

Real Estate Council of Ontario (RECO) 1.1 Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What does TRESA stand for?**
 - A. Trust in Real Estate Services Act, 2000**
 - B. Trust in Real Estate Services Act, 2001**
 - C. Trust in Real Estate Services Act, 2002**
 - D. Trust in Real Estate Services Act, 2003**

- 2. What documents can a salesperson sign on behalf of a brokerage?**
 - A. Only purchase agreements**
 - B. Seller representation agreements and buyer representation agreements**
 - C. Financial statements for the brokerage**
 - D. Lease agreements without broker approval**

- 3. What is the main focus of RECO's regulations?**
 - A. Enhancing technology in real estate**
 - B. Consumer protection and industry standards**
 - C. Real estate marketing strategies**
 - D. Investment opportunities in real estate**

- 4. What is essential for a brokerage under TRESA?**
 - A. Only one broker is necessary for transactions**
 - B. All salespersons must work under a registered brokerage**
 - C. A brokerage can trade without any registered brokers**
 - D. Salespersons can operate independently if they wish**

- 5. What must brokers of record provide to their brokers and salespersons?**
 - A. Adequate resources for marketing**
 - B. Supervision to ensure compliance with regulations**
 - C. Networking opportunities with other professionals**
 - D. Incentives for achieving sales goals**

- 6. What is the ultimate responsibility of the broker of record under TRESA?**
- A. To minimize advertising expenses**
 - B. To ensure compliance and manage brokerage operations**
 - C. To handle all real estate transactions personally**
 - D. To manage only the financial aspects of the brokerage**
- 7. Why is it important for real estate professionals to disclose fees?**
- A. To avoid confusion regarding fairness**
 - B. To follow personal ethics**
 - C. Because it is optional**
 - D. To enhance competition among realtors**
- 8. What is one key requirement in the buyer representation agreement?**
- A. To specify the client's budget only**
 - B. To outline brokerages involved in the transaction**
 - C. To detail the obligations of both the buyer and realtor**
 - D. To refer to other agreements**
- 9. In real estate transactions, who typically benefits from the remuneration agreements?**
- A. The buyers of the property**
 - B. The brokerage and the salesperson**
 - C. The sellers of the property**
 - D. The government regulatory bodies**
- 10. What is meant by "market analysis" in real estate?**
- A. A study to evaluate market conditions and comparable property values**
 - B. An analysis of a specific property's features**
 - C. A financial assessment of real estate investments**
 - D. An examination of buyer demographics in a specific area**

Answers

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

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Explanations

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1. What does TRESA stand for?

- A. Trust in Real Estate Services Act, 2000
- B. Trust in Real Estate Services Act, 2001
- C. Trust in Real Estate Services Act, 2002**
- D. Trust in Real Estate Services Act, 2003

TRESA stands for the Trust in Real Estate Services Act, which was enacted in 2002. This legislation is fundamental for the regulation of real estate professionals in Ontario, setting the framework for how real estate services are conducted in the province. It outlines the responsibilities and obligations of real estate professionals, ensuring they provide competent and fair service to clients while maintaining integrity within the industry. Understanding the correct year is important, as it reflects the time when significant regulatory changes were made to enhance the professionalism and accountability within real estate practices in Ontario. The other years mentioned do not correspond with the actual implementation date of this legislation, which is why they are not suitable choices.

2. What documents can a salesperson sign on behalf of a brokerage?

- A. Only purchase agreements
- B. Seller representation agreements and buyer representation agreements**
- C. Financial statements for the brokerage
- D. Lease agreements without broker approval

A salesperson can sign seller representation agreements and buyer representation agreements on behalf of a brokerage because these documents are essential in establishing the relationship between the client and the brokerage. These agreements formalize the obligations and expectations of both the client and the brokerage in a real estate transaction, and salespersons are typically authorized to enter into such contracts as part of their role in facilitating real estate services. On the other hand, purchase agreements, while important, usually require the broker's approval or signature since they involve significant financial commitments and legal obligations. Financial statements for the brokerage are typically handled by authorized representatives, such as brokers, rather than salespersons. Lease agreements usually also necessitate broker approval as they can vary widely in terms of complexity and impact on the brokerage's liability. Thus, the authority to sign representation agreements aligns with the salesperson's role in managing client relationships while ensuring accountability and compliance within the brokerage framework.

