2	12	456.	1	17	504.	4	14	552.	1	5
409.	1	8	457.	2	17	505.	4	2	553.	2	18
410.	3	8	458.	2	3	506.	4	17	554.	3	22
411.	1	2	459.	4	6	507.	4	24	555.	3	4
412.	1	11	460.	4	13	508.	2	8	556.	3	21, 22
413.	1	21	461.	4	26	509.	2	5	557.	3	11
414.	2	14	462.	4	16	510.	2	15	558.	3	6
415.	4	10	463.	4	11	511.	2	13, 14	559.	4	14
416.	2	16	464.	4	15	512.	4	19	560.	4	3
417.	1	22	465.	3	2	513.	3	6	561.	3	12
418.	3	12	466.	2	21	514.	2	19	562.	4	23
419.	1	3	467.	3	22	515.	3	10	563.	2	7
420.	3	5	468.	1	5	516.	2	15	564.	3	18
421.	3	8	469.	4	21	517.	3	16	565.	2	2
422.	2	24	470.	4	14	518.	3	11	566.	1	2
423.	4	22	471.	4	17	519.	1	16	567.	2	4
424.	3	13	472.	3	10	520.	3	10	568.	3	3
425.	4	6	473.	2	13	521.	2	26	569.	1	4
426.	4	17	474.	1	17	522.	4	15	570.	3	8
427.	2	12	475.	3	11	523.	2	6	571.	2	5
428.	1	8	476.	4	2	524.	3	2	572.	1	6
429.	3	26	477.	1	4	525.	3	12	573.	1	14
430.	4	8	478.	4	15	526.	2	19	574.	2	14
431.	4	5	479.	2	24	527.	4	6	575.	2	10
432.	1	26	480.	2	22	528.	4	1	576.	4	11

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ANSWERS BY QUESTION

Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.
577.	3	10	625.	4	8	673.	4	17	721.	3	10
578.	4	10	626.	3	20	674.	3	13	722.	3	12
579.	3	9	627.	1	3	675.	1	3	723.	2	16
580.	1	11	628.	4	17	676.	4	8	724.	3	3
581.	1	12	629.	4	16	677.	4	3	725.	3	21
582.	1	12	630.	3	13	678.	2	14	726.	3	20
583.	2	15	631.	2	13	679.	2	23	727.	3	7
584.	1	15	632.	4	14	680.	4	12	728.	3	12
585.	2	8	633.	2	23	681.	2	24	729.	2	18
586.	2	8	634.	4	23	682.	4	12	730.	2	4
587.	2	13	635.	3	25	683.	1	10	731.	1	24
588.	3	16	636.	4	2	684.	2	20	732.	4	21
589.	4	13	637.	4	19	685.	1	1	733.	1	22
590.	3	22	638.	2	18	686.	3	15	734.	4	22
591.	1	16	639.	4	1	687.	4	23	735.	3	22
592.	1	16	640.	1	13	688.	3	12	736.	1	22
593.	2	17	641.	1	24	689.	4	25	737.	3	8
594.	1	16	642.	3	2	690.	3	13	738.	3	26
595.	4	16	643.	4	8	691.	4	26	739.	2	13
596.	3	17	644.	3	20	692.	4	14	740.	2	8
597.	4	17	645.	4	14	693.	4	13	741.	2	1
598.	1	13	646.	1	21	694.	4	7	742.	1	13
599.	3	19	647.	2	16	695.	4	14	743.	4	6
600.	1	20	648.	3	14	696.	3	24	744.	4	14
601.	1	20	649.	2	21	697.	4	24	745.	4	4
602.	3	14	650.	1	17	698.	4	13	746.	4	16
603.	3	22	651.	4	20	699.	2	10	747.	1	17
604.	3	22	652.	2	17	700.	2	22	748.	2	19
605.	3	22	653.	4	18	701.	2	19	749.	4	17
606.	1	23	654.	4	8	702.	2	16	750.	2	10
607.	2	23	655.	4	6	703.	1	3	751.	1	2
608.	3	22	656.	4	21	704.	2	14	752.	4	13
609.	2	25	657.	3	12	705.	2	13	753.	4	21
610.	4	26	658.	2	3	706.	4	15	754.	4	23
611.	2	2	659.	3	26	707.	2	14	755.	3	23
612.	2	2	660.	2	8	708.	2	5	756.	3	15
613.	3	3	661.	1	12	709.	3	11	757.	3	22
614.	3	4	662.	3	6	710.	4	8	758.	2	14
615.	3	5	663.	3	17	711.	2	20	759.	4	13
616.	3	6	664.	3	3	712.	2	22	760.	2	25
617.	4	4	665.	1	7	713.	4	4	761.	1	12
618.	2	11	666.	1	17	714.	4	23	762.	1	7
619.	2	12	667.	2	12	715.	1	8	763.	2	6
620.	3	24	668.	4	17	716.	3	8	764.	1	4
621.	1	24	669.	4	22	717.	3	10	765.	4	7
622.	2	24	670.	3	22	718.	4	11	766.	1	25
623.	3	10	671.	1	22	719.	2	5	767.	1	14
624.	3	10	672.	1	22	720.	1	12	768.	4	22

