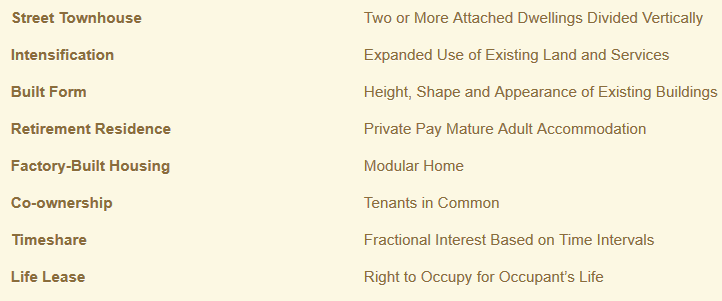
**Chapter 1**

**Mini Review:**

1. For zoning purposes, a detached dwelling is best described as a building consisting of one dwelling unit >> **True**
2. The blank space for present use in the *Title Search* clause (Clause 8) in the *Agreement of Purchase and Sale* (OREA Form 100) must be filled out when drafting an agreement >> **False**
3. Zoning provisions concerning home-based businesses will typically set out restrictions as to signage and number of non-resident employees >> **True**
4. The term *built form* refers to the design, appearance and configuration of existing structures within a community >> **True**
5. A private amenity in a gated community is typically a recreational facility or clubhouse that is not part of the common amenities within a gated community, and is operated as a separate business >> **True [**A golf course in a gated community might be an example of a private amenity with additional fees for residents to join the club and obtain ongoing golf privileges]
6. Flex-housing is a term introduced by the Ontario Building Code to describe new requirements that now apply to new residential construction >> **False** [Flex-housing is a term introduced by Canada Mortgage and Housing Corporation that emphasizes flexibility in housing to changing family and generational needs]
7. The *Residential Tenancies Act* includes provisions relating to care homes; i.e., various retirement residences offering accommodation and care to mature adults and seniors >> **True**
8. A life lease community is a condominium project that provides the opportunity for mature adults to occupy a unit for the life of that individual (or individuals in the case of a couple) >> **False** [A life lease community, as described in this text, is not a condominium and is not governed under the *Condominium Act*.
9. The owner of a land lease community must allow real estate brokerages to place for sale or for rent signs on the listed home within that community >> **False** [The landlord can prohibit signs from being placed on homes within the land lease community, but must provide an alternative (i.e., bulletin board in a prominent place)]
10. Co-ownership places ownership and control directly in the hands of the tenant in common owners >> **True** [Co-ownership involves property ownership directly by two more tenants in common]

**Active Learning Exercise:**

1. A linked dwelling is best described as a >> **Dwelling connected below grade by a concrete  
   wall.**
2. Which of the following is a correct statement regarding home-based businesses? >> **Special rules may apply for health professionals operating a home-based office**
3. Gated communities >> **Have not been widely accepted in Ontario at this time.**
4. Which of the following statements is correct? >> **A unique agreement of purchase and sale has been developed for modular or manufactured homes in land lease communities.**
5. In a land lease community >> Can include a right of first refusal, but such a right is subject to additional requirements under the Act
6. Which of the following is a correct statement? >> The *Agreement of Purchase and Sale—Co-operative Building Resale* provides that both a share is sold and an occupancy agreement is created or assigned



