

REAL ESTATE COUNCIL OF ONTARIO (RECO) 1.1 PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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 unique skills are required for selling rural, recreational, and agricultural properties?**
 - A. Experience in urban planning
 - B. Knowledge of rural lifestyle and municipal services
 - C. Understanding of national and international markets
 - D. Expertise in retail management
- 2. If a realtor receives multiple offers on a listing, what should they do?**
 - A. Present all offers to the seller and advise them without favoring any
 - B. Choose the highest offer to present to the seller
 - C. Reject all offers except for the first one received
 - D. Advise the seller to wait for more offers before making a decision
- 3. What is the impact of market conditions on a salesperson's income?**
 - A. Income remains constant regardless of market changes
 - B. Earnings will fluctuate based on the cyclical nature of market conditions
 - C. Salespersons earn more during downturns
 - D. Market conditions have no significant impact on remuneration
- 4. What does an "offer to purchase" signify in a real estate transaction?**
 - A. It is the final step in closing the sale
 - B. It initiates the formal purchase process
 - C. It helps determine the buyers' creditworthiness
 - D. It establishes the closing date for the property
- 5. What should a realtor do if they suspect fraud in a transaction?**
 - A. Ignore the suspicion and proceed
 - B. Report the suspicion to RECO
 - C. Resolve the issue privately with the client
 - D. Consult with other realtors in the area
- 6. Is a lawyer required to close a real estate transaction?**
 - A. Yes, a lawyer is mandatory
 - B. No, it is optional
 - C. Only in commercial transactions
 - D. Only for certain types of properties

- 7. 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
- 8. What is an "exclusive right to sell" agreement?**
- A. A type of listing agreement that gives one agent exclusive rights to sell
 - B. An agreement for multiple agents to sell the same property
 - C. A temporary arrangement for open houses only
 - D. A contract that allows the seller to market the property independently
- 9. What is required for a real estate professional to maintain their license?**
- A. Continually increasing their sales volume
 - B. Meeting certain age requirements
 - C. Completing ongoing education requirements
 - D. Obtaining a real estate degree
- 10. What is the primary importance of budgeting in a commission-based career?**
- A. It helps in securing long-term contracts with clients
 - B. It assists in regulating expenditures and managing unpredictable income
 - C. It ensures that agents never have to pay taxes
 - D. It allows agents to spend freely without limits

Answers

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

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Explanations

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1. What unique skills are required for selling rural, recreational, and agricultural properties?

- A. Experience in urban planning
- B. Knowledge of rural lifestyle and municipal services**
- C. Understanding of national and international markets
- D. Expertise in retail management

B is the correct choice because selling rural, recreational, and agricultural properties requires a specific understanding of rural lifestyles and the municipal services available in those areas. This aspect is crucial since potential buyers often seek to know about the amenities, accessibility to services such as water and sewage, zoning laws, and land use restrictions that directly affect rural living and farming operations. Additionally, real estate agents in these sectors must be knowledgeable about the unique features of the land, such as soil quality, water sources, and available recreational opportunities, which can influence the value of the property. Understanding the community dynamics and local regulations will enable agents to better serve their clients and provide valuable insights that can aid in the buying or selling process. While options such as experience in urban planning and understanding of national and international markets could be beneficial in other real estate contexts, they do not directly address the unique needs and considerations of rural properties. Similarly, expertise in retail management is not necessary for this type of real estate, as it relates more to commercial environments rather than the specific nuances of rural, recreational, and agricultural lands.

