

# OMVIC License Practice Test & Course - Prepare for the OMVIC Exam in Ontario (Sample)

## Study Guide



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**SAMPLE**

## **Questions**

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- 1. What actions can OMVIC take if a dealer's advertising is found to be false or misleading?**
  - A. Issue an order requiring the dealer to cease publication**
  - B. Issue a retraction or correction**
  - C. Place a temporary ban on the dealer's advertisements**
  - D. Both A and B**
- 2. What is a common issue that may lead a vehicle to be classified as a "lemon"?**
  - A. A unique color scheme**
  - B. Routine maintenance practices**
  - C. Significant defects that affect usage, safety, or value**
  - D. Excessive fuel efficiency**
- 3. True or False: The transaction fee can be passed along to the customer.**
  - A. False**
  - B. True**
- 4. How many years must pass if a person has been refused registration before they can reapply?**
  - A. 1 year**
  - B. 2 years**
  - C. 3 years**
  - D. 5 years**
- 5. Can sellers require a deposit before a vehicle sale?**
  - A. No, it is prohibited**
  - B. Yes, if terms are clearly stated**
  - C. Only with bank approval**
  - D. Yes, but only after the sale**

- 6. Who is responsible for ensuring a vehicle meets provincial safety standards?**
- A. The buyer is responsible**
  - B. The manufacturer is responsible**
  - C. The dealer is responsible**
  - D. The mechanic is responsible**
- 7. Dealers and salespeople are required to conduct business in accordance with the law and with which of the following? (select all that apply)**
- A. Fairness**
  - B. Honesty**
  - C. Integrity**
  - D. All of the above**
- 8. Deposits over what amount must be kept in a trust account?**
- A. \$1,000**
  - B. \$10,000**
  - C. \$5,000**
  - D. No amount of deposit needs to be placed in a trust account**
- 9. If customers give dealers a deposit but don't sign a contract, what rights do they have?**
- A. The purchaser can return the vehicle at any time**
  - B. The purchaser can renew the contract at any time**
  - C. The purchaser can cancel the contract at any time and demand his or her deposit or trade-in back**
  - D. The purchaser can ask for a different vehicle using the same deposit**
- 10. If a dealer wants to change the location of their records storage, whom must they notify?**
- A. A legal advisor**
  - B. An OMVIC inspector**
  - C. The local police department**
  - D. OMVIC's Registrar**

## **Answers**

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

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## **Explanations**

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**1. What actions can OMVIC take if a dealer's advertising is found to be false or misleading?**

- A. Issue an order requiring the dealer to cease publication**
- B. Issue a retraction or correction**
- C. Place a temporary ban on the dealer's advertisements**
- D. Both A and B**

If OMVIC finds that a dealer's advertising is false or misleading, they can take both the actions listed in options A and B. This means they can issue an order requiring the dealer to immediately stop publishing the false or misleading advertisement and can also require the dealer to issue a retraction or correction to the public. Option C, placing a temporary ban on the dealer's advertisements, is incorrect. This is not listed as a separate action that OMVIC can take, but rather is part of the potential outcomes of options A and B. Option D is the most comprehensive and accurate answer as it includes both the individual actions that OMVIC can take.

**2. What is a common issue that may lead a vehicle to be classified as a "lemon"?**

- A. A unique color scheme**
- B. Routine maintenance practices**
- C. Significant defects that affect usage, safety, or value**
- D. Excessive fuel efficiency**

A vehicle is classified as a "lemon" when it possesses significant defects that adversely affect its usage, safety, or overall value. This classification is typically associated with vehicles that have substantial problems that remain unresolved after a reasonable number of repair attempts. The definition is rooted in consumer protection laws designed to assist buyers of vehicles that fail to meet quality and reliability standards. Significant defects can include issues with the engine, transmission, brakes, or other fundamental components that could compromise the safe operation of the vehicle. These defects not only make the vehicle less reliable but can also pose serious safety risks to the driver and others on the road. This classification serves to protect consumers who might otherwise be stuck with a faulty vehicle that cannot adequately serve its intended purpose. In contrast, options like a unique color scheme, routine maintenance practices, and excessive fuel efficiency do not pertain to the underlying mechanical or safety-related conditions that typically characterize a lemon. They are either aesthetic factors or unrelated to the vehicle's reliability and safety standards.

**3. True or False: The transaction fee can be passed along to the customer.**

- A. False**
- B. True**

When it comes to transaction fees, a common practice is for the merchant to cover the cost of the fee. However, according to the Dodd-Frank Wall Street Reform and Consumer Protection Act, merchants are allowed to pass along the fee to the customer, as long as they disclose it and offer an alternative payment method without a fee. This means that while option A may seem more likely, option B is actually the correct answer.

**4. How many years must pass if a person has been refused registration before they can reapply?**

- A. 1 year
- B. 2 years**
- C. 3 years
- D. 5 years

A person must wait a total of 2 years before they can reapply if they have been refused registration. Option A (1 year) is too short of a waiting period and may not provide enough time for the person to address the reasons for their refusal. Option C (3 years) and D (5 years) are longer waiting periods and may seem excessive, potentially hindering the person's ability to reapply and pursue their goals. Option B provides a reasonable amount of time for the person to reflect on their previous application and potentially make improvements before reapplying.

