

1. What does the statute of frauds require when it comes to a real estate contract?
  - A. That the parties to the contact must be at least 21.
  - B. That the contract for that sale of real estate must comply with the vendors and purchasers Act.
  - C. The contact must be in writing and signed by all the party in order to be enforceable.
  - D. That the parties to a contract for the sale of real estate situated in Ontario must use an Ontario real estate association form.
  
2. Jane is buyer who has signed a buyer Rep agreement with ABC Realty Inc. Jim is a salesperson who is employed by XYZ Real Estate Ltd. Are there any CIRCUMSTANCES under which Jim can have Jane sign a second buyer Rep agreement with his brokerage while the original agreement is still active?
  - A. Yes, provided that where no commission obligation in Jim's agreement with Jane.
  - B. Yes, provided the geographic location entered into the agreement are different.
  - C. No, it would be considered interference with another registrant and therefore a violation of REBBA.
  - D. No, in Ontario only one brokerage is permitted to represent the interests of a buyer at any one time.
  
3. What are the requirements of the Real Estates and Business Brokers Act with respect to providing copies of a listing agreement to the sellers of a property?
  - A. Seller must be given a copy of the listing agreement at the same time as an offer is being presented o them.
  - B. Each seller must be given a copy of the listing agreement immediately upon signing it.
  - C. One copy of the listing agreement must be given to the sellers within 24 hours if it being signed.
  - D. A copy of the listing agreement must be given to the seller within 24 hours of a request to do so.
  
4. Jim Smith has signed a listing agreement with ABC Reality Inc. Mandy Blogs has signed a customer service agreement with the same brokerage. Mandy wants to make an offer on Jim's property. What does ABC Reality Inc needs to do in order to comply with REBBA with respect to this relationship?  
*Not multiple representation*
*customer*

client

  - A. Prior to showing the property and presenting an offer, ABC must obtain written permission from seller that it can provide customer service to the buyer. *verbal*
  - B. Prior to presenting any offer, ABC needs to inform both seller and buyer of the relationship it has with each of them. *written agreement needed if both parties are clients prior to offer*
  - C. Prior to presenting any offer, ABC needs to obtain written informed both seller and buyer customer agreeing to the multiple representation.
  - D. Prior to showing the property and presenting an offer ABC must obtain written permission from the buyer that it can provide client service to the seller.
  
5. According to the Real-Estate and Business Brokers Act, at what point in the time must registrant advice sellers of the potential for multiple representations? *possibility*
  - A. As soon as the seller has signed the listing agreement.
  - B. Prior to entering into a representation agreement with sellers to sell their property.
  - C. Prior to an offer on their property being presented to the sellers.
  - D. Prior to marketing and advertising the sellers property.
  
6. The proceeds of crime and terrorist financing act requires that a brokerage must maintain all record relating to identification, verification and receipt of funds for a period of :
  - A. 5 years
  - B. 10 years
  - C. 3 months
  - D. 7 years

7. ABC Reality Inc. is representing a buyer for the first time. What is the latest point in time that the brokerage must complete an individual ID for records?

- A. When the subject of agency ID first explained to the buyer.
- B. When an offer is being submitted by that buyer.
- C. At the first meeting between the buyer and sales representative.
- D. At the time the buyers deposit is placed in the trust account.

seller is by accepting offer

*title search date* → 8. A property sells using OREA'S agreement of purchase and sale with June 28<sup>th</sup>, inserted as the requisition date. Which of the following would NOT be included in a buyer's Lawyer's requisition letter to a seller's lawyer?

- A. A request for a transfer of existing fire insurance from the seller to the buyer. *Insurance is Non Transferable*
- B. A request for a declaration that the seller has occupied the premises.
- C. A request for existence that all buildings have been built in compliance with municipal by-laws.
- D. A request for existence that the seller is not a non-resident.

9. Two weeks after the offer was accepted, the buyer and seller would like to change the completion date that was originally agreed for the property, 25 Johnson Street. The offer was made on Form 100. How should this change be accepted?

- A. An amendment to agreement of purchase and sale form should be used. → *Parol evidence rule*
- B. The completion date in the original copies of agreement of perchance and sale should be changed.
- C. A counter offers from should be used.
- D. A new agreement of purchase and sale would be completed by the parties.

10. What current legislation covers some of the operational matters in a Care Home which provides independent and assisted for mature adults? *mobile home*

- A. The Condominium Act
- B. The Residential Tenancies Act (RTA)
- C. The Co-operative Corporation Act
- D. The Tenant Protection Act

11. A landlord gives a month-to-month tenant a 60 days notice to vacate because the landlord wants the landlord's son to occupy the unit. The tenant owns a cottage property and would like to vacate as soon as possible. Which of the following statement best describes the tenant's situation?

- A. The tenant must also give 60 days notice based on month to month tenancy
- B. The tenant can give as ~~title~~ as 10 days notice and pay rent for the 10 days period.
- C. The tenant does not have to move if it is the landlord's son, not the landlord, who will be assuming occupancy
- D. The tenant cannot vacate the premises until the end of 60 days period.

12. The owners of 237 Shutter Street have decided to sell a 2 acre portion of their 10 acre vacant lot to a builder. In order to comply with the Planning Act and complete the sale, the owner needs to obtain a:

- A. Subdivision approval for the lot
- B. Consent to sever the lot *- severance dividing pile of land up to 3 parcels*
- C. Zoning review
- D. Building permit for the lot development

13. Agnes wants to buy a cottage with frontage on a small landlocked lake and then construct a dock or boat house on the shoreline. Who would agent need to contact to obtain the requisite permit?

- A. The local Conservation Authority
- B. Ministry of the Environment
- C. Ministry of Natural Resources (MNR) ~~does~~ anything w/ water
- D. Department of Canada Heritage

14. Which of the following is correct with respect to the generation, distribution and use of electricity?

- A. Electromagnetic fields increase in strength as they get farther away from their source.
- B. Electromagnetic fields are created when an electric current is flowing. *magnetic fields are more powerful than electricity*
- C. Electromagnetic fields travel rapidly in air but not penetrate most materials
- D. Electric transmission lines generate large amounts of raw energy. *magnetic fields are harmful to earth*

15. When it comes to residential construction, asbestos is most frequently encountered in

- A. Roofing materials, pipe coverings & old stoves
- B. Foundation walls and floor joists
- C. Plumbing fixtures and windows
- D. Electrical systems and washroom fixtures

16. Which of the following is a correct statement with respect to a property designated as a heritage property?

- A. The property is subject to the same rights and restriction as any other property except for the installation of an historical plaque
- B. Insurance premiums are typically lower than other homes of the same size *typically higher*
- C. Because of the value inherent in the historical nature of the property municipalities tend to levy higher realty taxes.
- D. Alterations to a property required the written approval of the Municipal Council

17. As a general rule, which of the following statements would be correct with respect to assigning a contract?

- A. Agreements of purchase and sale are not assignable
- B. An independent contractor agreement between brokerage and sale is assignable.
- C. A mortgagee can assign a mortgage but a mortgagor cannot *lender can otherwise not, borrow*
- D. All residential lease are assignable and do not require that landlords consent

*Seller take back is not assignable  
(STB)*

18. This type of prospecting is effective for three reasons: Potential buyers can view the listed property; the seller knows that a sincere effort is being made to sell the home; The salesperson has an opportunity to meet prospects. What type of prospecting is being described above?

- A. Cold calling
- B. For sale by owners (FSBO)
- C. Open house
- D. Expired listing

*if says person instead of sales person is B.*

ABC MAR 3

19. Hanna is the owner of 236 Logan Street. She has signed a listing agreement with ABC, at a commission rate of 5% on March 3<sup>rd</sup> and expiry on May 3<sup>rd</sup>. There is a two month holdover clause. On May 4<sup>th</sup>, Hanna signs a new listing agreement with XYZ which an expiry on August 4<sup>th</sup> and commission rate of 6%. Amy is a buyer who had been shown the property on March 23<sup>rd</sup> but does not make an offer until May 10<sup>th</sup> which is accepted on May 11<sup>th</sup>. The transaction closes on Sept 19<sup>th</sup>. Based on the information presented, will Hanna own ABC commission and why?

- A. Yes, but the amount will be 1% as that is the difference between the commission rates on the listing with ABC and XYZ.
- B. Yes, the full 5% will be owned because the property was seen by Amy during the term of the listing agreement with ABC and purchased during the holdover period of that listing.
- C. No, the closing date for the sale of the property is after both listing and holdover period in the original listing.
- D. No, even though Amy saw the property during the original listing and brought it during the holdover, it was sold under a new listing where the commission payable was higher than the original listing.

