

Ontario Real Estate Practice Course 1 Test - Pass the Ontario License Exam in 2025 (Sample)

Study Guide



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SAMPLE

Questions

- 1. What term is used to register a mortgage under the Land Titles Act?**
 - A. The term mortgage.**
 - B. A lien document.**
 - C. A deed of trust.**
 - D. A title registration form.**
 - E. A mortgage statement.**
 - F. Charge/Mortgage of Land.**
- 2. In Ontario, what does a single front township consist of?**
 - A. 200-acre lots**
 - B. Half-lots**
 - C. Is referred to as a sectional system**
 - D. The newest layout within the township system**
- 3. Who must ensure that REBBA requirements are strictly followed and enforced by the brokerage?**
 - A. The branch manager.**
 - B. The salesperson.**
 - C. The broker of record.**
 - D. The client service manager.**
 - E. The compliance officer.**
 - F. The legal advisor.**
- 4. How are complaints regarding condominium management in Ontario addressed?**
 - A. By the Condominium Authority Tribunal.**
 - B. By the local city council.**
 - C. By the Condominium Ombudsman of Ontario.**
 - D. By the Condominium Management Regulatory Authority of Ontario.**
 - E. By the local court system.**
 - F. By the Property Management Association of Ontario.**

- 5. When a sale involves two different brokerages representing the seller and buyer, what is true about commission distribution?**
- A. The brokerage working for the seller is known as the selling brokerage.**
 - B. The brokerage for the buyer is called the buyer's brokerage.**
 - C. If one brokerage's commission-based remuneration is \$24,000 and the sharing ratio is 80/20, the salesperson gets \$19,200.**
 - D. If one brokerage receives commission of \$24,000, and the split is 70/30, the salesperson gets \$30%.**
- 6. In a joint tenancy, what happens to the property if one of the co-owners dies?**
- A. The deceased's ownership automatically transfers to the remaining co-owners**
 - B. The ownership share is inherited by the deceased's heirs**
 - C. The deceased's share is distributed according to their will**
 - D. The property must be sold and proceeds divided among the co-owners**
- 7. What is the ownership status of common elements in a condominium?**
- A. Own the common elements as joint tenants.**
 - B. Are not required to pay common expenses, if they opt out of using those common elements.**
 - C. Have an ownership interest in the common elements, as tenants in common.**
 - D. Own a proportionate interest in the common elements, as set out in the description.**
 - E. Own the common elements as tenants at will.**
 - F. Share ownership of common elements in a leasehold manner.**

- 8. What issue arises from indefinite lease terms related to start date and rental costs?**
- A. A void lease for lack of clarity**
 - B. Lease remains enforceable to the tenant**
 - C. Lease requirements for clarity are unmet**
 - D. Terms are enforceable by the landlord**
 - E. Variable agreements are inherently void**
 - F. Unclear lease might still be binding**
- 9. Which of the following is NOT correct regarding a land description in real estate transactions?**
- A. Land must be described precisely to avoid confusion**
 - B. Legal descriptions are found in deeds**
 - C. Tax assessment notices are primary documents for land descriptions**
 - D. The terms land description and legal description refer to the same thing**
 - E. The zoning of the land is part of the legal description**
 - F. Legal descriptions specify property boundaries**
- 10. If an underground fuel storage tank is discovered on a property being listed, which entity should be contacted for guidance?**
- A. The Fuel Storage Commission of Ontario (FSCO).**
 - B. The Ministry of the Environment, Conservation and Parks.**
 - C. The Technical Standards and Safety Authority (TSSA)**
 - D. A TSSA-registered contractor.**

Answers

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

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Explanations

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1. What term is used to register a mortgage under the Land Titles Act?

- A. The term mortgage.**
- B. A lien document.**
- C. A deed of trust.**
- D. A title registration form.**
- E. A mortgage statement.**
- F. Charge/Mortgage of Land.**

The term used to register a mortgage under the Land Titles Act is "Charge/Mortgage of Land." This terminology specifically aligns with the legal framework used in Ontario to denote the process of placing a mortgage on a property. In this context, the term "charge" refers to the security interest created in favor of the lender, transforming the debt into an interest registered against the title of the property. In contrast, the other options represent different or less precise legal documents or terminologies. For instance, "mortgage" is a general term for the financial arrangement itself but does not specifically pertain to the legal registration process under the Land Titles Act. A "lien document" typically refers to broader claims against a property, and other options like "deed of trust" or "mortgage statement" do not accurately describe the registration process specific to mortgages. "Title registration form" is more generic and may not encapsulate the specific legal implications associated with mortgages in real estate. Thus, "Charge/Mortgage of Land" is the most accurate and appropriate choice for registering a mortgage in this context.