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ANSWERS BY QUESTION #

Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.
769.	2	5	817.	4	24	865.	4	26	913.	2	16
770.	4	13	818.	4	24	866.	3	7	914.	3	6
771.	1	13,14	819.	2	24	867.	2	12	915.	4	7
772.	1	15	820.	3	24	868.	1	17	916.	3	19
773.	3	20	821.	4	8	869.	4	18	917.	4	21
774.	4	16	822.	1	21	870.	4	6	918.	2	7
775.	1	20	823.	3	14	871.	4	4	919.	4	1
776.	1	13	824.	1	3	872.	3	20	920.	2	13
777.	4	10	825.	4	16	873.	4	2	921.	2	21
778.	3	6	826.	3	4	874.	1	26	922.	3	17
779.	2	2	827.	4	2	875.	1	10	923.	1	12
780.	2	20	828.	4	6	876.	3	5	924.	1	11
781.	4	19	829.	2	2	877.	2	10	925.	3	3
782.	4	24	830.	2	1	878.	1	7	926.	2	14
783.	3	10	831.	4	15	879.	2	5	927.	4	6
784.	3	14	832.	4	7	880.	3	3	928.	3	20
785.	3	8	833.	1	8	881.	1	8	929.	4	14
786.	1	26	834.	1	8	882.	2	3	930.	4	11
787.	4	15	835.	4	15	883.	3	15	931.	1	10
788.	3	16	836.	4	10	884.	2	16	932.	1	11
789.	1	26	837.	1	20	885.	3	26	933.	2	12
790.	2	20	838.	3	19	886.	4	2	934.	2	15
791.	2	21	839.	3	10	887.	1	7	935.	1	13
792.	1	16	840.	2	23	888.	1	2	936.	4	10
793.	2	1	841.	4	3	889.	3	13,14	937.	4	21
794.	3	4	842.	3	23	890.	2	24	938.	3	14
795.	4	14	843.	3	8	891.	4	12	939.	2	4
796.	2	6	844.	3	13	892.	4	21	940.	2	7
797.	1	13	845.	4	5	893.	3	8	941.	2	16
798.	4	20	846.	3	11	894.	4	6	942.	1	15
799.	4	25	847.	1	11	895.	2	17	943.	4	2
800.	4	25	848.	2	11	896.	2	4	944.	4	11
801.	4	24	849.	2	3	897.	4	1	945.	2	5
802.	1	22	850.	3	10	898.	3	16	946.	1	13
803.	4	22	851.	2	17	899.	3	2	947.	1	22
804.	3	3	852.	3	17	900.	3	24	948.	1	19
805.	3	1	853.	3	18	901.	1	8	949.	1	22
806.	2	6	854.	2	21	902.	3	5	950.	1	22
807.	2	13	855.	3	6	903.	1	17	951.	3	22
808.	1	11	856.	2	4	904.	1	8	952.	3	3
809.	4	6	857.	2	22	905.	3	1	953.	4	15
810.	3	13	858.	1	8	906.	2	20	954.	1	22
811.	3	21	859.	2	11	907.	3	11	955.	1	16
812.	1	1	860.	4	12	908.	1	5	956.	4	6
813.	1	24	861.	3	15	909.	1	13	957.	2	26
814.	2	6	862.	1	2	910.	4	22	958.	1	10
815.	3	21	863.	1	12	911.	2	12	959.	3	23
816.	4	16	864.	3	14	912.	4	8	960.	1	23