20. Jane has signed an OREA buyer customer service agreement with ABC, commencing May 1<sup>st</sup> and expiry on June 21<sup>st</sup>. On June 1<sup>st</sup>, she drops into an open house and meets with Jim, who works for XYZ. Jane tells Jim that she is not happy with ABC and would like to find another brokerage. Jim explains the advantages of buyer representation and Jane signs an OREA buyer customer service agreement with XYZ that day. Has Jim violated the REBBA by this action?

- A. No, Jane is a customer and the buyer customer service agreement is a non exclusive agreement.
- B. Yes, Jim is not permitted to speak to any buyer who has signed a buyer customer service agreement.
- C. No, provided either the property type or the geographic location is different in both agreement.
- D. Yes, Jim did not obtain written consent from ABC to communicate directly with their customer.

21. Mabel is a listing salesperson with ABC. She has just received four offers on 22 Ajax Street. The first offer was registered at 2pm and was for \$395,000. The second offer was registered at 2:30pm and was for \$398,000. The third offer was registered at 3pm and was for \$392,000. The fourth comes at 4pm with 400,000. Mabel presents all the offers to the seller at 7pm that night.

Based on the above information, which of the following scenarios might result in serious legal problem and should never be recommended?

- A. The seller first reviews the offer that received at 4pm and after reviewing the other offers, accept it.
- B. The seller looks at all offers in the order in which they were received and decides to counter all 4 offers at a higher price of 415,000.
- C. The seller reviews the 4 offers in no particular order, rejects all 4 and requests that each buyer come back with a better offer.
- D. The seller reviews the 4 offers in the order in which they received and decides to counter one of the offers at a higher price of 405,000.

22. There are 2 basic types of timeshare projects; one gives a fee ownership interest and the other gives a right-to-use interest. Which of the following statement correctly describe a right-to-use interest timeshare?

- A. It requires a registering the property as a condominium.
- B. Each timeshare period is separately registered on title.
- C. The timeshare owner obtains a contractual notice of lease that designates the specific period of time.
- D. Timeshare owner obtain shares in the corporation that owns the property.

can't complain against tax

23. A property owner has complained to the municipality that a nearby farm is creating a nuisance. There is an awful smell and noise coming from the farm. The municipality looks into it and finds that the farm practise is violating its zoning by-law with respect to noise and odour. Are there any circumstances under which the farm would be allowed to continue these nuisances even though it is a violation of zoning by-law?

Answer: Yes, farmers are protected.

24. Various techniques can significantly reduce energy consumption in a residential home. Which of the following would assist in the reduction of energy cost?

- i. Zone heating/cooling systems and improved ductwork distribution
  - ii. Decreased thermal resistance in all insulation
  - iii. Separation of furnace and hot water system
  - iv. Shading and glazing of exterior windows.
- (A) i and iv  
 B. i and ii  
 C. ii and iii  
 D. All of the above

if only can pick one of i-iv pick

### Case study 1:

Sales person Ahmed of ABC is preparing an offer for his buyer client on a property listed with XYZ. The property at 99 Lester Street is a detached bungalow with a basement apartment. The buyer is intent to move into the main floor of the house and continue renting out the basement apartment. The buyer mentioned to Ahmed that he wants to ensure that he won't have to pay GST on top of purchased price.

25. Clause 3 on the OREA agreement of purchase and sale has space to insert a fax no. for delivery of notice to a seller and buyer. Under which of the following circumstances would it be appropriate for brokerage fax numbers to be entered in both of those spaces (which is correct)?

- A. When the listing brokerage represent the seller and cooperating brokerage represent the buyer
- B. When the listing brokerage presents both seller and the buyer
- C. When the listing brokerage represent the seller and cooperating brokerage is a sub agent of that listing brokerage
- D. When a private seller has signed a seller customer service agreement with the same brokerage that has the buyer as the client

26. How would you complete GST clause 7 in the agreement?

- A. The word "included in" would result the seller having to pay GST if the property were subject to tax
- B. This clause would have blank left until the seller certify whether GST is payable on this transaction or not

rez resale GST always included in price

### Case study 2:

Sales person Ahmed of ABC is preparing an offer for his buyer clients on a property listed with XYZ. The offer of \$460,000 is irrevocable until 6pm on April 2<sup>nd</sup>. The names of the buyer making the offer are Angel Chow and her spouse Peter Chow. The buyers are planning to use the property as their matrimonial home. Both names are entered on the OREA agreement as buyers and signed by both people at 9 am on April 1<sup>st</sup>. There is a \$ 375,000 mortgage on the property held by the bank but the buyers do not want to assume it. The seller is going to pay out the mortgage from the proceeds of the sale and there are sufficient fund to do so. However, the actual registration of the discharge of the mortgage will not take place until a few weeks after the transaction closes. The offer was presented to the seller at 1 pm on April 1<sup>st</sup>, at 3 pm the seller signed the offer back at \$475,000 but the irrevocable time period remained the same. The counter offer was presented to the buyers and they

accepted the counter offer. The following day on April 2<sup>nd</sup>, prior to the expiration of the irrevocable period the seller was given his copy of the accepted agreement.

**28. With respect to the buyers, whose name or names must be registered on title at the closing of this transaction?**

- A. It is up to buyer to decide whose name on it
- B. For the property to be a matrimonial home, both buyers must be registered on title on the closing of this transaction
- C. Neither of the buyers can be registered on the title on closing of the property is being designated as a matrimonial home
- D. Only one of the buyers name in the agreement can be register in title

**29. Is the seller's mortgage going to prevent the transaction from closing because it cannot be discharged on or before closing?**

- A. This is a problem that can only be resolved by having the buyers agree to assume the adjusting mortgage and apply to the bank for approval
- B. It will not be a concern since the seller mortgage is not an encumbrance on the property and as a result the buyers do not really care whether the mortgage is discharged or not
- C. It is not a problem as one of the pre printed clauses in the offer allows for the discharge of the mortgage after closing based on the seller giving a direction of payment and a lawyer's undertaking to do so.
- D. Yes, this is a problem, clause 10 states in the first line that the property will be free and clear from charges and encumbrances on closing and the seller must ensure that the mortgage is discharged prior to closing.

**30. Which of the following would be a realistic completion of the confirmation of acceptance clause on the agreement of purchase and sale given the information in this scenario?**

- A. The seller signs confirmation of acceptance on the 2<sup>nd</sup> of April before 6pm
- B. The seller signs the confirmation of acceptance at 3pm on the 1<sup>st</sup> of April
- C. Both buyers must sign the confirmation of acceptance on 2<sup>nd</sup> of April before 6 pm
- D. One of the buyers signs the confirmation of acceptance on April 1<sup>st</sup> in the evening

**Case study 3:**

In response to Martell's question about the difference between financing agreements between condo and cooperatives, salesperson Evans makes the following statement: In an equity cooperative a mortgage is registered against the entire building and all owners have joined liability and relation to their proportionate share of ownership, whereas, condo units can be individually mortgaged. Condo owners are potentially liable for other owner should they not meet their mortgage payments. Cooperatives present a challenge for financing in circumstances where there is a gap between the proportionate share of the existing mortgage on a unit and the buyer's down payment. Secondary financing for the necessary amount may be hard to secure.

**31. There is an error in explanation which of the following statements best describes this error?**

- A. Individual unit owners in a condominium are not responsible for the mortgage payment of other unit owners
- B. There is no liability on individual unit owners in a cooperative except for their proportionate share of the existing mortgage
- C. Secondary financing for unit in a cooperative is relatively easy to arrange as the security for the mortgagee the building
- D. The proportionate share of an existing mortgage on a cooperative unit can be increased to accommodate a buyers down payment

32. The subject of maintenance expenses is raised by one of the salesperson at the meeting and Martell asks if anyone can expand on the topic. Salesperson Martinez makes the following statement: "Condominium owners pay monthly maintenance expenses to maintain the common elements. True Owners contribute to the maintenance expenses based on the proportion outlined in the Condominium Declaration. Since there are no common elements in a co-operative, owners of a cooperative do not pay those fees. If a unit owner in a condominium defaults on their maintenance expenses, a lien can be placed on their unit by the corporation. A condominium owner's maintenance expenses can be reduced if the owner waives or abandons their right to use part of the common elements, for example the tennis courts or swimming pools." The explanation given by sales person Martinez is not entirely correct.

**Which of the following statements best described this error?**

- A. Each condominium unit owner pays an equal share towards the maintenance expenses, not a proportionate share.
- B. Non-payment of condominium maintenance fees, while a concern, is not considered serious enough to place a lien against an owner's unit.
- C. There are common elements in a co-operative but, by its very nature, owners in a co-operative maintain their own property and there is no maintenance fee.
- D. Co-operatives are also subject to monthly maintenance fees and condominium owners cannot reduce their proportionate share of maintenance fee.

