

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

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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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 role do open houses play in residential real estate?**
 - A. They are informal gatherings for community building
 - B. They provide opportunities for networking among real estate agents
 - C. They maximize market exposure and attract potential buyers
 - D. They serve as closings for property sales
- 2. What constitutes a conflict of interest in real estate transactions?**
 - A. A realtor acting solely for their personal gain
 - B. A situation with no clear legal guidelines
 - C. Competing interests that could compromise professional judgment
 - D. Having multiple clients in different areas
- 3. What is one of the primary responsibilities of a real estate salesperson in new home sales?**
 - A. Preparing client financial statements
 - B. Conducting home inspections
 - C. Preparing agreements of purchase and sale
 - D. Managing the construction schedule
- 4. 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
- 5. What is a common characteristic of remuneration in the real estate industry?**
 - A. Always flat fees
 - B. Highly regulated rates by the government
 - C. Usually calculated as a percentage of sale price
 - D. Fixed rates regardless of sales

6. What role does RECO play in the registration of real estate professionals?

- A. They provide advertising strategies for new real estate firms
- B. They assess the suitability of applicants for registration
- C. They offer discounts on insurance policies
- D. They manage compliance with rental agreements

7. What potential risk does title insurance protect buyers against?

- A. Investment instability in real estate
- B. Losses due to ownership disputes
- C. Inaccurate property appraisals
- D. Neighborhood crime rates affecting property value

8. What does the term 'registrant' include in the context of RECO?

- A. Only brokers registered with the organization
- B. Real estate agents and consumers
- C. Brokerages, brokers, and salespersons
- D. Government employees overseeing real estate

9. What aspect of the real estate process is specifically addressed by remuneration agreements?

- A. The property's market value
- B. The duration of the listing contract
- C. The sharing of commission and fees
- D. The type of legal contract used

10. What is a common expectation for real estate salespersons working with buyers?

- A. To minimize the number of properties shown
- B. To manage the process of showing multiple properties
- C. To limit communication with the buyers
- D. To focus on high-end luxury properties only

Answers

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

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Explanations

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1. What role do open houses play in residential real estate?

- A. They are informal gatherings for community building
- B. They provide opportunities for networking among real estate agents
- C. They maximize market exposure and attract potential buyers**
- D. They serve as closings for property sales

Open houses are a vital marketing tool in residential real estate, primarily because they maximize market exposure and attract potential buyers. By allowing prospective buyers to visit a property without an appointment, open houses encourage a larger audience to view the home, facilitating quicker sales. This exposure helps sellers showcase their properties to a broader demographic, increasing the chances of finding the right buyer. Open houses can create a sense of urgency among potential buyers, as they may feel more inclined to act quickly if they perceive that there is high interest in a property. Additionally, they provide a platform for real estate agents to demonstrate their marketing efforts and offer extensive information about the property to interested parties. While other options may highlight certain aspects of the open house experience, they do not encompass the primary purpose of these events, which is to enhance visibility of the property in the market and directly engage potential buyers.

2. What constitutes a conflict of interest in real estate transactions?

- A. A realtor acting solely for their personal gain
- B. A situation with no clear legal guidelines
- C. Competing interests that could compromise professional judgment**
- D. Having multiple clients in different areas

The definition of a conflict of interest in real estate transactions is best captured by the notion that it involves competing interests which might compromise a professional's judgment. When a realtor is faced with situations where their own interests, or those of another client, could potentially conflict with their obligations to a client, it can lead to a scenario where their ability to act in the best interest of a client is jeopardized. For example, if a realtor represents a seller while simultaneously representing a buyer who's interested in the same property, there is a clear potential for conflicting interests. This can affect how the realtor negotiates terms, presents information, or prioritizes the needs of one client over the other. In contrast, the other options don't encompass the full concept of a conflict of interest. Acting solely for personal gain implies a lack of ethical behavior, yet doesn't address the nuances of multiple interests. A situation with no clear legal guidelines may be ambiguous but lacks the direct relationship with interests conflicting. Lastly, having multiple clients in different areas doesn't necessarily indicate a conflict of interest unless those clients have competing desires or claims in the same transaction or niche of the market.

3. What is one of the primary responsibilities of a real estate salesperson in new home sales?

- A. Preparing client financial statements
- B. Conducting home inspections
- C. Preparing agreements of purchase and sale**
- D. Managing the construction schedule

One of the primary responsibilities of a real estate salesperson in new home sales involves preparing agreements of purchase and sale. This task is crucial because the agreement is the formal document that outlines the terms under which the buyer will purchase the property from the seller. It includes important details such as the purchase price, deposit amount, closing date, and any contingencies that might apply to the sale. Real estate salespersons must have a thorough understanding of the legal aspects involved in creating these agreements to ensure that all necessary details are accurately captured and that both parties are protected. This process is fundamental to facilitating a smooth transaction and ensuring compliance with real estate laws and regulations. In contrast, preparing client financial statements and conducting home inspections are typically outside the direct responsibilities of real estate salespersons. Financial statements are more related to the client's financial advisor or accountant, while home inspections are usually conducted by a qualified home inspector. Managing a construction schedule may be relevant in the context of new builds, but it often falls under the purview of project managers or builders rather than salespeople. Thus, preparing agreements of purchase and sale stands out as a key responsibility for real estate salespersons in new home transactions.

4. 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.