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ANSWERS BY QUESTION #

Q #	Ans.	Chap.
961.	3	15
962.	1	9
963.	2	3
964.	1	7
965.	1	19
966.	2	14
967.	4	12
968.	4	26
969.	4	15
970.	2	8
971.	3	6
972.	3	3
973.	3	21
974.	2	6
975.	4	5
976.	4	12
977.	4	16
978.	2	1
979.	1	5
980.	4	4
981.	2	21
982.	4	23
983.	4	3
984.	2	14
985.	1	3
986.	4	2
987.	3	5
988.	1	17
989.	1	18
990.	3	5
991.	2	5
992.	3	1
993.	2	4
994.	2	21
995.	4	8
996.	2	3
997.	2	13
998.	3	9
999.	2	5
1000.	3	16

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ANSWERS BY CHAPTER

Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.
9.	3	1	566.	1	2	882.	2	3	302.	2	5
14.	3	1	611.	2	2	925.	3	3	351.	3	5
23.	1	1	612.	2	2	952.	3	3	372.	3	5
38.	3	1	636.	4	2	963.	2	3	397.	2	5
102.	2	1	642.	3	2	972.	3	3	420.	3	5
148.	4	1	751.	1	2	983.	4	3	431.	4	5
164.	4	1	779.	2	2	985.	1	3	468.	1	5
223.	3	1	827.	4	2	996.	2	3	497.	3	5
384.	1	1	829.	2	2	10.	4	4	502.	2	5
489.	3	1	862.	1	2	42.	1	4	509.	2	5
528.	4	1	873.	4	2	100.	2	4	536.	1	5
639.	4	1	886.	4	2	106.	1	4	539.	2	5
685.	1	1	888.	1	2	139.	4	4	552.	1	5
741.	2	1	899.	3	2	211.	2	4	571.	2	5
793.	2	1	943.	4	2	216.	3	4	615.	3	5
805.	3	1	986.	4	2	226.	2	4	708.	2	5
812.	1	1	52.	3	3	260.	2	4	719.	2	5
830.	2	1	53.	4	3	273.	3	4	769.	2	5
897.	4	1	64.	2	3	352.	4	4	845.	4	5
905.	3	1	80.	4	3	385.	2	4	876.	3	5
919.	4	1	90.	4	3	477.	1	4	879.	2	5
978.	2	1	169.	3	3	555.	3	4	902.	3	5
992.	3	1	175.	2	3	567.	2	4	908.	1	5
3.	1	2	193.	1	3	569.	1	4	945.	2	5
19.	2	2	207.	1	3	614.	3	4	975.	4	5
35.	4	2	259.	3	3	617.	4	4	979.	1	5
48.	2	2	310.	3	3	713.	4	4	987.	3	5
103.	3	2	335.	4	3	730.	2	4	990.	3	5
104.	2	2	358.	1	3	745.	4	4	991.	2	5
145.	4	2	419.	1	3	764.	1	4	999.	2	5
180.	4	2	440.	2	3	794.	3	4	11.	3	6
218.	1	2	458.	2	3	826.	3	4	13.	1	6
232.	3	2	533.	3	3	856.	2	4	30.	1	6
270.	1	2	560.	4	3	871.	4	4	39.	3	6
287.	2	2	568.	3	3	896.	2	4	85.	3	6
300.	3	2	613.	3	3	939.	2	4	108.	1	6
349.	4	2	627.	1	3	980.	4	4	176.	3	6
365.	1	2	658.	2	3	993.	2	4	195.	1	6
379.	1	2	664.	3	3	27.	1	5	217.	3	6
390.	2	2	675.	1	3	69.	1	5	278.	4	6
403.	4	2	677.	4	3	76.	4	5	288.	2	6
411.	1	2	703.	1	3	107.	4	5	297.	3	6
437.	3	2	724.	3	3	138.	3	5	316.	2	6
465.	3	2	804.	3	3	150.	1	5	319.	4	6
476.	4	2	824.	1	3	170.	3	5	355.	3	6
505.	4	2	841.	4	3	225.	2	5	364.	4	6
524.	3	2	849.	2	3	233.	2	5	452.	4	6
565.	2	2	880.	3	3	291.	2	5	381.	3	6