Case study 4: *status certificate financial situation of condo's situation  
\$100 w/tax comes in ten days  
any1 can request*

It is the 5<sup>th</sup> of June and Sarah Chow a sales person with ABC has just shown a condo to her client Matt. The property is a two bedroom unit located in a building at 57 Bloor Street, listed by XYZ. Even though it has no recreation facilities, such as exercise room or swimming pool, Matt is impressed with the condo of the building and decides to make an offer. The offer is conditional on Matt's lawyer reviewing a condo status certificate with attachments and finding them to be satisfactory. The condition is written in precedent format and requires that Matt request the status certificate within two days of acceptance of the offer and it gives him until 5:00 pm on the 16<sup>th</sup> of June to satisfy the condition. The closing date is July 12<sup>th</sup>. The offer is signed by Matt at 6 pm on the 5<sup>th</sup> of June presented to the seller and accepted by the seller on June 6<sup>th</sup>. Matt requests the status certificate from the condo corporations' management company on June 7<sup>th</sup>.

Answer the following three questions based on the information provided in the case study as well as the questions themselves.

33. Does any of the information provided in the case study with respect to the status certificate clause give any cause for concerns?

- A. The only concern would be that a buyer cannot request a status certificate. Only the owner of a unit is entitled to request this document from the condominium corporation's management company.
- B. Yes, there would be some concern as the 15<sup>th</sup> of June is far too long a timeframe for a condition such as this. A more appropriate time frame would be to allow 5 days to obtain the certificate and for the lawyer to review.
- C. Yes, there would be some concerns. There may not be sufficient time to allow for the status certificate to be provided to Matt and for his lawyer to review.
- D. No, there are no concerns. The time frame is adequate to satisfy the needs of both the buyer and seller and there is no problem with the buyer paying for and requesting status certificate.

*If this answer not given on exam then choose ( )*

34. Which of the following documents would be included with the status certificate to be given to Matt's lawyer for his review prior to 5 pm on the 16<sup>th</sup> of June?

- i) Copy of the most recent condominium budget ✓
- ii) The number of units leased and the name of tenants ✗
- iii) Copy of the Declaration and By-Law ✓
- iv) Copies of any outstanding mortgage on the subject unit. ✗

1. The document set out in all four options.
2. The documents in option iii and iv only.
3. The documents in option i, ii and iii only.
4. The documents in option i and iii only.

35. The sale closes as scheduled on the 12<sup>th</sup> of July. On November 19<sup>th</sup>, a special meeting is called by the condominium board of directors. At the meeting, the board of director proposes spending \$ 300,000 to build a recreation centre with the money coming from the reserve fund which has a current balance of over \$ 2,000,000. A vote is held and 70% of the unit holders voted in favour of the proposal. The board announces that they will be proceeding with the proposal.

*minimum vote majority is 66%*

Are there problems with the proposal vote?

- A. There is no problem with the vote to build a recreation centre, but the reserve fund itself cannot be used to pay for the construction of a brand new common element. *can't use reserve funds for construction only for major repair*
- B. There is no problem here at all. A majority of the unit holders voted in favour of the proposal and money can be taken from the reserve fund to pay for any expenses including facilities such as a recreation centre.
- C. If money is to be taken from the reserve fund for the project proposed by the board then the condominium Act requires that 100% of the unit holders must voted in favour of doing so.
- D. There is no problem here at all; in fact the condo board did not even need to request a vote for this proposal as the condo Act allows directors to use the reserve fund to build new common elements at their sole discretion.

### Case Study 5:

Salespersons Grewal of ABC is working with a buyer client, Nathan Brand, who is interest in purchasing a home in Anycity. Grewal finds three properties that meet Nathan's criteria and arranges to show them to Nathan today. One of the properties 43 Abitibi Lane, is being sold by Lender Inc, under power of sale.

36. While showing 43 Abitibi Lane, Grewal informs Nathan that the property is being sold under power of sale. Nathan is not familiar with this kind of sale and asks Grewal to explain what it means.

Select the correct explanation from the choices below

A: Power of sale is a court ordered action arising from default of mortgage in which the home owner is forced to list and sell the property.

B: Power of sale is an action taken by a home owner when in default of a mortgage in order to sell the property to a satisfy the debt.

C: Power of sale is a legal right of a mortgagee to force the sale of a property in the event of default without having to go to court.

D: Power of sale is an action in which the title of the property passes to the mortgagee when the mortgage is in default and is subsequently sold by the mortgagee.

37. Nathan finds this type of sale interesting and would like more information about a power of sale. Grewal responds with the following statement.

If a mortgage is in default for 15 days, the mortgagee can send a Notice of Sale Under mortgage. The mortgagor is given 35 days to bring the mortgage into good standing. In a power of sale, at least one appraisal is typically undertaken to establish the value of the property. A property is often priced just below market value in an effort to get a fast sale, hopefully within a day or two, to enable the mortgagee to be repaid as soon as possible. *True*

The explanation given by Grewal is not entirely correct

Which of the following statements describes the discrepancy?

- A. The Mortgage Act requires that a mortgagee have three professional appraisals of property prior to commencing any action.
- B. A mortgage is required to request the court for a Notice of Sale Under Mortgage application in order to proceed with power of sale.
- C. A Mortgagee should allow a reasonable time period for marketing purposes before accepting an offer on a property and it should not be priced below market value.
- D. A mortgagor has 60 days to bring the mortgage into good standing, not 35, and the form is called the Notice of Default Mortgage.

38. Nathan decides to make an offer on 43 Abitibi Lane. In order to protect Nathan's interest, what important information should Grewal make Nathan aware of prior to entering in an Agreement of Purchase and Sale.

- A. The buyer's name will be registered on the title upon acceptance of his offer and the buyer will then have the right to bring the existing mortgage into good standing prior to the closing date of the transaction.
- B. In the event that the mortgagor brings the mortgage into good standing, the buyer's offer may be declared null and void. Also, he is buying the property "as is" with no warranty from the mortgagee as to the condition of the property.
- C. The buyer will responsible for any money owing if the purchase price of the property is less than the amount owing on the mortgage in default.
- D. Once the sale has been completed, if the financial situation of the mortgagor who went into default improves and the mortgagor can pay the mortgage amount, the sale may be nullified by the court.

### Case Study 6:

Jim is a salesperson with ABC. Mary and Bob are interested in purchasing a cottage and on May 10<sup>th</sup> 2009, they meet with Jim and sign a buyer Representation Agreement with ABC. Mary and Bob live in Anytown and have never owned a cottage before. Over the course of a few weeks, Jim takes the buyer to a number of different cottages.

39. Jim has made an appointment to show the buyers a cottage on a fairly remote lake about a 2 hours drive from Anytown. During the drive they start asking questions about wells, zoning, utilities and municipal services to the property. Jim makes the following statements in response to their questions:

1. Some cottage owners may actually own the hydro lines and poles carrying electricity to their cottage and have to pay for their upkeep and repair.
2. All homes, even cottages in remote areas of Ontario, are required by law to be provided fire protection by the local municipality.
3. Bell Canada may not provide Telephone service to a cottage even though hydro service is already provided to that property.
4. Municipalities use the low water mark in lakes to determine the setbacks of cottage properties fronting onto lakes.
5. The most common type of wells being installed in cottage properties today are either drilled or bored.

**Evaluate each of the above statements made by Jim and select those statements that are correct.**

A: 2 and 4 are correct

B: 2 and 5 are correct

C: 1, 2, 3 and 4 are correct

D: 1, 3 and 4 are correct

40. Jim's second appointment is at 123 Beach Rd. which is located 90min from Anytown. This property has a 75yr old cottage with a well and fronts onto a small lake. The septic system is only 2yrs old and has a raised absorption bed. There is an old boathouse. The buyers tell Jim that if they bought the property they would knock down the old boathouse and replace it with a brand new 2 storey boathouse that would have accommodation for guest. They would also like to create a sandy beach using infill. In response, Jim makes the following statements

- i: The boathouse sits on shore lands at the water's edge. Shore lands can be publicly or privately owned and they include land that is seasonally covered by water. ✓
- ii: Shore lands are regulated by the ministry of the environment and certain types of work on shore land require obtaining a work permit. ✗
- iii: You will not need a work permit to remove the old boathouse or to create the beach, but you will need a work permit from the ministry of the environment to construct the new boathouse. ✗
- iv: A permit is required for any dredging or infilling on shore land. ✓
- v: Two storey boathouse with living accommodation are allowed in Ontario on public land but you may have to pay rent under a boathouse leasing program. ✓

**Evaluate each of the above statements made by Jim and select those statements that are correct.**

A: ii, iii and v are correct

B: i and v are correct

C: ii, iii and iv are correct

D: i, iv and v are correct

41. The following weekend, Jim takes the buyers back to the property at 123 Beach Rd. as Mary is walking towards the old boathouse that sits at the water's edge, she asks Jim whether all of the land between the cottage and water belongs to the cottage. Jim correctly tells her that there is an unopened shore road allowance between the cottage and the lake itself. Mary starts asking lots of questions about this shore road allowance. Jim makes the following statement in response.

