

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

## Study Guide



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**SAMPLE**

## **Questions**

SAMPLE

- 1. Can a consumer waive their rights under the CPA?**
  - A. Yes, and it must be in writing**
  - B. Yes, but it does not have to be in writing**
  - C. No, they cannot waive their rights**
  - D. No, unless the dealer agrees**
- 2. Why should a dealer do a lien check on a vehicle that is being taken in on trade?**
  - A. To ensure the vehicle has no mechanical issues**
  - B. To protect the dealer and to ensure the dealer does not subsequently sell a vehicle with a lien**
  - C. To verify the vehicle's mileage**
  - D. To assess the vehicle's market value**
- 3. How long is the cooling-off period in Ontario?**
  - A. 15 days**
  - B. 3 days**
  - C. No statutory cooling-off period**
  - D. 7 days**
- 4. Under the Code of Ethics Regulations, how should dealers and salespeople conduct their business?**
  - A. In accordance with the law, honesty, integrity, and fairness**
  - B. Following their own business practices**
  - C. Based on maximizing their profit**
  - D. In a relaxed and informal manner**
- 5. Where must the certificate of the dealer registration be kept?**
  - A. At the dealership's office**
  - B. In a secure filing cabinet**
  - C. On the dealer's website**
  - D. Posted so the public is likely to see it**

**6. If a customer includes financing approval as a condition in their contract, what are they seeking?**

- A. Approval for a loan to purchase the vehicle**
- B. Approval for the vehicle's color**
- C. Approval for vehicle customization**
- D. Approval from the insurance company**

**7. 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**

**8. True or False: A dealer's business office must be approved for use as a dealership by the municipality.**

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

**9. What is one responsibility of a dealer regarding the Compensation Fund?**

- A. Make a lump sum payment upon starting the business**
- B. Pay \$300 annually to the Fund**
- C. Submit quarterly reports**
- D. Reimburse the Fund if a claim is paid out on their behalf**

**10. True or False: Before issuing a freeze order (freezing the dealer's assets or trust funds), OMVIC must first notify the dealer.**

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

## **Answers**

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

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## **Explanations**

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## 1. Can a consumer waive their rights under the CPA?

- A. Yes, and it must be in writing
- B. Yes, but it does not have to be in writing
- C. No, they cannot waive their rights**
- D. No, unless the dealer agrees

The Consumer Protection Act (CPA) is a set of laws that protect consumers from fraudulent and deceptive business practices. These laws cannot be waived or given up by the consumer, as stated in option C. Options A and B, which suggest that a consumer can waive their rights under the CPA, are incorrect as this goes against the purpose of the act. Option D may seem like a possible answer, but it is not entirely accurate. A consumer does not need the agreement of the dealer to have their CPA rights protected. In summary, the correct answer is C as a consumer cannot waive their rights under the CPA.

## 2. Why should a dealer do a lien check on a vehicle that is being taken in on trade?

- A. To ensure the vehicle has no mechanical issues
- B. To protect the dealer and to ensure the dealer does not subsequently sell a vehicle with a lien**
- C. To verify the vehicle's mileage
- D. To assess the vehicle's market value

Conducting a lien check on a vehicle being taken in on trade is crucial for ensuring that the dealer does not inadvertently sell a vehicle that has outstanding liens against it. When a vehicle has a lien, it means that a financial institution or creditor has a legal claim on the vehicle as security for a debt. If a dealer sells a vehicle with an existing lien, the new owner could potentially face legal issues, including the possibility of repossession by the lienholder. This situation not only creates a negative experience for the customer but also exposes the dealer to significant liability and reputational damage. By performing a lien check, the dealer safeguards both the business and the customers, ensuring that all transactions are transparent and free of legal complications. This due diligence helps maintain trust in the dealership and protects the investment of both parties involved in the sale.