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ANSWERS BY CHAPTER #

Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.
425.	4	6	887.	1	7	821.	4	8	515.	3	10
459.	4	6	915.	4	7	833.	1	8	520.	3	10
513.	3	6	918.	2	7	834.	1	8	541.	2	10
523.	2	6	940.	2	7	843.	3	8	575.	2	10
527.	4	6	964.	1	7	858.	1	8	577.	3	10
549.	3	6	4.	4	8	881.	1	8	578.	4	10
558.	3	6	26.	4	8	893.	3	8	623.	3	10
572.	1	6	29.	1	8	901.	1	8	624.	3	10
616.	3	6	34.	2	8	904.	1	8	683.	1	10
655.	4	6	75.	1	8	912.	4	8	699.	2	10
662.	3	6	110.	4	8	970.	2	8	717.	3	10
743.	4	6	159.	3	8	995.	4	8	721.	3	10
763.	2	6	198.	1	8	246.	2	9	750.	2	10
778.	3	6	212.	2	8	262.	1	9	777.	4	10
796.	2	6	220.	3	8	293.	3	9	783.	3	10
806.	2	6	221.	4	8	483.	2	9	836.	4	10
809.	4	6	222.	4	8	579.	3	9	839.	3	10
814.	2	6	296.	4	8	962.	1	9	850.	3	10
828.	4	6	315.	3	8	998.	3	9	875.	1	10
855.	3	6	346.	4	8	1.	4	10	877.	2	10
870.	4	6	357.	2	8	15.	2	10	931.	1	10
914.	3	6	386.	2	8	25.	3	10	936.	4	10
927.	4	6	387.	4	8	37.	2	10	958.	1	10
956.	4	6	396.	3	8	56.	3	10	44.	3	11
971.	3	6	409.	1	8	66.	4	10	61.	4	11
974.	2	6	410.	3	8	78.	4	10	93.	1	11
45.	4	7	421.	3	8	83.	1	10	113.	3	11
59.	4	7	428.	1	8	112.	2	10	114.	4	11
71.	4	7	430.	4	8	167.	4	10	153.	3	11
82.	1	7	442.	3	8	199.	3	10	187.	4	11
135.	2	7	488.	2	8	201.	3	10	284.	4	11
209.	3	7	491.	2	8	205.	2	10	340.	2	11
254.	4	7	508.	2	8	263.	4	10	363.	3	11
304.	3	7	531.	2	8	266.	4	10	375.	3	11
305.	3	7	570.	3	8	277.	3	10	389.	4	11
350.	2	7	585.	2	8	286.	1	10	412.	1	11
395.	4	7	586.	2	8	295.	2	10	444.	4	11
401.	3	7	625.	4	8	320.	4	10	454.	1	11
485.	3	7	643.	4	8	332.	1	10	463.	4	11
563.	2	7	654.	4	8	348.	1	10	475.	3	11
665.	1	7	660.	2	8	369.	2	10	493.	4	11
694.	4	7	676.	4	8	398.	4	10	501.	4	11
727.	3	7	710.	4	8	415.	4	10	518.	3	11
762.	1	7	715.	1	8	446.	1	10	535.	2	11
765.	4	7	716.	3	8	453.	3	10	543.	2	11
832.	4	7	737.	3	8	455.	1	10	557.	3	11
866.	3	7	740.	2	8	472.	3	10	576.	4	11
878.	1	7	785.	3	8	496.	3	10	580.	1	11