3. What is the main focus of RECO's regulations?

- A. Enhancing technology in real estate
- B. Consumer protection and industry standards**
- C. Real estate marketing strategies
- D. Investment opportunities in real estate

The primary focus of RECO's regulations is indeed consumer protection and industry standards. This encompasses ensuring that real estate professionals operate ethically and transparently, which is vital to maintaining consumer trust in the real estate market. The regulations set out specific guidelines for real estate practices to protect consumers from potential fraud, misrepresentation, and unsafe practices. Additionally, RECO's standards aim to ensure that all real estate transactions are conducted fairly and responsibly, which contributes to a stable and trustworthy real estate environment. By establishing clear regulations and guidelines, RECO helps to promote professionalism and accountability among real estate practitioners, thereby protecting the interests of consumers and enhancing the overall reputation of the industry. While the other options touch on relevant aspects of the real estate sector, they do not encompass the central regulatory purpose of RECO, which is fundamentally concerned with safeguarding consumer interests and ensuring quality standards in real estate practices.

4. What is essential for a brokerage under TRESA?

- A. Only one broker is necessary for transactions
- B. All salespersons must work under a registered brokerage**
- C. A brokerage can trade without any registered brokers
- D. Salespersons can operate independently if they wish

For a brokerage under the Trust in Real Estate Services Act (TRESA), it is essential that all salespersons work under a registered brokerage. This requirement ensures that all real estate activities are conducted within a regulated framework, promoting accountability and professionalism within the industry. By requiring salespersons to be affiliated with a registered brokerage, TRESA establishes clear lines of supervision and accountability, which helps to protect the interests of consumers and maintain the integrity of the real estate market. The necessity for all salespersons to operate under a registered brokerage means that brokerages are responsible for their actions and for complying with legal and ethical standards. This structure also allows for oversight of the salespersons' activities, providing a level of trust and reliability in real estate transactions. In contrast, other choices suggest scenarios that do not align with the regulatory framework set out by TRESA. Having only one broker for transactions does not address the comprehensive structure needed for brokerage operations. Furthermore, a brokerage cannot legally trade without a registered broker, as this is a fundamental requirement for participating in real estate activities. Lastly, allowing salespersons to operate independently would undermine the purpose of having a brokerage system that ensures consumer protection and compliance with industry standards.

5. What must brokers of record provide to their brokers and salespersons?

- A. Adequate resources for marketing**
- B. Supervision to ensure compliance with regulations**
- C. Networking opportunities with other professionals**
- D. Incentives for achieving sales goals**

Brokers of record have a fundamental responsibility to ensure that their brokers and salespersons operate within the legal and ethical boundaries established by regulatory agencies. This includes providing proper supervision to ensure compliance with all relevant regulations and standards. Such oversight is vital for maintaining the integrity of the real estate profession and protecting the interests of clients. By ensuring that all activities are compliant with regulations, brokers of record help to mitigate risks associated with misrepresentation, fraud, and other unethical practices that can arise in real estate transactions. This supervision also encompasses training and guidance related to industry standards, client handling, and transaction processes, fostering a culture of professionalism within the brokerage. While offering adequate resources for marketing, networking opportunities, and sales incentives can be beneficial practices, the primary duty of brokers of record lies in supervising their agents to ensure compliance, which is essential for the overall functioning and reputation of the real estate industry.

6. What is the ultimate responsibility of the broker of record under TRESA?

- A. To minimize advertising expenses**
- B. To ensure compliance and manage brokerage operations**
- C. To handle all real estate transactions personally**
- D. To manage only the financial aspects of the brokerage**

The ultimate responsibility of the broker of record under the Trust in Real Estate Services Act (TRESA) is to ensure compliance with the law and manage brokerage operations effectively. This role encompasses overseeing the activities of the brokerage to ensure that they align with regulatory requirements, ethical practices, and industry standards. The broker of record is tasked with supervising agents, maintaining proper records, implementing policies, and safeguarding client interests, which are crucial for maintaining the integrity and trustworthiness of the brokerage. This responsibility goes beyond merely managing finances or handling transactions personally. It is about creating a compliant environment where all activities under the brokerage operate smoothly and according to the law, which is essential for maintaining professional conduct and avoiding legal issues. This makes the broker of record a key figure in fostering a properly regulated and ethical real estate practice within their organization.