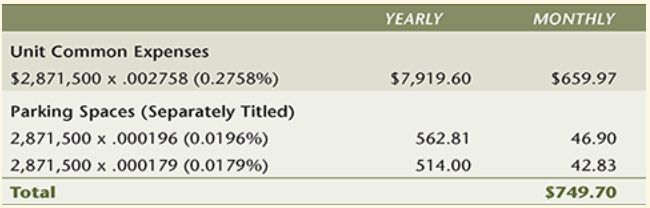
**Chapter 2**

**Mini Review:**

1. When seeking approval for a condominium, an application (including a draft plan) is typically delivered to the local municipality, who in turn circulates the materials to persons and public agencies having an interest in the application >> **True**
2. If a high-rise residential condominium is constructed that falls under Part 9 of the Ontario Building Code, the developer must comply with design and site review requirements of the Tarion Warranty Corporation >> **False** [High-rise construction falls under Sec. 3 of the Ontario Building Code. Section 9 relates to housing and small structures]
3. The declaration sets out the proportionate amount for each unit in order to determine each unit's contribution to common expenses >> **True**
4. The declarant must hold a freehold interest in the land in order for a condominium corporation to be formed pursuant to the *Condominium Act* >> **False** [The declarant can hold either a freehold or a leasehold interest in the land.
5. The directors of a condominium corporation must adhere to a standard of care in carrying out their functions, unless otherwise instructed by the management company that handles day-to-day affairs of the corporation >> **False** [Directors must adhere to a standard of care despite any instruction to the contrary]
6. Rules cannot be made, amended or repealed by the board of directors without holding a general meeting of owners >> **False** [Rules are effective in 30 days, if no meeting of unit owners is requisitioned]
7. Ownership interests in a vacant land condominium are based on the size of individual land units >> **True** [As such, larger land unit owners have a larger proportionate ownership interest]
8. A unit owner, who owns a separately-titled parking space, may be permitted to sell the space to another owner at fair market value depending on provisions set out in the declaration, by-laws and/or rules >> **True**
9. A common element condominium is generally referred to as a standard condominium pursuant to the *Condominium Act* >> **False** [A standard condominium is the original type of condominium, which remains the most prevalent in the province. Other types, such as the common elements condominium, were introduced during the past decade]
10. In the *Condominium Resale Agreement* (OREA Form 101), the preprinted wording provides that the agreement is subject to the buyer's approval of the status certificate within the title search requisition period >> **False** [The preprinted wording only refers to consent by the seller to request the certificate. An appropriate condition should be inserted regarding buyer approval]
11. Use restrictions in condominium documentation are always detailed in the rules, as opposed to the by-laws or the declaration >> **False** [Use restrictions can appear in any or all of these documents.
12. If repair costs exceed monies available in the reserve fund, a special assessment may be levied against unit owners to meet such expenses >> **True**

**Active Learning Exercise:**

1. Buyer Rochelle has reviewed the declaration for Suite 2106 and discovered that the unit’s proportionate share of ownership is 0.2758%. Two separately-titled parking spaces are 0.0196% and 0.0179% respectively. If the total budget for this corporation is $2,871,500, what is Rochelle’s monthly common expense payment, assuming that common expense payments are in direct proportion to ownership share? >> **$749.70**



**Exercise 2: Condominium Facts**: For each of the following, identify whether the statement is correct (true) or not correct (false), detailing reason(s) in support of your decision.

1. The board of directors is obligated to terminate the condominium when substantial damage occurs to a condominium (exceeding 25% of the replacement cost of buildings and other structures) **>> False [**The corporation is only obligated to terminate the condominium if, after appropriate notice to owners, a meeting of the owners is requisitioned and 80% of unit owners consent to the termination. Otherwise, necessary repairs must be made]
2. A minimum of 10% of the budgeted amount for common expense contributions must be held in the reserve fund at all times >> **False**
3. A phased condominium can make sound economic sense, particularly with larger condominium projects >> **True**
4. In the *Agreement of Purchase and Sale—Condominium Resale* (OREA Form 101), the seller only represents and warrants that there are no special assessments, but does not make any other representations/warranties concerning the condominium corporation >> **False**
5. A seller could obtain a status certificate to assist in the listing process and make such document available to the buyer. The buyer would then not need to request a status certificate when making an offer >> **False**
6. If a status certificate is not issued by a condominium corporation when requested by a buyer, a certificate is deemed to be provided stating certain facts regarding common expenses >> **True**