- i: A shore road allowance, that is 66feet in width, is adjacent to the lake shore. ✓
- ii: The boathouse would not be an encroachment on public land unless the road allowance became opened. ✗
- iii: The public has no right to go across an unopened road allowance. So that is not a worry for you. ✗
- iv: You may be able to buy the unopened road allowance in which case it would become your private property. ✗✓
- v: Obtaining approval to close a shore road allowance is a simple and inexpensive procedure. ✗

- A: i, ii, iv and v are correct  
 B: i and iv are correct  
 C: ii, iii and iv are correct  
 D: all five are correct

42. Jim shows the buyer a number of other cottages and on June 2<sup>nd</sup>, they decide that they'd like to make an offer on 123 Beach Rd. Even though it is only 2yrs old, the buyers mention that they have some concerns about the septic system with its raised absorption bed. They would like to be sure that the system had all the requisite approvals, was installed correctly and is in good working order. Jim responds with the following statements:

- ✓ i: "New" septic system has to be installed in accordance with the Ontario Building Code.
- ✓ ii: "Raised absorption beds are usually needed when there is rocky terrain, inadequate drainage, and poor soil percolation."
- ✗ iii: "You should obtain a bacteriological analysis of the septic system prior to removing the home Inspection Clause. This is common practice."
- ✓ iv: "Raised absorption beds have been designed in such a way that they remove the need for minimum clearances from wells or dwellings."
- ✗ v: "I will include the following home inspection clause and that will cover any concerns that you might have. This Offer is conditional upon the Inspection of the subject property by a home Inspector at the Buyer's own expense, and the obtaining of a report satisfactory to the Buyer's sole and absolute discretion. Unless the buyer gives notice in writing delivered to the Seller not later than 6 pm, on the 10<sup>th</sup> day of June, 2009, that this condition is fulfilled, this Offer shall be null and void and the deposit shall be returned to the Buyer in full without deduction. This condition is included for the benefit of the Buyer and may be waived at the Buyer's sole option by notice in writing to the Seller within the time period stated herein."

Evaluate each of the above statements made by Jim and select those statements that are correct.

- A. Only the statements in iv and v are correct.
- B. Only the statements in i, ii and iv are correct
- C. Only the statements in i, iii and iv are correct.
- D. Only the statements in i and ii are correct.

43. Jim now prepares an offer on 123 Beach Road. The offer is for \$290,000. The deposit is \$8,000 and it is to be submitted upon acceptance of the offer. There will be a supplementary deposit of \$17,000 payable on the 18<sup>th</sup> of June. The deposits will come out of the buyer's down payment of \$94,000. The offer is conditional on being approved to assume an existing first mortgage on the property of \$146,000. To make the sale attractive to the buyers, the seller has agreed to take back a mortgage for the balance of the offer price for a period of three years at a rate of 5% with an amortization of 15 years.

The Agreement is presented to the seller who, after much discussion with his representative, counters the offer by increasing the purchase price by \$8,000, increasing the deposit by \$2,000 and increasing the supplementary deposit by \$3,000. The buyers are not in a position to increase their down payment so the seller agrees to increase his seller take back mortgage to cover the purchase price.

Calculate the balance due on completion based on the counter offer outlined in this question.

A: \$64,000

B: \$152,000

C: \$122,000

D: \$268,000

$$\text{Pay/balance} = \text{PP} - \text{SAD}$$

$$290 - [ +146 + 30 ]$$

$$290 - [ +146 + 94 ]$$

44. John has successfully passed the 80 hour Course 3 General and Advanced Residential exam and has submitted his application to RECO. He intends to work as a full time salesperson with ABC Realty Inc. and is now waiting to obtain confirmation of registration from RECO.

Which of the following activities can John get involved in while he is waiting for his registration?

- A. Build a data base of potential clients from his list of friends, acquaintances and business contacts.
- B. Call friends, acquaintances and business contacts to ask them if they are interested in selling their homes
- C. Develop his marketing material and then send fliers marketing himself to his friends, acquaintances, and business contacts
- D. Assist with an Open house for the public with another salesperson from ABC Realty INC to get a feel for the business.

45. A mortgage is in default. What would most likely be the reason why a lender would choose power of sale as the remedy for the default?

- A. Because the Borrower prefers power of sale over foreclosure

- B. Because there is no need to obtain possession of the property when using power of sale.
- C. Because the amount of mortgage is small in comparison to the value of the property.
- D. Because it is relatively inexpensive and the most fair to the mortgagor.

**46. Buyer X is in Australia and is interested in buying a property. Salesperson Y from ABC Realty Inc. is aware that the house was used as a Grow house. What must the salesperson do ?**

- A. Buyer X is in Australia and Salesperson does not need to inform him of the grow house as it has now been shut down.

- B. Salesperson Y should include a full disclosure in the Offer and inform Buyer X before drafting an offer.

- C. Since there will be an inspection done by a there is no need to inform as the inspector will note any deficiencies.

- D.

**47. Salesperson Ahmed has just signed a Seller Representation with the following commission rates. According to REBBA what commission rate is allowed?**

- i. 5% for the first 200,000 + 4 % for the next 100,000 + 3% for next 300,000
- X ii. 4% + \$4000.00
- ✓ iii. 4% + 1% rebate if seller buys another property
- X iv. 4% for the first 300,000 + 5% for the next 200,000 + 6% for the next 100,000
  - A. i & iv
  - B. ii & iii
  - C. i & iii
  - D. i & ii & iv

**48. Buyer's sister, Mary is going to a Minimum Bid auction. Buyer calls you and asks you what Mary should be aware of when going for this Auction.**

- A. Buyer can reject the auction if the home inspection is not satisfactory
- B. Buyers Lawyer should do a title search before the auction
- C. Buyer should get the Mortgagee to inspect the property before financing
- D. Buyer should get home inspection done prior to auction

**ANSWERS / NOTES:**

1. C
2. B
3. B
4. B
5. B
6. A
7. B
8. A
9. A
10. B
11. B
12. B
13. C
14. B
15. A
16. D (Heritage – 2 options – Alterations require written approval or Less Taxes)
17. C (A property with STB cannot be assigned)
18. C
19. D
20. A
21. B
22. C (Fee ownership-Owner is on title, Right to use- designated period of time and owner is NOT on title)
- 23.
24. A
25. A
26. A
- 27.
28. B

29. C (Pg. 250 General)

30. D

31. A

32. D

33. D

34. D

35. B

36. C

37. C

38. B

39. B

40. D

41. B

42. B

43. A

44. A

45. D

46. B

47. C

48. B & C

49.

50.

### Instructors Notes Course 3:

1. Contract is voidable by minor (under 18)
2. Advertising – Avoid abbreviations
3. GST clause – applicable taxes seller is responsible with “included”
4. Do Not Call List – can only call if given permission – clause 14 in listing agreement
5. Included in NON-TITLE Search – Property Taxes, Outstanding Utility amounts, Easements, work order deficiencies, zoning compliance.  
TITLE Search are – Liens, mortgages, encumbrances, spousal consent
6. Gated Communities – not popular in ONT
7. Trust Accounts – 2 types – Brokerage Trust Account and Commission Trust Account. (Protected from Bankruptcy)
8. Boat Houses – or any thing to do with Shorelines – falls under Ministry of Natural Resources (MNR)
9. Well Waters Records – Ministry of Environment
10. Who maintains Well Water – Prov Government under Ontario Water Act
11. Water Samples – Min Of Env. 3 samples between 1-3 weeks, usually done when buy or sell
12. All Wood stoves are inspected by “WETT”
13. Stigmatized Property – Mental Stigma - unnatural death (suicide, murder)  
Physical Stigma – presence of UFFI
14. If UFFI existing in Home - physical Stigma – if known use UFFI 1
15. Grow Houses – This is NOT a stigmatized property. But must disclose . Use ENV 8. Tell-Tale-Signs (visible signs or Patent) are electrical distribution panel, holes in roof. Full disclosure.
16. Asbestos – Older homes – found on Pipe coverings and Roof Sheeting
17. Credit Check – Must be included in case of STB
18. Prepayment – Only if STB interest is greater than 1<sup>st</sup> Mortgage INT.
19. Postponement – If 1<sup>st</sup> Mortgage Term is Less than the 2<sup>nd</sup> Mortgage term
20. Escape Clause – Benefit of both buyer and seller – if buyer sub to sale of property, then address must be mentioned *Leavoids having to perform, without liability for breach of contract*
21. Radon – Gas found in lower levels of house- Basements – cannot smell
22. Oil Tank – Seller has removed the tank – ENV 11
23. Oil Tank Requirements – governed by TSSA
24. Soil Testing – Phase 1,    Phase 2,    Phase 3
25. Title Insurance – Title fraud – What does it cover – pg 457 – Scope of coverage