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ANSWERS BY CHAPTER #

Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.
618.	2	11	680.	4	12	589.	4	13	414.	2	14
709.	3	11	682.	4	12	598.	1	13	443.	1	14
718.	4	11	688.	3	12	630.	3	13	447.	3	14
808.	1	11	720.	1	12	631.	2	13	470.	4	14
846.	3	11	722.	3	12	640.	1	13	495.	3	14
847.	1	11	728.	3	12	674.	3	13	504.	4	14
848.	2	11	761.	1	12	690.	3	13	511.	2	14
859.	2	11	860.	4	12	693.	4	13	559.	4	14
907.	3	11	863.	1	12	698.	4	13	573.	1	14
924.	1	11	867.	2	12	705.	2	13	574.	2	14
930.	4	11	891.	4	12	739.	2	13	602.	3	14
932.	1	11	911.	2	12	742.	1	13	632.	4	14
944.	4	11	923.	1	12	752.	4	13	645.	4	14
5.	2	12	933.	2	12	759.	4	13	648.	3	14
21.	1	12	967.	4	12	770.	4	13	678.	2	14
41.	3	12	976.	4	12	776.	1	13	692.	4	14
57.	2	12	12.	4	13	797.	1	13	695.	4	14
92.	2	12	36.	1	13	807.	2	13	704.	2	14
115.	4	12	68.	3	13	810.	3	13	707.	2	14
116.	3	12	117.	2	13	844.	3	13	744.	4	14
151.	4	12	142.	4	13	909.	1	13	758.	2	14
154.	2	12	160.	4	13	920.	2	13	767.	1	14
158.	4	12	171.	2	13	935.	1	13	771.	1	14
190.	2	12	197.	3	13	946.	1	13	784.	3	14
229.	1	12	203.	4	13	997.	2	13	795.	4	14
256.	2	12	250.	2	13	6.	4	14	823.	3	14
281.	1	12	258.	4	13	63.	2	14	864.	3	14
301.	2	12	261.	3	13	109.	3	14	889.	3	14
321.	1	12	267.	4	13	118.	2	14	926.	2	14
334.	3	12	276.	4	13	120.	3	14	929.	4	14
354.	2	12	283.	2	13	146.	4	14	938.	3	14
370.	4	12	290.	2	13	156.	2	14	966.	2	14
400.	4	12	292.	2	13	179.	1	14	984.	2	14
408.	2	12	313.	4	13	189.	3	14	17.	4	15
418.	3	12	373.	3	13	194.	3	14	32.	2	15
427.	2	12	374.	1	13	206.	2	14	50.	2	15
450.	1	12	376.	3	13	214.	2	14	51.	1	15
451.	2	12	378.	2	13	224.	1	14	95.	2	15
486.	4	12	405.	4	13	267.	4	14	121.	3	15
525.	3	12	424.	3	13	268.	4	14	122.	2	15
550.	1	12	460.	4	13	274.	3	14	136.	4	15
561.	3	12	473.	2	13	285.	4	14	182.	2	15
581.	1	12	481.	2	13	303.	1	14	184.	4	15
582.	1	12	487.	3	13	342.	1	14	200.	3	15
619.	2	12	511.	2	13	362.	1	14	234.	3	15
657.	3	12	546.	2	13	393.	3	14	251.	2	15
661.	1	12	551.	1	13	394.	3	14	252.	1	15
667.	2	12	587.	2	13	407.	3	14	391.	4	15