**5. Can sellers require a deposit before a vehicle sale?**

- A. No, it is prohibited
- B. Yes, if terms are clearly stated**
- C. Only with bank approval
- D. Yes, but only after the sale

Sellers can indeed require a deposit before a vehicle sale, provided that the terms surrounding the deposit are clearly stated and agreed upon by both parties. This practice serves as a way to secure the buyer's intent to purchase, which can be particularly important in high-demand markets or when specific vehicles are being sold. Clarity in the terms is crucial; this includes detailing how the deposit will be applied to the purchase price, what happens to the deposit if the sale does not go through, and any conditions under which it may be refundable or non-refundable. This option ensures that both the seller and the buyer have a mutual understanding of the agreement, fostering transparency and reducing potential disputes related to the deposit in the transaction process. It differentiates legitimate practices in vehicle sales from those that may be misleading or lack proper regulation. In contrast, other options would imply restrictions or conditions that are not typically in line with standard practices in vehicle sales. For example, outright prohibiting deposits could inhibit normal sales procedures, while requirements for bank approval or limitations on timing (such as only after the sale) do not align with common practices as established in the industry.

**6. Who is responsible for ensuring a vehicle meets provincial safety standards?**

- A. The buyer is responsible**
- B. The manufacturer is responsible**
- C. The dealer is responsible**
- D. The mechanic is responsible**

The correct answer indicates that the dealer is responsible for ensuring a vehicle meets provincial safety standards, which is aligned with the expectations set by regulatory bodies such as OMVIC. Dealers play a crucial role in the vehicle sales process, as they are often the first point of contact for buyers. It is their obligation to ensure that any vehicle sold is safe and compliant with safety regulations specified by provincial legislation. Dealers are responsible for conducting necessary inspections and addressing any safety concerns before the sale. This responsibility includes providing any required documentation that certifies the vehicle's adherence to safety standards, thereby protecting consumers from purchasing unsafe vehicles. By ensuring compliance, dealers uphold the integrity of the automotive market and promote safer driving conditions. While manufacturers certainly have a role in designing and building vehicles that meet safety standards, the direct responsibility for vetting compliance lies with the dealer at the point of sale. Similarly, the buyer and the mechanic may have their own responsibilities regarding maintenance and safety checks, but it is the dealer's duty to ensure that the vehicle is suitable for sale under provincial regulations.

**7. Dealers and salespeople are required to conduct business in accordance with the law and with which of the following? (select all that apply)**

- A. Fairness**
- B. Honesty**
- C. Integrity**
- D. All of the above**

Dealers and salespeople are required to conduct their business not only according to the law but also uphold principles such as fairness, honesty, and integrity. These values are essential in fostering trust between dealers, salespeople, and their clients, creating a positive and transparent environment within the automotive sales industry. Fairness ensures that all customers are treated equally and without any form of discrimination. It builds a level playing field for customers, thereby enhancing the overall customer experience. Honesty is fundamental to building trust and credibility within the marketplace. When dealers and salespeople communicate truthfully about their products and services, they cultivate a reliable relationship with consumers, which is vital for repeat business and long-term success. Integrity encompasses both fairness and honesty, as it involves adhering to ethical standards and being accountable for one's actions. It reflects the commitment to do what is right, even when no one is watching, reinforcing a strong ethical framework within the dealership. Choosing all of these principles demonstrates a holistic approach to ethical business practices in the automotive industry, emphasizing the importance of a cooperative relationship between sellers and buyers, which benefits the entire market.

**8. Deposits over what amount must be kept in a trust account?**

**A. \$1,000**

**B. \$10,000**

**C. \$5,000**

**D. No amount of deposit needs to be placed in a trust account**

The requirement for deposits to be kept in a trust account is established to ensure the proper handling of client funds by registrants within the automotive industry. In Ontario, the law mandates that any deposit amount over \$10,000 must be placed in a trust account. This regulation is in place to protect consumers and ensure that large sums of money are managed responsibly, safeguarding them against misappropriation or misuse by dealership employees. Keeping substantial deposits in trust accounts creates a level of transparency and accountability in financial transactions, as these accounts are subject to specific regulations and are monitored closely. This practice helps to maintain trust between consumers and businesses, ensuring that money is only used for its intended purpose until the contract terms are fulfilled.

**9. If customers give dealers a deposit but don't sign a contract, what rights do they have?**

**A. The purchaser can return the vehicle at any time**

**B. The purchaser can renew the contract at any time**

**C. The purchaser can cancel the contract at any time and demand his or her deposit or trade-in back**

**D. The purchaser can ask for a different vehicle using the same deposit**

Customers who give dealers a deposit but don't sign a contract do not have the rights listed in options A, B, or D. Option A is incorrect because returning the vehicle is only possible if a contract is signed and the sale has been completed. Option B is incorrect because renewing the contract would again involve signing the contract, so without a contract signed, this option is not feasible. Option D is incorrect because without a signed contract, the deposit cannot be used to get a different vehicle as it is essentially just a reservation fee and not a confirmed sale. This leaves option C as the correct answer because without a signed contract, the purchaser has the right to cancel the contract and demand their deposit or trade-in back. This protects the customer in case they change their mind before signing the contract.

**10. If a dealer wants to change the location of their records storage, whom must they notify?**

- A. A legal advisor**
- B. An OMVIC inspector**
- C. The local police department**
- D. OMVIC's Registrar**

When a dealer intends to change the location of their records storage, notifying OMVIC's Registrar is essential. OMVIC, which stands for the Ontario Motor Vehicle Industry Council, is responsible for regulating motor vehicle dealers and ensuring compliance with the Motor Vehicle Dealers Act. The Registrar oversees these regulations and must be informed of significant operational changes, such as the relocation of records storage. This notification is crucial for maintaining transparency and ensuring that the dealer can be held accountable under the law. The Registrar can then make necessary adjustments in the registry records and monitoring processes. Keeping OMVIC informed helps uphold the integrity of the regulatory framework and protects consumers and dealers alike.