26. Time Shares – Fee simple (owners are on title, rights can be transferred to others)  
- Right-to-Use (Specific time period and creation of Condo is not necessary)
27. What info does Lawyer obtain in Non-title search – Status on Taxes, issues related to Root of Title
28. If seller is Non-resident- Taxes – buyer is responsible
29. Conditions: Precedent (must be waived or offer is null and void) / Subsequent (cannot be waived, but can be terminated within conditional period) / True condition Precedent (cannot be waived, and must be fulfilled or offer is null and void i.e. severance, assuming mortgage, soil testing)
30. Scope of Housing Choices – 4 Types (Freehold, Co-op, Condo, Co-ownership)
31. Parole Evidence Rule (Amendment – Change to original agreement)
32. Title Conveyance – Transfer of title from one person to another
33. Condo Planning Steps – 2 Steps - 1. Draft Plan 2. Final Plan
34. Construct Codes – Ontario Building Codes (Code 3 three storey and above / Code 9 for under 3 stories)
35. Maximum Holdback from Buyer – 10% if not completed on time
36. Most common TORT - Negligence

condemn -  
house now -  
september -

days school  
library & books  
theatre & movies  
afforded -

afforded  
afforded  
afforded  
afforded  
afforded  
afforded

condemn -  
house now -  
september -

days school  
library & books  
theatre & movies  
afforded -

afforded  
afforded  
afforded  
afforded  
afforded

afforded -

afforded  
afforded  
afforded

House on zero lot = condemned  
XH-EH# . PZD-GPZS . XH-10-0000  
8k-be 11-01800 . XH-10-0000 . XH-10-0000  
EE# . XH-10-0000 . XH-10-0000  
the whole case #28  
no driver period.  
R# .



## 45 Questions

**1. Correctly complete the following sentence: (According to the requirements of the real estate and business brokers act, a registrant must deliver a copy of an accepted agreement of purchase and sale to the party being represented or being provided with customer service.)**

- a) Only if the client or customer makes a request in writing.
- b) Within 5 business days of acceptance of the offer
- c) Within 72 hours of the acceptance of the offer
- d) **At the earliest practical opportunity.**

give listing agreement  
right away  
(2 parties involved right away)

**2. What does the statute of frauds require when it comes to real estate contract?**

- a) The contract for the sale of real estate must comply with the vendors and purchasers act.
- b) The parties to the contract must be at least 21 years old for it to be enforceable.
- c) The parties to the contract for the sale of real estate situated in Ontario must use an Ontario Real Estate association form.
- d) **The contract must be in writing and signed by all parties in order for it to be enforceable.**

According  
Statute  
of  
Frauds  
Act

**3. What are the requirements of the Real Estate and Business Brokers Act, with respect to providing copies of a listing agreement to the sellers of the property?**

- a) One copy of the listing agreement must be given to the sellers within 24 hours of it being signed.
- b) Sellers must be given a copy of the listing agreement at the same time as an offer is being presented to them.
- c) **Each seller must be given a copy of the listing agreement immediately upon signing it.**
- d) A copy of the listing agreement must be given to the sellers within 24 hours of a request to do so.

**4. Can a listing agreement have a term of more than six months?**

- a) Yes, Providing the seller initials the multiple listing service agreement option on the first page.

b) No, Local real estate boards will not accept listings on there MLS system for a period of more than six months.

c) Yes, Providing the seller initials the listing agreement next to the expiry date.

d) No, REEBA limits the term of a listing agreement to a maximum of six months.

5. According to the Real Estate and Business Brokers Act, at what point in time must a registrant advise buyers of the potential for multiple representation.

a) As soon as the buyer's have signed a buyer representation agreement.

b) Prior to entering into a buyer representation agreement with those buyers. , verbally

c) Prior to representing the buyers offer.

d) Prior to preparing an offer of property for the buyers.

If says at time of meeting  
prospect choose that  
client answer

6. Jim Smith has signed a listing agreement with ABC reality INC. Mandy Blogs has signed a customer service agreement with the same brokerage and is not a client of the brokerage. Maggie wants to make an offer on Jims Property. What does ABC Reality Inc. need to do in order to comply with the real estate and business brokers act with respect to disclosing the nature of relationships?

a) Prior to showing the property and presenting an offer, ABC Reality Inc must obtain written permission from the seller that it can provide customer service to the buyer.

b) Prior to presenting any offer ABC Reality Inc. needs to obtain written informed consent for multiple representation for the buyer customer.

c) Prior to showing the property and presenting an offer. ABC Reality Inc must obtain written permission from the buyer that it can provide client services to the seller.

d) Prior to presenting any offer ABC Reality Inc. needs to inform both the seller and the buyer in writing of the relationship it has with each of them.

could say inform down  
need to say written

7. Both Chattels and fixtures are often included in the sale of a property. Chattels can be best described as?

a) Items that are included with the property unless they are listed in the agreement of purchase and sale as excluded items.

b) Items in a property that are leased rather than owned.

c) Property that is permanently enriched to a building

100  
15 p

20

300

320  
Coop

- d) Personal moveable items that are not part of the real property.

✓ for new home  
title passed when  
pmts made

8. Which of the following statements is correct with respect to an agreement of sale?

- a) An agreement for sale provides the buyer with more security and protection than a sale financed with a mortgage

- b) The buyer has a contractual interest in the property that gives the buyer possession but the seller redeems title to the property until the required payments are made.

↳ If no last for down pmt, buyer defaulfs  
if agreement of purchase/sale  
title transfer on closing

- c) An agreement for sale is an agreement of purchase and sale in which the seller takes back a mortgage on the property.

↳ loses everything

- d) An agreement for sale is an assignment of an agreement of purchase and sale

9. Which of the following information could be obtained by a buyer's lawyer performing a non-title search of a property?

title search:

↳ scatty taxes, frontal

- a) Previous owners of a property

- b) Records of discharged mortgages.

- c) Outstanding mortgages

- d) Status of property taxes.

if this answer not here  
choose "Root of title"  
if both there choose  
root of title

10. Two weeks after the offer was accepted, the buyer and seller would like to change the completion date that was originally agreed to for the property at 25 Johnson St. The offer was made on an OREA agreement of Purchase and sale form 100. How should this change be accomplished?

- a) The completion date in the original copies of the agreement of purchase and sale should be changed

- b) The counter offer form should be used

- c) An amendment of agreement of purchase and sale form should be used. ↳ *Offer Rule*

para evidence

- d) A new agreement of purchase and sale would have to be completed by the parties.

11. Which of the following best describes the concept of a life lease project?

- a) Life lease projects allow seniors to purchase the right to occupy a unit for their lifetime



↳ not transferrable

- b) Life lease projects provide an alternative for seniors who want to live in a condominium but are unwilling to pay maintenance fees
- c) Life lease projects are designed to give tenants security of tenure and a monthly rent that will not increase over there lifetime.
- d) Life lease projects give occupants a fee simple interest in there unit plus a leasehold interest in various amenities: example fitness facilities with gym equipment.

**12. What kind of legislation covers some of the operational matters in a care home which provides independent and assisted living for mature adults? <sup>mobile home</sup>**

- a) The tenant protection act
- b) The condominium act
- c) The cooperative corporations act.
- d) The residential tenancies act. (RTA)

**13. In an agreement of purchase and sale for ~~buying~~ <sup>building</sup> a lot. Which of the following guidelines should be followed?**

- a) A description of the building to be built on the lot should be included in the present use section of the agreement.
- b) The buyer should verify or make the offer conditional on verifying which services are available to the property. *True Condition precedent*
- c) If a severance is required there is no need for a condition as it is covered in the preprinted section.
- d) The lot dimensions should not be included as minor discrepancies in lot sizes are common.