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ANSWERS BY CHAPTER #

Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.
393.	3	15	345.	3	16	188.	4	17	275.	4	18
406.	4	15	382.	3	16	204.	4	17	314.	2	18
433.	3	15	383.	2	16	231.	2	17	325.	4	18
464.	4	15	416.	2	16	239.	1	17	377.	4	18
478.	4	15	435.	2	16	240.	1	17	499.	3	18
500.	1	15	439.	2	16	241.	1	17	553.	2	18
510.	2	15	462.	4	16	279.	4	17	564.	3	18
516.	2	15	482.	1	16	280.	4	17	638.	2	18
522.	4	15	494.	1	16	312.	3	17	653.	4	18
542.	4	15	517.	3	16	318.	1	17	729.	2	18
548.	2	15	519.	1	16	322.	4	17	853.	3	18
583.	2	15	545.	3	16	326.	4	17	869.	4	18
584.	1	15	588.	3	16	347.	2	17	989.	1	18
686.	3	15	591.	1	16	368.	3	17	126.	3	19
706.	4	15	592.	1	16	426.	4	17	152.	2	19
756.	3	15	594.	1	16	445.	2	17	192.	1	19
772.	1	15	595.	4	16	456.	1	17	236.	1	19
787.	4	15	629.	4	16	457.	2	17	237.	1	19
831.	4	15	647.	2	16	471.	4	17	257.	4	19
835.	4	15	702.	2	16	474.	1	17	265.	1	19
861.	3	15	723.	2	16	506.	4	17	299.	4	19
883.	3	15	746.	4	16	547.	3	17	311.	4	19
934.	2	15	774.	4	16	593.	2	17	317.	4	19
942.	1	15	788.	3	16	596.	3	17	341.	3	19
953.	4	15	792.	1	16	597.	4	17	388.	4	19
961.	3	15	816.	4	16	628.	4	17	512.	4	19
969.	4	15	825.	4	16	650.	1	17	514.	2	19
16.	2	16	884.	2	16	652.	2	17	526.	2	19
65.	4	16	898.	3	16	663.	3	17	534.	3	19
94.	4	16	913.	2	16	666.	1	17	599.	3	19
105.	1	16	941.	2	16	668.	4	17	637.	4	19
119.	4	16	955.	1	16	673.	4	17	701.	2	19
123.	4	16	977.	4	16	747.	1	17	748.	2	19
147.	1	16	1000.	3	16	749.	4	17	781.	4	19
173.	2	16	24.	4	17	851.	2	17	838.	3	19
183.	4	16	46.	2	17	852.	3	17	916.	3	19
208.	3	16	47.	3	17	868.	1	17	948.	1	19
227.	1	16	54.	3	17	895.	2	17	965.	1	19
245.	1	16	60.	4	17	903.	1	17	49.	4	20
271.	3	16	70.	2	17	922.	3	17	91.	3	20
272.	1	16	72.	2	17	988.	1	17	127.	2	20
309.	1	16	88.	3	17	7.	4	18	141.	3	20
323.	4	16	124.	1	17	87.	3	18	168.	1	20
328.	2	16	157.	2	17	111.	4	18	308.	1	20
329.	1	16	162.	2	17	125.	4	18	438.	2	20
330.	4	16	166.	2	17	185.	3	18	441.	4	20
331.	1	16	178.	1	17	210.	3	18	600.	1	20
344.	1	16	186.	2	17	238.	4	18	601.	1	20