2. If a realtor receives multiple offers on a listing, what should they do?

- A. Present all offers to the seller and advise them without favoring any**
- B. Choose the highest offer to present to the seller
- C. Reject all offers except for the first one received
- D. Advise the seller to wait for more offers before making a decision

Presenting all offers to the seller and advising them without favoring any option is the appropriate action for a realtor when they receive multiple offers on a listing. This approach ensures transparency and respects the seller's right to evaluate all proposals fairly. By presenting each offer, the realtor empowers the seller to make an informed decision based on the merits of each offer, rather than limiting their options. This method also fosters trust between the realtor and the seller, as it demonstrates the realtor's commitment to representing the seller's best interests ethically and professionally. The realtor must provide an objective analysis of the offers, outlining any pertinent details such as price, conditions, and closing dates, allowing the seller to weigh the pros and cons of each. In contrast, choosing only the highest offer to present undermines the fairness of the process and does not take into consideration other critical factors that might be important to the seller, such as the terms or conditions attached to the offers. Rejecting all offers except for the first one received limits the seller's choices and could lead to missed opportunities. Advising the seller to wait for more offers without presenting the current ones could cause delays in the selling process and may not be in the seller's best interest, especially if the offers already on the table

3. What is the impact of market conditions on a salesperson's income?

- A. Income remains constant regardless of market changes
- B. Earnings will fluctuate based on the cyclical nature of market conditions**
- C. Salespersons earn more during downturns
- D. Market conditions have no significant impact on remuneration

A salesperson's income is largely influenced by market conditions due to the inherent cyclical nature of the real estate industry. When the market is thriving, with rising property values and increased sales, salespersons often find that their earning potential rises as well, resulting from higher commissions on individual transactions. Conversely, during a downturn, the volume of sales may decrease, leading to potential lower earnings for salespersons. Thus, earnings naturally fluctuate in response to these changing market conditions as demand for properties rises and falls. This option outlines the fundamental relationship between market conditions and a salesperson's income, emphasizing that their earnings are not static but rather dynamic and dependent on the economic environment. Other choices imply a fixed income regardless of market fluctuations or suggest counterintuitive scenarios, which do not accurately represent the reality of the real estate market.

4. What does an "offer to purchase" signify in a real estate transaction?

- A. It is the final step in closing the sale
- B. It initiates the formal purchase process**
- C. It helps determine the buyers' creditworthiness
- D. It establishes the closing date for the property

An "offer to purchase" signifies the formal initiation of the purchase process in a real estate transaction. When a buyer submits an offer, they are expressing their intent to buy a property under specified terms and conditions, such as the price, contingencies, and any deadlines for acceptance. This document serves as the starting point for negotiations between the buyer and the seller. It reflects the buyer's serious interest in the property and outlines the key terms they wish to propose. The seller can then accept, reject, or counter the offer, leading to further discussions and potentially bringing the parties closer to an agreement. While the other options involve aspects of the transaction, they do not accurately represent the primary significance of an "offer to purchase." It is not the final step in closing the sale, nor does it determine creditworthiness or establish a closing date. Rather, it is the crucial first step that sets the entire purchase process in motion.

5. What should a realtor do if they suspect fraud in a transaction?

- A. Ignore the suspicion and proceed
- B. Report the suspicion to RECO**
- C. Resolve the issue privately with the client
- D. Consult with other realtors in the area

When a realtor suspects fraud in a transaction, reporting the suspicion to the Real Estate Council of Ontario (RECO) is the appropriate course of action. This is crucial for several reasons. First, by reporting to RECO, the realtor is fulfilling their ethical and legal obligation to maintain the integrity of the real estate profession and protect the public. RECO is responsible for overseeing real estate transactions and ensuring that all activities within the industry comply with applicable laws and regulations. They have the authority to investigate such claims and can take action to prevent further fraudulent activity. Additionally, dealing with potential fraud is complex and requires expertise that a realtor may not possess. RECO has the resources and expertise to handle such situations appropriately, which helps safeguard both the realtor's interests and those of their clients. Taking actions such as ignoring the suspicion, resolving the issue privately, or consulting with other realtors does not address the seriousness of the issue and could potentially allow fraudulent activities to continue unchecked. These alternatives may also expose the realtor to liability if the fraud escalates or is discovered later on. Therefore, reporting the suspicion to RECO ensures that the matter is managed by the appropriate authorities who can take the necessary steps to investigate and rectify the situation.