**14. Agnes wants to buy a cottage with frontage on a small land locked lake, and then construct a dock or boathouse on the shoreline. Who would Agnes need to contact to obtain the requisite permit?**

- a) The local conservative authority
- b) Ministry of the Environment
- c) Ministry of Natural Resources
- d) Department of Canadian Heritage

*anything to do w/ water*

**15. What might be one of the indications that a suspicious transaction could possibly be taking place?**

- a) A client purchasing multiple properties in a short space of time without inspecting them.
- b) A buyer client with substantial assets not wanting to give a large deposit with their offer.
- c) A seller client insisting on over pricing their property and not seeming concerned as to whether it sells or not.
- d) A buyer client that is insisting on putting numerous conditional clauses in their offer but not insisting on additional inspections prior to closing.

**16. Which of the following would be an environmental concern for a buyer when purchasing a residential property?**

- a) Access to the property is by way of a private road.
- b) The property has an oil fired furnace but has no visible oil-tank**
- c) The property is being sold by a mortgagee under a power of sale
- d) The property is zoned for both residential and commercial

**17. Which of the following is a correct statement with respect to a property designated as a heritage property?**

- a) Alterations to a property require the written approval of the municipal council.**
- b) Because of the value inherent in the historical nature of the property municipalities tend to FRI reality taxes.
- c) Insurance premiums are typically lower than other homes of the same size.
- d) The property is subject to the same rights and restrictions as any other property except for the installation of a historical plate

**18. As a general rule which of the following statements would be correct in respect to assigning a contract.**

- a) An independent contractor agreement between brokerage and salesperson is assignable.
- b) A mortgagee can assign a mortgage but a mortgagor cannot because a liability cannot normally be assigned to someone else.**
- c) Agreements of purchase and sale are not assignable.

\* STB is not assignable, neither is insurance

- d) All contracts are assignable without any restrictions or limitations.

**19. This type of prospecting is effective for three reasons.**

1. Potential buyers can view the list of properties
2. The seller knows that a sincere effort is being made to sell the home
3. The salesperson has an opportunity to meet prospects.

What type of prospecting is being described above?

a) Open Houses

b) Cold Calling

c) For Sale by owners (FSBO)

d) Expired listings

*choose  
if says person, not salesperson  
FSBO*

**20. The national do-not call list applies to telemarketers making phone calls to silicate businesses. In this connection it would be correct to say that:**

- a) The national do-not call list applies to cold calls made to consumers to silicate business whether the cold call was made by phone, fax, door knocking or by email
- b) Salespeople are exempt from the regulations under the national do not call list as they would not be considered telemarketers under the real estate and business brokers act 2002.
- c) You may call a consumer on the do not call list if they have specifically given permission to be contacted. *with writing*
- d) The do not call requirements apply to cold calling for listings but do not apply to soliciting buyers

**21. Joshua is a buyer interested in purchasing 123 Main Street. The basement is finished however there is a significant structural problem with the foundation, and a persistent problem of water leaking into the basement. There is also a broken window pain on the main floor. On the day that Joshua viewed the property there was no evidence of the leaky basement or the structural problem with the foundation which was impossible to view because of the finished basement, he also did not see the broken window pain. Joshua purchases the property through a cooperating brokerage. The listing salesperson was aware of the problems but the selling salesperson was not informed.**

Based on this scenario what concerns do you have with the contract for the purchase of 123 Main Street with respect to genuine intention.

*Latent defects - invisible*

*Patent Defects -*

definite &amp; clear

visible

- a) There is a problem as the listing salesperson failed to disclose both the problem with the basement and the broken window. There both material latent defects.  $\rightarrow$  it's patent, not latent

- b) There is a problem as the listing salesperson failed to disclose the problem with the basement, and it is a material latent defect.

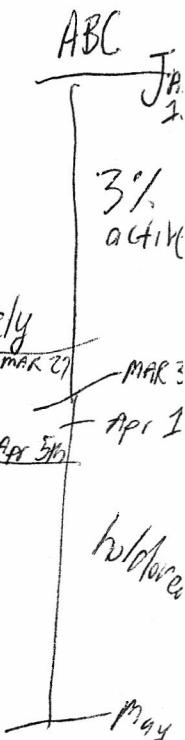
exists &amp; in (oblig)

- c) There is no problem under contract law as both problems are patent defects and do not need to be disclosed.

- d) There is no problem under contract law, as both problems are material latent defects and do not need to be disclosed.

**22. Arnold** is a buyer who has signed an Ontario Real Estate association Buyer representation agreement with ABC Reality Inc. at a commission rate of 3% commencing on the 3<sup>rd</sup> of May and expiry on August 3<sup>rd</sup>. There is a 3 month holdover clause. Arnold does not re-new the buyer representation agreement on the 3<sup>rd</sup> of August and signs no further agreement with any other brokerage. On July 30<sup>th</sup> Arnold became aware of and went to see a property which was being sold privately. He makes an offer on the property on the 5<sup>th</sup> of August which is accepted the next day. The transaction is set to close on December 14<sup>th</sup>. Based on the information presented, would Arnold owe ABC Reality Inc a commission under the buyer representation agreement, and why?

- a) No because the closing of the sale on the property was after both the term of the buyer representation agreement and the holdover period contained in that contract.
- b) Yes because he saw the property during the term of the buyer representation agreement and made an offer which was accepted during the hold over period.
- c) No because he made an offer on the property only after the term of the buyer representation agreement had expired.
- d) Yes but only if the brokerage had made him aware of the property and had accompanied him to the property.



**23. Jim** works for ABC Reality Inc. is the listing sales person for the seller of 66 Leslie St. The seller has signed an OREA working with a realtor brochure and listing agreement. After a few days of being on the MLS system the property is shown by another salesperson at ABC Reality INC. Do Agnes who has signed an OREA working with a realtor brochure and buyer representation agreement with ABC Reality Inc. Agnes makes an offer on 66 Leslie St. using an OREA agreement of purchase and sale, which is accepted apart from a full explanation and discussion of the preprinted clauses contained in the above forms/brochures. No other discussions of multiple representation have taken place and no other forms have been signed, based on the information provided Have the salespeople at ABC Inc met there obligation with respect to multiple representation?

hold over clause -

a) Yes. The buyer has signed a buyer representation agreement and the seller has signed a listing agreement and both these forms provide for the necessary informed consent regarding multiple representation.

**b) No the salesperson should have prior to the offer being presented obtained informed written consent to the multiple representation from the buyer and seller.**

c) No the salesperson should have obtained informed written consent to multiple representation from the buyer and seller by including a multiple representation clause in the offer.

d) Yes the working with a realtor brochure has been signed by all the parties to the trade and it provides unnecessary information consent needed in regarding multiple representation.

**24. Conditions in an agreement of purchase and sale can be written in a precedent format or a subsequent format. Which of the following statements is correct as it relates to these two formats?**

a) Any condition written in the form of a condition precedent can also be written as a condition subsequent.

b) A waiver clause must always be added to a condition subsequent

c) Conditions for the mortgagee approval of a buyer to assume an existing mortgage are written in the subsequent format.

d) A condition subsequent reads a binding agreement between the parties, but gives one of the parties the option to terminate the agreement.

*We condition precedent can't be waived/terminated {Precedent = condition to fulfill}*

**25. XYZ Real Estate Ltd. has a listing at 67 Pine Lane. On February/2<sup>nd</sup> Jim the salesperson with ABC Reality Inc. Showed the property and prepared an offer for this buyer client, irrevocable until February/8<sup>th</sup>. The offer was presented to the sellers at 7:00 P.M. On February 3<sup>rd</sup> at 8:00 A.M. On February/4<sup>th</sup> the sellers made a counter offer. At 9:00 A.M. on February/5<sup>th</sup> Jim contacted the buyer by phone, and the buyer verbally accepted the counter offer. The next day Jim met with the buyer to finalize the agreement. The sellers received there accepted copies the following day. What date would be or next to the buyers signature in the acknowledgment section of the OREA agreement of purchase and sale?**

- a) February 6th → salesperson signature
- b) February 8th
- c) February 5<sup>th</sup>
- d) February 7<sup>th</sup>

**26. Saddie is a salesperson with ABC Realty INC. Saddie's buyer client has asked her to draw up an offer to purchase a mobile home which is located on site number 59. Within Windy Hills Mobile Home Park. Saddie is using an OREA agreement of purchase and sale.**

~~TRIN H~~  
tenancies act

to sell RV partfolk  
sign RV can't go  
on land

The mobile/Modular/manufactured home on leased premises. What interest in the land would the buyer obtain from the seller of the mobile home? *Rv, own RV not land*

- a) The buyer in actual fact would be obtaining a fee simple ownership of the land from the seller
- b) The buyer would be subletting the land from the seller and as a result would actually obtain no interest in the land at all.
- c) **The buyer would be receiving an assignment of the land lease from the seller resulting in a lease hold interest.**
- d) The buyer would obtain joint tenancy ownership of the land from all of the other mobile home owners out there in the park.