7. Why is it important for real estate professionals to disclose fees?

- A. To avoid confusion regarding fairness**
- B. To follow personal ethics**
- C. Because it is optional**
- D. To enhance competition among realtors**

Disclosing fees is crucial for real estate professionals as it helps avoid confusion regarding fairness. Transparency in fee structures fosters trust between clients and agents. When clients are fully informed about how much they will be charged and the basis for these fees, they can make more educated decisions about the services they are receiving. This clarity minimizes the potential for misunderstandings or disputes, leading to a smoother transaction process. The practice of fee disclosure aligns with the expectation of professionalism in the real estate industry, ensuring that all parties understand the financial implications of their agreements. Clients appreciate knowing that they are being treated fairly, which can lead to stronger professional relationships and enhanced client satisfaction. Other options, while they contain elements of truth, do not capture the primary importance of fee disclosure as effectively. Following personal ethics is important but isn't as directly tied to the idea of avoiding confusion in financial matters. As for the notion that fee disclosure is optional, it contradicts industry standards and regulatory requirements, making it less relevant to the real estate professional's duty. Lastly, while enhancing competition could be a secondary effect of transparency, the main focus remains on fostering clarity and fairness for clients.

8. What is one key requirement in the buyer representation agreement?

- A. To specify the client's budget only**
- B. To outline brokerages involved in the transaction**
- C. To detail the obligations of both the buyer and realtor**
- D. To refer to other agreements**

The buyer representation agreement is a critical document that establishes the relationship between a buyer and a real estate professional. One of its key requirements is to clearly detail the obligations of both the buyer and the realtor. This clarity helps ensure that both parties understand their roles and responsibilities throughout the buying process. By outlining these obligations, the agreement sets expectations around the commitment each party must fulfill, such as how the realtor will assist in the search for properties, provide advice, and negotiate offers, as well as what is expected from the buyer in terms of cooperation and communication. This mutual understanding is vital for a successful transaction, fostering a productive working relationship. While there may be elements within the agreement that touch on aspects like the client's budget or the brokerages involved, the primary focus is on the responsibilities and duties of the buyer and their agent. This foundational structure helps to protect both parties and ensures that the transaction proceeds smoothly.

9. In real estate transactions, who typically benefits from the remuneration agreements?

- A. The buyers of the property**
- B. The brokerage and the salesperson**
- C. The sellers of the property**
- D. The government regulatory bodies**

In real estate transactions, the remuneration agreements are primarily designed to benefit the brokerage and the salesperson involved in the transaction. These agreements outline how commissions are structured and distributed once a property is sold. When a property is successfully bought or sold, the brokerage receives a commission based on the sales price. This commission is often then shared with the salesperson who facilitated the transaction. The arrangement incentivizes both the brokerage and the salesperson to provide high-quality service and work diligently to close deals, as their earnings are directly tied to the successful completion of transactions. This is crucial in a commission-based industry, as it drives performance and aligns the interests of the agents with those of the clients they are representing. While buyers and sellers might see benefits from the outcomes of these transactions, the remuneration agreements themselves specifically serve the interests of the brokerage and the salesperson by compensating them for their efforts in managing the transaction.

10. What is meant by "market analysis" in real estate?

- A. A study to evaluate market conditions and comparable property values**
- B. An analysis of a specific property's features**
- C. A financial assessment of real estate investments**
- D. An examination of buyer demographics in a specific area**

Market analysis in real estate refers to a comprehensive study that evaluates market conditions and comparable property values. This process involves assessing various factors such as supply and demand, trends in property sales, and pricing strategies within a specific geographic area. By analyzing comparable properties, often referred to as "comps," real estate professionals can better understand how a property might perform in the current market, helping buyers and sellers make informed decisions. Understanding market conditions is critical for correctly pricing a property, determining the best time to buy or sell, and identifying potential investment opportunities. Market analysis encompasses not only the evaluation of current properties but also takes into account broader economic indicators and local market trends, making it an essential component of effective real estate practices. The other options, while touching on related aspects of real estate, focus on narrower aspects such as specific features of a property, financial assessments, or demographics, which do not provide the comprehensive view of market dynamics and property values that market analysis embodies.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://ontarioreco11.examzify.com>

We wish you the very best on your exam journey. You've got this!

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