2. In Ontario, what does a single front township consist of?

- A. 200-acre lots**
- B. Half-lots**
- C. Is referred to as a sectional system**
- D. The newest layout within the township system**

In Ontario, a single front township consists of 200-acre lots. This means that the land is divided into parcels or lots that are each approximately 200 acres in size. This pattern of land division is unique to single front townships in Ontario and helps establish a consistent system for land ownership and development within these areas. Option B, half-lots, refers to a different type of land division where parcels are split in half, which is not the case in a single front township. Option C, the sectional system, is another method of land division used in different contexts, but not specifically in single front townships. Option D is incorrect as there is no indication that a single front township layout is the newest or latest within the township system.

3. Who must ensure that REBBA requirements are strictly followed and enforced by the brokerage?

- A. The branch manager.**
- B. The salesperson.**
- C. The broker of record.**
- D. The client service manager.**
- E. The compliance officer.**
- F. The legal advisor.**

The correct answer is indeed the broker of record. In real estate brokerage, the broker of record holds significant responsibility, including ensuring that all activities within the brokerage comply with the Real Estate and Business Brokers Act (REBBA). This includes overseeing the agents' conduct, ensuring the brokerage adheres to all legal and ethical obligations, and maintaining the integrity of the business operations according to the regulatory framework set by the REBBA. While others listed in the options can have important roles within a brokerage, they do not carry the same level of responsibility for compliance. The branch manager may supervise operations at a specific location but ultimately reports to the broker of record. Salespeople are agents selling properties and may follow regulations, but they are not responsible for overall compliance. The client service manager focuses on client relations rather than regulatory adherence. The compliance officer, if present, would aid in monitoring compliance policies but does not serve as the primary accountable party under REBBA. Lastly, the legal advisor provides guidance on legal matters but does not oversee day-to-day brokerage operations or compliance directly. Thus, the broker of record is tasked with the highest level of authority and responsibility for ensuring that REBBA requirements are strictly followed and enforced within the brokerage.

4. How are complaints regarding condominium management in Ontario addressed?

- A. By the Condominium Authority Tribunal.
- B. By the local city council.
- C. By the Condominium Ombudsman of Ontario.
- D. By the Condominium Management Regulatory Authority of Ontario.**
- E. By the local court system.
- F. By the Property Management Association of Ontario.

In Ontario, complaints regarding condominium management are addressed by the Condominium Management Regulatory Authority of Ontario (CMRAO). The CMRAO is responsible for regulating and overseeing condominium managers and management companies to ensure they comply with the established regulations and standards. They have the authority to investigate complaints, impose penalties, and take actions to rectify any issues related to condominium management. Option D is the correct answer because the CMRAO is specifically designated to handle complaints regarding condominium management in Ontario. Options A, B, C, E, and F are incorrect: A. The Condominium Authority Tribunal in Ontario deals with disputes related to condominiums, such as disagreements over common elements or condominium corporation by-laws, rather than complaints about condominium management. B. Local city councils do not typically have jurisdiction over condominium management issues. C. There is no Condominium Ombudsman of Ontario designated to address complaints regarding condominium management. E. While the local court system can handle legal disputes related to condominium management, it is not the primary entity designated for addressing complaints in this area. F. The Property Management Association of Ontario focuses on professional development, education, and advocacy for property managers, rather than handling complaints about condominium management.

5. When a sale involves two different brokerages representing the seller and buyer, what is true about commission distribution?

- A. The brokerage working for the seller is known as the selling brokerage.
- B. The brokerage for the buyer is called the buyer's brokerage.
- C. If one brokerage's commission-based remuneration is \$24,000 and the sharing ratio is 80/20, the salesperson gets \$19,200.**
- D. If one brokerage receives commission of \$24,000, and the split is 70/30, the salesperson gets \$30%.

When a sale involves two different brokerages representing the seller and buyer, the commission distribution is determined by the sharing ratio. In this scenario, the selling brokerage would receive a commission of \$24,000 and the sharing ratio is 80/20, meaning the brokerage keeps 80% of the commission and the salesperson receives 20%. Therefore, the salesperson would receive 20% of \$24,000, which is \$19,200. Option A is incorrect because it only mentions the selling brokerage and does not provide any information about commission distribution. Option B is incorrect because it only refers to the buyer's brokerage and does not provide any information about commission distribution. Option D is incorrect because it provides a percentage instead of a dollar amount and the percentage does not match the given split ratio. Overall, the correct answer is the only option that provides a dollar amount for the salesperson's commission and is consistent with the given split ratio.