**Chapter 3**

**Mini Review:**

1. A fixed term tenancy is best described as a tenancy with a fixed period, but indefinite length; that is, the tenancy automatically renews itself unless notice is provided to the contrary >> **False** [This statement describes a periodic tenancy, not a fixed term tenancy]
2. Predominant use is an important consideration in establishing if a tenancy is residential or commercial >> **True**
3. A legally enforceable lease only requires that the parties to the lease are identified by full legal names and the leased premises is sufficiently described to be readily identifiable >> **False** [The two requirements are required for an enforceable lease, but other elements are also required such as consideration and start/end dates]
4. A tenant may register his/her leasehold interest at the land registration office >> **True** [A leasehold interest, as with other interests relating to real estate, can be registered (within the land registry system), to provide a written record of the tenant's interests]
5. A preprinted blank lease must be attached to the *Agreement to Lease—Residential* (OREA Form 400) in order to make the agreement legally enforceable >> **False** [Attaching the blank lease to the Agreement to Lease—Residential is strongly recommended, but not mandatory.
6. Adjudication is used by the Landlord and Tenant Board to resolve all disputes between landlords and tenants >> **False** [The Landlord and Tenant Board use mediation, as well as adjudication, to resolve landlord/tenant disputes]
7. According to the *Residential Tenancies Act*, the former tenant is not liable to the landlord for any obliga tions under the lease following an assignment of that lease to another party >> **False** [Both the assignee and the former tenant are liable to the landlord for their respective periods; i.e., the former tenant for the period up to the assignment and the assignee for the period following the assignment]
8. A *no pet* provision in a residential lease is void, subject to certain exceptions, most notably a lease involving a residential condominium in which pet restrictions are properly documented and enforced >> **True**
9. A landlord must provide written 24-hour notice when planning to carry out repairs or do work in a rental unit >> **True**
10. A residential landlord must give 60 days written notice of any increase in rent >> **False** [The correct notice period for a rent increase is 90 days]
11. The *Residential Tenancies Act* provides that a landlord may make application to terminate a residential tenancy before the end of the term if a tenant has substantially interfered with the reasonable enjoyment of other tenants >> **True**
12. Any residential landlord may give notice of termination to an existing tenant(s) at the end of a term if he or she has accepted an offer to sell the property >> **False** [This provision only applies to residential complexes containing no more than three residential units]

**Active Learning Exercise:**

1. An agreement to lease is technically referred to as >> **An agreement for lease without settled form of lease.**
2. Which of the following is NOT an exemption under the *Residential Tenancies Act*? This question requires that the *incorrect* option be identified >> **Living accommodation provided to a landlord’s spouse, parent or child on a daily or weekly basis**
3. Under the *Residential Tenancies Act*, if a landlord requires possession of a rental  
   unit for their personal use >> **Such possession must be for a minimum of one year and may only be obtained at the end of the term**
4. Termination by a tenant >> **Requires 60 days notice, if tenancy is monthly, Must be made in writing, Is only possible in accordance with the *Residential Tenancies Act***
5. Which of the following statements is correct? >> **Seasonal or temporary accommodation is exempt under the *Residential Tenancies Act*.**
6. When a tenant is subletting a residential unit, he or she >> **He/She must pay reasonable out-of-pocket expenses to the landlord relating to the sublet.**
7. A landlord may make application to terminate a tenancy before the end of the term if >> **The correct answer is: Too many persons are occupying the rental unit in contravention of local by-laws**
8. Which of the following is a correct statement? **The maximum rent deposit is one month’s rent [The rent deposit can be less than one month’s rent, but cannot exceed one month’s rent.]**

**Exercise 2: Rent Calculations**

1. A salesperson lists a fully-occupied duplex with the following lawful monthly rents: Apartment 1: $1,125.00 and Apartment 2: $1,250.00. What would be the maximum projected annual lawful rent for these apartments if a 2.9% rent guideline increase is permitted for the upcoming year, based on changes in the Consumer Price Index for Ontario?