## 3. How long is the cooling-off period in Ontario?

- A. 15 days
- B. 3 days
- C. No statutory cooling-off period**
- D. 7 days

In Ontario, there is no statutory cooling-off period for vehicle sales, which means that once a contract is signed and the vehicle is delivered, the buyer does not have a legal right to change their mind and cancel the contract without penalty. This is an important aspect of consumer protection law in the province, especially for purchases made from a dealership, where consumers might mistakenly believe that a cooling-off period is standard practice. The absence of a cooling-off period emphasizes the need for buyers to thoroughly understand the terms of the sale and their decision before finalizing the purchase. This underlines the importance of making informed decisions in the vehicle purchasing process, as once the sale is completed, it is generally binding without the option for a turnaround period.

**4. Under the Code of Ethics Regulations, how should dealers and salespeople conduct their business?**

- A. In accordance with the law, honesty, integrity, and fairness**
- B. Following their own business practices**
- C. Based on maximizing their profit**
- D. In a relaxed and informal manner**

Dealers and salespeople should conduct their business in accordance with the law, honesty, integrity, and fairness under the Code of Ethics Regulations. This means they should always follow legal and ethical guidelines, and prioritize integrity and fairness in their interactions with clients and customers. Option B is incorrect as it suggests individuals should follow their personal business practices rather than ethical standards. Option C is incorrect as it prioritizes profit over ethical conduct. Option D is incorrect as it implies a lack of professionalism and disregard for ethical guidelines.

**5. Where must the certificate of the dealer registration be kept?**

- A. At the dealership's office**
- B. In a secure filing cabinet**
- C. On the dealer's website**
- D. Posted so the public is likely to see it**

The certificate of dealer registration must be posted in a visible location at the dealership, such as near the entrance or in the lobby. It should not be kept in the dealership's office or in a secure filing cabinet, as it is required to be readily available for customers to see. It also should not be posted on the dealer's website as this may not fulfill the requirement for it to be physically displayed at the dealership.

**6. If a customer includes financing approval as a condition in their contract, what are they seeking?**

- A. Approval for a loan to purchase the vehicle**
- B. Approval for the vehicle's color**
- C. Approval for vehicle customization**
- D. Approval from the insurance company**

By including financing approval as a condition in their contract, the customer is seeking approval for a loan to purchase the vehicle. This means they want to ensure that they are able to secure the necessary funding in order to purchase the vehicle. The other options, such as approval for the vehicle's color or customization, would pertain to the physical features of the vehicle and would not be included as a condition in the contract. Additionally, approval from the insurance company would pertain to insurance coverage for the vehicle and would not be relevant to the customer's financing needs.

**7. 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.

**8. True or False: A dealer's business office must be approved for use as a dealership by the municipality.**

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

**Explanation** The municipality has the authority to approve or deny a dealer's business office as an official dealership, making the statement true. While option A states that it is false, this is incorrect as it disregards the role of the municipality in the approval process. Additionally, without the approval from the municipality, the dealer's business office cannot legally operate as a dealership, further supporting the correctness of the statement. Therefore, option B is the correct answer.

**9. What is one responsibility of a dealer regarding the Compensation Fund?**

- A. Make a lump sum payment upon starting the business**
- B. Pay \$300 annually to the Fund**
- C. Submit quarterly reports**
- D. Reimburse the Fund if a claim is paid out on their behalf**

One of the dealer's responsibilities regarding the Compensation Fund involves making regular financial contributions to sustain the Fund. The requirement to pay a set annual amount reflects the dealer's commitment to supporting the Fund, which is designed to protect consumers against losses caused by dealer misconduct. By making these annual payments, the dealer contributes to a collective pool that can be accessed by consumers who may have been harmed financially due to issues with a dealership, such as fraud or failure to deliver agreed-upon goods or services. While other options suggest different obligations, they do not align with the established protocols for dealer contributions to the Compensation Fund. Regular funding through the specified annual payment ensures the Fund remains viable and effective in addressing valid claims made by consumers. This structure encourages accountability within the dealership community, reinforcing the importance of ethical business practices in the automotive industry.

**10. True or False: Before issuing a freeze order (freezing the dealer's assets or trust funds), OMVIC must first notify the dealer.**

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

OMVIC does not need to notify the dealer before issuing a freeze order. According to the regulations, OMVIC has the authority to issue a freeze order without any prior notice to the dealer in order to protect consumers and the public interest. This is to ensure that the dealer does not dissipate or transfer any assets or trust funds while investigations are ongoing. Therefore, option A is incorrect.