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ANSWERS BY CHAPTER #

Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.	Q #	Ans.	Chap.
626.	3	20	530.	4	21	590.	3	22	755.	3	23
644.	3	20	532.	2	21	603.	3	22	840.	2	23
651.	4	20	646.	1	21	604.	3	22	842.	3	23
684.	2	20	649.	2	21	605.	3	22	959.	3	23
711.	2	20	656.	4	21	608.	3	22	960.	1	23
726.	3	20	725.	3	21	669.	4	22	982.	4	23
773.	3	20	732.	4	21	670.	3	22	62.	2	24
775.	1	20	753.	4	21	671.	1	22	96.	4	24
780.	2	20	791.	2	21	672.	1	22	97.	3	24
790.	2	20	811.	3	21	700.	2	22	98.	1	24
798.	4	20	815.	3	21	712.	2	22	99.	2	24
837.	1	20	822.	1	21	733.	1	22	133.	3	24
872.	3	20	854.	2	21	734.	4	22	143.	1	24
906.	2	20	892.	4	21	735.	3	22	144.	3	24
928.	3	20	917.	4	21	736.	1	22	163.	3	24
2.	3	21	921.	2	21	757.	3	22	177.	3	24
8.	1	21	937.	4	21	768.	4	22	219.	1	24
20.	4	21	973.	3	21	802.	1	22	242.	2	24
28.	2	21	981.	2	21	803.	4	22	243.	4	24
33.	1	21	994.	2	21	857.	2	22	244.	1	24
40.	4	21	22.	3	22	910.	4	22	249.	4	24
43.	2	21	67.	2	22	947.	1	22	264.	3	24
55.	4	21	74.	2	22	949.	1	22	294.	4	24
77.	2	21	81.	2	22	950.	1	22	327.	2	24
89.	2	21	130.	3	22	951.	3	22	343.	3	24
101.	4	21	131.	2	22	954.	1	22	356.	1	24
128.	4	21	155.	3	22	84.	2	23	392.	2	24
129.	2	21	181.	1	22	86.	3	23	402.	2	24
137.	4	21	215.	1	22	132.	1	23	422.	2	24
140.	1	21	247.	3	22	149.	3	23	448.	2	24
165.	1	21	253.	2	22	191.	4	23	479.	2	24
174.	2	21	282.	1	22	269.	2	23	507.	4	24
196.	4	21	289.	3	22	306.	1	23	620.	3	24
202.	1	21	336.	3	22	366.	2	23	621.	1	24
235.	2	21	337.	2	22	371.	2	23	622.	2	24
255.	2	21	338.	1	22	380.	3	23	641.	1	24
298.	2	21	339.	3	22	434.	2	23	681.	2	24
324.	3	21	404.	3	22	490.	3	23	696.	3	24
333.	3	21	417.	1	22	540.	1	23	697.	4	24
353.	4	21	423.	4	22	562.	4	23	731.	1	24
359.	2	21	449.	2	22	606.	1	23	782.	4	24
399.	2	21	467.	3	22	607.	2	23	801.	4	24
413.	1	21	480.	2	22	633.	2	23	813.	1	24
466.	2	21	498.	4	22	634.	4	23	817.	4	24
469.	4	21	537.	2	22	679.	2	23	818.	4	24
484.	3	21	544.	4	22	687.	4	23	819.	2	24
503.	2	21	554.	3	22	714.	4	23	820.	3	24
529.	4	21	556.	3	22	754.	4	23	890.	2	24

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ANSWERS BY CHAPTER #

Q #	Ans.	Chap.
900.	3	24
73.	1	25
134.	4	25
228.	1	25
248.	2	25
360.	3	25
361.	4	25
538.	4	25
609.	2	25
635.	3	25
689.	4	25
760.	2	25
766.	1	25
799.	4	25
800.	4	25
18.	2	26
31.	3	26
58.	4	26
79.	2	26
161.	1	26
172.	3	26
213.	4	26
230.	4	26
307.	4	26
367.	3	26
429.	3	26
432.	1	26
436.	4	26
461.	4	26
492.	4	26
521.	2	26
610.	4	26
659.	3	26
691.	4	26
738.	3	26
786.	1	26
789.	1	26
865.	4	26
874.	1	26
885.	3	26
957.	2	26
968.	4	26