27. A property owner has complained to the municipality that a nearby farm is creating a nuisance. There is also an awful smell and noise coming from the farm. The municipality looks into it and finds that the farm practice is violating its zoning bylaw with respect to noise and odor. Are there any circumstances under which the farm would be allowed to continue this nuisance even though it is a violation of the zoning bylaw?

- a) Yes, But only if the bylaw was introduced after the passing of the farming and food production protection act.
- b) No, Bylaws are created to protect property owners from this type of nuisance, and are strictly enforced.
- c) No the right of quiet enjoyment is enshrined in the bundle of rights and enjoyed by all property owners.
- d) **Yes provided it can be established that the nuisance is as a result of normal farm practice.**

28. Which of the following statements critically applies to the three phases of environmental audits?

- Phase 1*  
a) A phase 3 audit is an inspection to verify all environmental problems have been removed or corrected. - *false*
- Phase 2*  
b) A phase 2 audit involves a report detailing reviewing of the steps of the projected cause ← *that's phase*
- Phase 1*  
c) A phase 1 audit involves reviewing related records and documents and testing soil and water samples to identify the extent of the environmental problems
- d) **A phase 1 audit determines if recent success to indicate the property may have sulfur or environmental contamination.**

Phase ① visual inspection

if find something bad go to phase 2

② physical testing

if find something bad go phase 3

③ estimate - & how long it takes . not

**29. Why might a buyer insist on a condition to obtain fire insurance for the property in schedule A. of an agreement of purchase and sale?**

- a) A clause in the agreement would be required if the buyer wants to obtain title insurance.
- b) Because there is no mention of insurance in the standard preprinted clauses in the agreement.
- c) A buyer may want a clause that describes the sellers existing insurance because the buyer is obligated to assume the policy.
- d) The buyer may not want to complete the transaction if the cost of the coverage is too high.**

**30. Why might a salesperson choose independent contractor status over employee status?**

- a) The salesperson wants to minimize book keeping duties and dealing with tax related matters so that the salesperson can concentrate on prospecting and selling.**
- b) According to the real estate and business brokers act 2002 an independent contractor sales person has more status and authority than an employee salesperson.
- c) Obtaining support and assistance from the brokerage management is a priority for the salesperson.
- d) The salesperson would like to minimize and control and supervision exercise of the brokerage.

#### Case Study

Salesperson Ahmed of ABC Reality Inc. Is preparing an offer for his buyer client on a property listed with XYZ Real estate Ltd. The property at 93 Lester Street is a detached Bungalow with a basement apartment. The buyer intends to move into the main floor of the house and continue renting out the basement apartment. The buyer mentioned Ahmed that he wants to make sure that he won't have to pay GST on top of the purchase price. Answer the following 3 questions related to the scenario above, and the wording of the OREA agreement of purchase and sale.

**31. Clause 3 notices on the OREA agreement of purchase and sale has spaces to insert a fax number for delivery of notices to a seller and delivery of notices to a buyer. Under which of the following circumstances would it be appropriate for brokerage fax numbers to be entered in both of those spaces in clause 3 of the agreement of purchase and sale.**

- 1. When the listing brokerage represents the seller and the co-operating brokerage represents the buyer.
- 2. When the listing brokerage represents both the buyer and the seller

XYZ  
customer client  
sub-agent

3. When the listing brokerage represents the seller and the cooperating brokerage is a sub-agent of that listing brokerage
4. When a private seller has signed a seller customer service agreement with the same brokerage that has the buyer as a client
- a) Only in the circumstances described in option 1  
b) Only in the circumstances described in options 1 and 2  
c) In all 4 circumstances  
d) Only in the circumstances described in options 1, 2 and 3.

**32. How would Ahmed have completed Clause 7 GST in the agreement of purchase and sale and why?**

- a) The clause would have been left blank until the seller certified whether GST is payable in the transaction or not.
- b) The words "In addition to" would have been typed in as – "This would result in the seller having to pay a GST if the property was subject to this tax."
- c) **The words "included in" would have been typed in as this would result in the seller having to pay GST if the property was subject to this tax.**
- d) The words "In addition to" would have been typed in as the seller would be confirming that the transaction would be subject to GST.

**33. As stated previously the basement apartment in the property is currently being rented to a tenant. If Ahmed leaves the 'present use' link blank in clause 8 (title search) of the agreement? What effect would this have on the transaction?**

- a) The seller is representing that the basement apartment is illegal
- b) It makes the agreement voidable because essential information is missing.
- c) The property has a basement apartment and the seller is representing that this use is legal
- d) **The seller is representing that the property can legally be used as a single family residence. (If buying found that present use is violating zoning by-law buyer can say no to closing).**

*If option not given use bracketed answer  
Case Study*

Rudy Sanchez is a salesperson employed by ABC Reality Inc. He is currently preparing an offer for his buyer client on a property at 93 Elm St. Listed by XYZ Real Estate Ltd. The buyer is offering \$375,000 and submitting a \$15,000 check as a deposit upon acceptance.

The buyer does not require any financing as he has enough money in the bank to pay all cash for the property. The buyer is particularly interested in this property as it is a bungalow with a large unfinished basement in which he intends to create an accessory apartment. One of his friends has already agreed to rent the apartment when it is finished. The property is currently occupied by the seller and the zoning of the property is R1 residential which allows single family residential.

Answer the following three questions based on this case study?

34. What reporting obligations must be met by Rudy Chanchez and ABC Reality Inc. Based on the financial details of the offer?

- a) A receipt of funds record must be completed for the deposit and the transaction and retained for five years. *if cash reported within 15 days to fintrac*
- b) Since there is no new financing involved in the offer the entire purchase price must be treated as a large cash transaction and reported to FINTRAC.
- c) The deposit was by way of a check rather than cash so no receipt of funds record needs to be completed
- d) Because the deposit check exceeds \$10,000 a large cash transaction report must be made to FINTRAC.

35. What effect does the preprinted wording of the agreement of purchase and sale have on the buyers plans to finish and rent out an accessory apartment? *says single fam rez*

- a) The title search clause permits the buyer to make an objection to title, based on the single family residential use. The seller must apply to have the use changed prior to closing with buyer can nullify the agreement.
- b) The present use of the property is single family residential. The seller is making no warranty as to the possibility of changing the use.
- c) The premise of the present use clause is to allow the buyer to describe the intended use of the property
- d) The reference to title insurance in the agreement will permit the seller to purchase title insurance in favor of the buyer to cover any risks associated with recreation and rental of the apartment.

36. The buyers offer is accepted and prior to closing it is revealed that the seller of 93 elm street is a non resident of Canada, and a significant amount of capital gains tax would be owing on the property.

**Which of the following describes how the buyer can protect himself from the possible liability to pay the sellers capital gains tax.**

- a) The buyer must file a declaration with the Canada revenue agency stating that he is a resident of Canada.
- b) The seller will need to provide the buyer with a ministry of national revenue certificate within 30 days after closing showing that the taxes owing on the property have been paid.
- c) If the seller cannot prove that the capital gains tax has been paid prior to closing. The buyer can declare the agreement null and void and refuse to close the transaction.
- d) **On closing the buyer can withhold the amount that is necessary to pay the sellers capital gains tax for the transaction** *holdback*

#### **Case Study**

**Jim is a salesperson working for the ABC Reality Inc. His Client Jane Arckett has just been shown a suite 50675 Danforth St. A 2 bedroom luxury condominium based on Janes instructions Jim has prepared an agreement to lease in which the monthly rent and deposit is \$1750 and there is a 1 year lease term. Jane signs the agreement and it is faxed to the owner's sales representative at XYZ real estate Ltd. The owner counter offers with a monthly rent of \$1800, and deposit of \$2500 and adds a no pet provision into the schedule A of the agreement. Jane does not have a pet and accepts the owners counter offer. Please answer the following three questions based on the information provided above in the questions themselves.**

**37. Is there a problem with respect to the owners request for a rent deposit?**

- a) Yes a rent deposit is allowed but it cannot be more than the monthly rental of \$1800
- b) Yes the residential tenancies act prohibits both security and rent deposits
- c) Yes another residential tenancies act. Rent deposits are not allowed although security deposits are allowed
- d) No a landlord is entitled to negotiate a rent deposit with the tenant and it is up to the parties as to what amount is agreed.

**38. Jane moves into the condominium and five months later she buys a dog. The property manager tells the owner about the dog, and the owner demands that Jane removes the dog from the premises. Does Jane have to comply with this request?**

- a) Jane will have to comply and remove the dog, if there is a no pet provision in the condominium declaration document.