6. In a joint tenancy, what happens to the property if one of the co-owners dies?

A. The deceased's ownership automatically transfers to the remaining co-owners

B. The ownership share is inherited by the deceased's heirs

C. The deceased's share is distributed according to their will

D. The property must be sold and proceeds divided among the co-owners

In a joint tenancy, when one of the co-owners dies, the property automatically transfers to the remaining co-owners. This is known as the right of survivorship, a key characteristic of joint tenancy. This means that the deceased co-owner's share does not form part of their estate or go to their heirs but instead passes on directly to the surviving co-owners. This process ensures that the ownership of the property remains intact and avoids the complications and delays that might arise if the deceased co-owner's share had to go through probate or be distributed according to a will. Option B is incorrect because, in a joint tenancy, the property does not pass on to the deceased owner's heirs but rather to the surviving co-owners through the right of survivorship. Option C is incorrect because, in a joint tenancy, the deceased co-owner's share does not need to be distributed according to their will since it automatically transfers to the remaining co-owners. Option D is incorrect because in a joint tenancy, there is no requirement to sell the property and divide the proceeds among the co-owners when one of them dies. Instead, the property simply passes on to the surviving co-owners by operation of law.

7. What is the ownership status of common elements in a condominium?

A. Own the common elements as joint tenants.

B. Are not required to pay common expenses, if they opt out of using those common elements.

C. Have an ownership interest in the common elements, as tenants in common.

D. Own a proportionate interest in the common elements, as set out in the description.

E. Own the common elements as tenants at will.

F. Share ownership of common elements in a leasehold manner.

In a condominium, owners have an ownership interest in the common elements as tenants in common. This means that each owner has a share in the common elements along with the other unit owners. This arrangement allows for the equitable distribution of responsibilities and rights related to the common elements among all unit owners. Options A, B, D, E, and F are incorrect: - Option A suggests owning the common elements as joint tenants, which is not the case in a condominium setup. - Option B implying not being required to pay common expenses if opting out of using common elements goes against the fundamental concept of shared responsibility in a condominium. - Option D is close, mentioning owning a proportionate interest, but the specific term used in condominium ownership is tenants in common. - Option E, owning common elements as tenants at will, is not a recognized form of ownership in a condominium context. - Option F, describing a leasehold manner of sharing ownership, does not reflect the standard ownership structure of common elements in condominiums.

8. What issue arises from indefinite lease terms related to start date and rental costs?

- A. A void lease for lack of clarity**
- B. Lease remains enforceable to the tenant**
- C. Lease requirements for clarity are unmet**
- D. Terms are enforceable by the landlord**
- E. Variable agreements are inherently void**
- F. Unclear lease might still be binding**

Indefinite lease terms related to the start date and rental costs create an issue because lease requirements for clarity are unmet. When lease terms are ambiguous or unclear, it can lead to potential misunderstandings and disputes between the landlord and tenant. Clarity in lease agreements is essential to ensure that both parties have a clear understanding of their rights and obligations. Therefore, a lease with indefinite terms related to start date and rental costs fails to meet the necessary clarity standards typically required for a lease agreement to be valid and enforceable.

9. Which of the following is NOT correct regarding a land description in real estate transactions?

- A. Land must be described precisely to avoid confusion**
- B. Legal descriptions are found in deeds**
- C. Tax assessment notices are primary documents for land descriptions**
- D. The terms land description and legal description refer to the same thing**
- E. The zoning of the land is part of the legal description**
- F. Legal descriptions specify property boundaries**

In real estate transactions, tax assessment notices are not primary documents for land descriptions. Tax assessment notices are related to the valuation of the property for tax purposes and do not provide detailed legal descriptions necessary for land transactions. Legal descriptions are typically found in deeds, and they are crucial for accurately identifying and conveying the property. Legal descriptions must be precise to avoid any confusion or disputes regarding the property boundaries. Additionally, the zoning of the land is not part of the legal description but is a separate aspect that governs how the property can be used or developed.

10. If an underground fuel storage tank is discovered on a property being listed, which entity should be contacted for guidance?

- A. The Fuel Storage Commission of Ontario (FSCO).**
- B. The Ministry of the Environment, Conservation and Parks.**
- C. The Technical Standards and Safety Authority (TSSA)**
- D. A TSSA-registered contractor.**

When an underground fuel storage tank is discovered on a property being listed, the appropriate entity to contact for guidance would be a TSSA-registered contractor. These contractors are specifically trained and knowledgeable about the regulations and safety standards associated with fuel storage tanks. They can provide the necessary expertise to assess the situation, determine potential compliance issues, and handle any required remedial actions. While the other options involve relevant organizations or authorities, they serve different functions. The Ministry of the Environment, Conservation and Parks focuses more broadly on environmental protection and compliance but may not have direct involvement in immediate tank management and remediation. The Fuel Storage Commission of Ontario might have regulatory oversight roles, but again, they wouldn't provide hands-on guidance for managing or removing a tank. The Technical Standards and Safety Authority oversees safety standards, but a registered contractor is the most qualified to carry out the necessary assessments and procedures regarding the tank's safety and compliance with regulations.