5. What is a common characteristic of remuneration in the real estate industry?

- A. Always flat fees
- B. Highly regulated rates by the government
- C. Usually calculated as a percentage of sale price**
- D. Fixed rates regardless of sales

In the real estate industry, a common characteristic of remuneration is that it is usually calculated as a percentage of the sale price. This model aligns the interests of real estate professionals with those of their clients, as the agent earns more when they successfully facilitate a higher sale price. This commission structure incentivizes agents to negotiate effectively and strive for the best possible outcomes for their clients. While some agents may work under flat fee arrangements, such setups are less common and may not appeal to all clients or properties. The idea of regulated rates is not typically associated with how agents set their fees. In practice, commission rates can vary widely and are often subject to negotiation between the agent and their clients. Fixed rates regardless of sales can limit the potential income for agents and are not reflective of market practices where success is often tied to the value of real estate transactions. This percentage-based model fosters a performance-driven environment in real estate transactions.

6. What role does RECO play in the registration of real estate professionals?

- A. They provide advertising strategies for new real estate firms
- B. They assess the suitability of applicants for registration**
- C. They offer discounts on insurance policies
- D. They manage compliance with rental agreements

RECO, or the Real Estate Council of Ontario, plays a critical role in the registration of real estate professionals by assessing the suitability of applicants for registration. This involves reviewing the qualifications, education, and experience of individuals seeking to enter the real estate industry to ensure they meet the necessary standards set by legislation and policy. The registration process is fundamental to maintaining public trust and ensuring that only qualified individuals are permitted to practice in this field. By conducting thorough assessments, RECO safeguards the interests of consumers and the integrity of the real estate market. The other options do not accurately represent RECO's primary responsibilities. While advertising strategies, insurance discounts, and compliance management are relevant topics in the real estate industry, they fall outside the direct purview of RECO's core functions, which focus on regulation and oversight of real estate professionals in Ontario.

7. What potential risk does title insurance protect buyers against?

- A. Investment instability in real estate
- B. Losses due to ownership disputes**
- C. Inaccurate property appraisals
- D. Neighborhood crime rates affecting property value

Title insurance serves a crucial role in real estate transactions by protecting buyers from specific risks associated with property ownership. Among these risks, ownership disputes are significant. This is because title insurance safeguards against issues related to the legal ownership of a property, including claims and disputes that may arise after the purchase, such as liens, fraud, or errors in public records that could affect the buyer's right to the property. In the context of the other options, investment instability refers to market fluctuations and economic factors, which title insurance does not address. Inaccurate property appraisals concern the assessment of property value, impacting how much a buyer is willing to pay but does not affect the legal ownership aspect covered by title insurance. Neighborhood crime rates relate to the overall desirability and perceived value of a location, which is a different type of risk altogether and is not a factor that title insurance mitigates. Thus, the protection against losses due to ownership disputes is the key function of title insurance, making it the correct answer.

8. What does the term 'registrant' include in the context of RECO?

- A. Only brokers registered with the organization
- B. Real estate agents and consumers
- C. Brokerages, brokers, and salespersons**
- D. Government employees overseeing real estate

The term 'registrant' in the context of the Real Estate Council of Ontario (RECO) encompasses a broad category of individuals and organizations involved in the real estate sector. This includes brokerages, which are businesses that facilitate real estate transactions, brokers, who are licensed professionals responsible for overseeing real estate transactions within a brokerage, and salespersons, who work under the supervision of brokers and provide services to clients in buying, selling, or leasing properties. Understanding this definition is crucial because it highlights the diverse roles that contribute to the functioning of Ontario's real estate market. It ensures that all parties involved in real estate transactions are subject to the regulations and standards set forth by RECO, which aims to protect buyers, sellers, and the integrity of the market. The inclusion of these roles under the term 'registrant' emphasizes the importance of licensing and regulation in maintaining professionalism and accountability within the real estate industry.

9. What aspect of the real estate process is specifically addressed by remuneration agreements?

- A. The property's market value
- B. The duration of the listing contract
- C. The sharing of commission and fees**
- D. The type of legal contract used

Remuneration agreements specifically address the sharing of commission and fees associated with a real estate transaction. These agreements outline how agents or brokers are compensated for their services in representing buyers or sellers. The specifics of the commission structure are crucial as they can impact how much each party earns from a sale, and they also clarify the expectations between agents and their clients regarding payment. This includes details such as the percentage of the sale price that will be taken as commission or how commission will be split between different agents involved in the transaction. Understanding remuneration agreements is essential for both real estate professionals and clients as they establish a transparent understanding of financial arrangements, helping to prevent disputes and misunderstandings in the future.

10. What is a common expectation for real estate salespersons working with buyers?

- A. To minimize the number of properties shown
- B. To manage the process of showing multiple properties**
- C. To limit communication with the buyers
- D. To focus on high-end luxury properties only

The expectation for real estate salespersons working with buyers typically revolves around effectively managing the process of showing multiple properties. This includes understanding the buyers' needs and preferences, organizing property viewings efficiently, and providing valuable insights about each property. A skilled salesperson should facilitate a smooth experience by coordinating appointments, providing necessary information, and guiding the buyers through their options, which ultimately helps them make informed decisions. Minimizing the number of properties shown does not align with the goal of ensuring that buyers see enough options to find the right fit. Limiting communication with buyers would undermine the foundational relationship built on trust and transparency, which is essential in real estate transactions. Focusing solely on high-end luxury properties ignores the diverse needs of buyers across various market segments. Thus, the central role of a salesperson is to manage and optimize the home viewing process to best serve the interests of the buyer.

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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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