- b) Jane will have to comply with the request, because the lease does not contain a clause stating that a dog is permitted.
- c) Jane would only have to comply if she owned a dog prior to the lease being assigned, and kept this information for the owner.
- d) The residential tenancies act protects pets and this act overrides any provisions in the condo's declaration approving the dog.

39. Jane's Lease expires on September 30<sup>th</sup>. The owner/landlord wants her mother to move into the unit and on May 10<sup>th</sup> gives Jane a written 30 day notice of termination. Can the owner's mother move into the unit on June 10<sup>th</sup>

-60  
days  
notified  
req'd  
if end  
of term

- a) No the property is leased until September/30<sup>th</sup> and the notice cannot require vacant possession before the end of the lease. → ~~if landlord wants you~~  
~~Jane don't have to move out~~
- b) No a landlord can only terminate the lease if it was the owner who wanted to move into the property.
- c) No a 60 days' notice is required for a relative and so the earliest that the mother could move in would be the 1st of August.
- d) Yes the residential tenancies act allows a landlord to terminate a lease at anytime for the purposes of moving a parent into the premises.

### Case Study

It is the 5<sup>th</sup> of June and Sara Chow a salesperson with ABC Realty INC. Has just shown a condominium to her client, Matt. The property is a 2 bedroom unit located at 57 Bloor St. and listed by XYZ Realty Real estate. Even though it has no rec-rooms, swimming pools or exercise rooms. Matt is impressed with the condition of the building and decides to make an offer. The offer is conditional on Matt's lawyer reviewing the condominium a status certificate, with judgments finding it to be satisfactory. The condition is written in a precedent format and requires that Matt request a status certificate within two days of acceptance of the offer and it gives him until 5 p.m. on the 16<sup>th</sup> of June to satisfy the condition. The closing date is July 12<sup>th</sup>. The offer is signed by Matt at 6. P.M. on 5<sup>th</sup> of June presented to the seller and accepted by the seller on June 6<sup>th</sup>. Matt requests the status certificate from the condominium corporation's management company on June 7<sup>th</sup>.

Answer the following three questions based on the information provided in the case study above as well as in the questions themselves?

40. Does any of the information provided in the case study with respect to the status certificate cause for any real concern?

- a) The only real concern is that the offer should be made conditional on the seller's lawyer (and not the buyer's lawyer). Reviewing the status certificate with accompanying attachments and proving them in order for the buyer to waive the condition.
- b) Yes there is a concern, even though the condominium corporation is legally allowed 10 days in which to provide the status certificate. There may not be sufficient time to allow for the document to be provided to Matt and for his lawyer to review.
- c) The only concern would be that a buyer could not request a status request. Only the owner of the unit is entitled to request this document. And the request must go to the minister of municipal affairs and housing.
- d) Yes there would be some concern as the 16<sup>th</sup> of June is far too long a time frame for a condition such as this. A more appropriate time frame would be to allow 5 days to update the certificate and for the lawyer to review

*→ if there's an answer saying  
no concerns, it's correct instead*

**41. Which of the following documents would be included with the status certificate to be given to Matt's lawyer for his review prior to 5 P.M. on the 16<sup>th</sup> of June?**

1. A copy of the most recent condominium budget
2. A credit reports on the seller and the board of directors
3. Copy of the declaration of bylaws
4. Copies of all previous offers on the subject unit.

- a) The documents in option 3 and 4 only
- b) The documents in option 1 and 3 only
- c) The documents in option 1,3, and 4 only
- d) The documents in option 2 and 4 only

**42. The sale closes as scheduled on the 12<sup>th</sup> of July on November 19<sup>th</sup> a special meeting is called for the condominium board of directors. At the meeting the board of directors proposes spending \$300,000 to build a recreation centre with the money coming from the reserve fund which is a grand balance of over 2 million dollars. 70% of all unit holders vote in favor of the proposal. The board announces that they will be proceeding with the proposal. Are there any problems with the proposal?**

- a) Yes there is a problem here. The reserve fund can only be used to pay for the day to day common expenses such as heat, hydro, and employee wages. In addition the recreation centre can only be built if there is 100% vote in favor and the form is approved by the courts.
- b) There is a problem here as the condominium act expressively prohibits additions, alterations or improvements to any part of an existing condominium building, including the common elements.

- c) If money is to be taken from the reserve fund for the project approved by the board then the condominium act requires that a 100% of all unit owner's and 50% of all tenants must vote in favor of doing so.
- d) There is no problem with the vote to build the recreation center. But the reserve fund itself cannot be used to pay for the construction of a brand new common element.

*need 66% min/mum*

43. Jim Smith is a newly reregistered salesperson working for ABC reality Inc. he is at a listing appointment with a Charlotte Moore, who wants to sell her property at 64 Gladstone Ave., And buy a large property just outside of Any-town. Answer the following three questions related to this case study.

*only 1/4 MP SVM, or 1/4 off -> dec pmt  
Per cent  
3/4 off*

Charlotte agrees to let Jim list her property for sale as Jim starts to complete the listing agreement here is the deeds when he comes to the commission section of the form. The options that he has been considering are

- 1) 3 % of the first 200,000, 4% of the next 100,000, 5% of any amount over 300,000.
- 2) 5% of the first 200,000. 4% of the next 100,000 and 3% on any amount over 300,000
- 3) 4% of the selling price was 2000 flat fee
- 4) 5% of the selling price with a rebate of 1% to Charlotte if she buys the property through ABC reality Inc.

Which of the above commission options are permitted by the Rebba estate and business brokers' act 2002, Rebba 2002

- a) Only options 2 and 4 are permitted by Rebba 2002
- b) All 4 options are permitted by Rebba 2002
- c) Only options 1, 2 and 3 are permitted by Rebba 2002
- d) Only option 3 is permitted by Rebba 2002

44. Charlotte signs the listing agreement and then mentions that her sister is thinking of buying her property at a minimum bid auction. She asks Jim if he could advise her as to what sort of things her sister needs to consider before registering for interest in the property. In response Jim makes the following statements:

- 1. A buyer tends to bid on a property at this kind of auction and needs financing, should get there lender to inspect the property and give a letter of commitment prior to the auction.
- 2. A buyer at a minimum bid auction does not have to complete the purchase if after the auction the buyer obtains an unsatisfactory home inspection report.
- 3. A buyer needs to have a ~~lawyer~~ check the title and make the necessary title and ~~title~~ title searches prior to the auction.
- 4. It is the buyer who is really in control of the process at a minimum bid auction and sellers are found that these types of auctions are not successful when it comes to unique properties.

Which of the following statements made from Jim about minimum bid auctions are correct?

- a) Only statements 1,3 are correct
- b) Only statements in 1,2,3 are correct
- c) Only statement in 2,4 are correct
- d) Only statements in 2,3,4 are correct

**45.** Two days after the listing agreement is signed. Jim takes Charlotte to see several properties including 197 Airwood Road. Charlotte is very interested in 197 Airwood Road, a large property located on the outskirts of town. The property has a 180ft x 200 ft lot with a century old home situated on the east side of the lot. This property is under a power of sale from the private lender. Charlotte is the key component buying the property moving into the century home and selling a portion of the lot, 80x200 ft, the property has been on the market for quite a while, and Charlotte has heard rumors from a number of people in the area that a battery factory used to be located next to the property and had contaminated the soil before the building was demolished. These rumors have been recorded in the local newspaper. Charlotte has asked Jim to advise her about the issues that need to be addressed in making an offer or possible sale on the part of the property.

Jim responds with the following statements:

- 1. The seller, lender will likely agree to representing and warranty of a successful outcome of an environmental audit. The first phase of that audit would be to conduct an analysis on the soil to see if there is a problem. The second phase of the audit would be find out if indeed there was a battery factory on or near the site.
- 2. Even if it turns out that there are no environmental problems there could still be a stigma attached to the property as a result of all of the rumors and press records. A stigma could continue to have a negative influence on the properties value and we would be null advised to disclose the stigma to any potential purchaser of the portion of the lot that we intend to sever.
- 3. You can sell a portion of the property which has not yet been severed but the sale will not close unless a severance has been approved.
- 4. It is typical that the buyer of a property being severed would be asked to pay for the severance, and that is made clear in quotes 15 of the OREA agreement of purchase and sale.

Which of the above statements made by Jim are correct?

- a) Only the statements in 1, 2 and 3 are correct
- b) Only the statements in 2 and 3 are correct
- c) Only the statements in 2, 3 and 4 are correct
- d) Only the statements in 1 and 4 are correct