6. Is a lawyer required to close a real estate transaction?

- A. Yes, a lawyer is mandatory**
- B. No, it is optional
- C. Only in commercial transactions
- D. Only for certain types of properties

In real estate transactions in Ontario, the involvement of a lawyer is indeed necessary for closing the transaction. This requirement stems from the complexities involved in real estate law, particularly concerning the transfer of title, registration processes, and the handling of financial aspects like mortgage agreements and trust funds. Lawyers ensure that all legal requirements are met, and they provide critical advice to their clients regarding any implications of the deal. The presence of a lawyer helps to prevent legal complications that may arise during or after the transaction, safeguarding both parties and ensuring that the contract complies with applicable laws. While it is possible for individuals to manage the real estate process independently in some cases, having a lawyer is highly recommended, making their role practically mandatory for a smooth and lawful closing.

7. 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.

8. What is an "exclusive right to sell" agreement?

- A. A type of listing agreement that gives one agent exclusive rights to sell**
- B. An agreement for multiple agents to sell the same property
- C. A temporary arrangement for open houses only
- D. A contract that allows the seller to market the property independently

An "exclusive right to sell" agreement is a specific type of listing contract that grants a single real estate agent or brokerage the exclusive authority to sell a property. This means that regardless of whether the seller themselves finds a buyer, the agent is entitled to a commission if the property sells during the term of the agreement. This arrangement provides a strong incentive for the agent to market the property effectively since they are assured of the commission if it sells, thereby increasing their commitment to promoting the listing. Moreover, having exclusivity helps streamline the sales process, as the seller works directly with one agent who manages all aspects of the sale. The other options describe different scenarios that do not fit the definition of this type of agreement. A listing involving multiple agents would be a different agreement type, such as an open listing, where no single agent has exclusivity. A temporary arrangement for open houses would not encapsulate the broader marketing and sales strategies involved in an exclusive right to sell. Finally, while a seller maintaining the right to market the property independently refers to a different kind of listing agreement, it does not define the exclusivity that an "exclusive right to sell" agreement provides.

9. What is required for a real estate professional to maintain their license?

- A. Continually increasing their sales volume
- B. Meeting certain age requirements
- C. Completing ongoing education requirements**
- D. Obtaining a real estate degree

To maintain their real estate license, a real estate professional must complete ongoing education requirements. This is crucial as it ensures that professionals stay current with changes in laws, regulations, and practices within the real estate industry. Ongoing education helps them enhance their skills and knowledge, which ultimately benefits their clients and the profession as a whole. Licensing authorities, including the Real Estate Council of Ontario, set specific educational criteria that must be fulfilled periodically. This might include taking specific courses or attending workshops. Therefore, completing these educational requirements is not only a necessity but also an important step in promoting professionalism and competency in the real estate field. While other options like increasing sales volume or having a real estate degree may be beneficial or relevant to one's career, they do not constitute the official requirements for maintaining a real estate license. Age requirements are also not a factor in license maintenance, as long as the individual was of legal age when the license was initially obtained.

10. What is the primary importance of budgeting in a commission-based career?

- A. It helps in securing long-term contracts with clients
- B. It assists in regulating expenditures and managing unpredictable income**
- C. It ensures that agents never have to pay taxes
- D. It allows agents to spend freely without limits

In a commission-based career, budgeting plays a crucial role in managing financial stability due to the inherent variability of income. Commissions can fluctuate significantly based on sales performance, seasonality, and market conditions. By implementing a budget, individuals can effectively regulate their expenditures, ensuring that they do not overspend during periods of lower income and can allocate sufficient funds for necessary expenses during lean times. This practice helps maintain a balanced financial state, allowing agents to navigate the ups and downs of their income stream without falling into financial distress. While securing long-term contracts with clients can be important for income stability, it is not directly related to the budget itself. Budgeting does not guarantee tax exemptions; all agents are still subject to tax obligations. Moreover, budgeting is all about prudent financial planning, which stands in contrast to the idea of spending freely without limits. Thus, a well-planned budget empowers agents to manage their finances wisely, fostering both growth and financial health in their commission-based roles.

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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