Current Annual Rent: ($1,125 + 1,250) x 12 =                                             $28,500.00  
Permitted Increase: [ (1,125 x .029) x 12 ] + [ (1,250 x .029) x 12 ] =               826.50  
Maximum Projected Annual Lawful Rent                                                 $29,326.50

The correct answer is: $29,326.50

1. A landlord is considering increasing the rent based on the published rent guideline for 20xx. If the notice is given to the tenant on August 1, 20xx, what is the first month that the actual rent increase would be effective? >> November 20xx
2. A tenant submits a rent deposit of $875.00 (one month’s rent) for a month-to-month tenancy. Over two successive years, the landlord increases the rent using published rent guidelines of 2.4% and 2.7% respectively. What increases in rent deposit could the landlord require for each of those successive years?

Year One: $875 x .024 = $21.00

Year Two: ($875 + $21.00) x .027 = $24.19

**Chapter 4**

**Mini Review:**

1. A low pitch on a cottage roof can pose problems during thawing periods following winter months >> **True** [Low pitch roofs are particularly vulnerable to ice damming]
2. Cottage owners, when winterizing existing cottages, must follow mandatory procedures set by the municipality regarding amount of insulation >> **False** [Municipalities do not have mandatory procedures regarding winterizing and significant variations are found in the recreational marketplace]
3. A buyer wishing to have a prospective cottage inspected must use the services of a home inspector >> **False** [Buyers can perform the inspection themselves or use any third party; e.g., a person knowledgeable about cottages, a home inspector or another person of their choice]
4. Chlorine disinfecting is used following construction of a new well to remove bacteria that may reside in the water and well equipment during the installation process >> **True**
5. Cottage owners must use a raised absorption bed according to requirements set out in the Ontario Building Code >> **False**
6. The *Public Lands Act* is administered by the Ministry of the Environment >> **False** [Ministry of Natural Resources and Forestry]
7. The Ministry responsible for aquatic plant control varies based on whether the cottage owner is using chemicals or mechanical means >> **True**
8. Shore road allowances are found on inland lakes throughout Ontario >> **False** [Shore road allowances are not found in townships surveyed prior to 1850 (primarily eastern and southwestern Ontario)]
9. A public road allowance set out by the original Crown surveyors remains open, unless it has not been used for the last 50 years >> **False** [A public road allowance remains open, unless officially closed by municipal decree]
10. A cottage building lot that falls within an environmentally-sensitive area may be subject to more stringent zoning requirements than other properties within that particular municipality >> **True**
11. The cost of obtaining hydro service in a recreational area is in part dependent on the cottage's distance from an existing primary line >> **True**

**Active Learning Exercise:**

1. The Ontario Building Code: Regulates the installation of septic tanks
2. A raised absorption bed: Uses imported soil and approved filter sand.
3. The construction of a boathouse on an Ontario inland lake: Can be subject to obtaining a work permit from the Ministry of Natural Resources and Forestry
4. Which of the following is correct? >> Cottage buyers should enquire about the access road to the prospective cottage to ensure that it aligns with their expectations
5. A zoning provision relating to a boat dock may: All of the above

* Detail location of the dock in relation to the side lot line
* Limit the distance that the dock projects into the waterway
* Restrict the size of a land-based sundeck or other structure joined to the dock

1. Which of the following is a correct statement? >> A vaulted ceiling in an older cottage may prove difficult to properly insulate.

**Chapter 5**

**Mini Review:**

1. An important consideration in buying vacant land is to determine whether any easements or other restrictions impact the property >> **True**
2. Vacant rural land is typically sold based on the square footage of the land >> **False** [Vacant rural land is rarely sold based on square footage. Square footage is used in some instances when transacting commercial land]
3. Costs relating to the severance of a property are normally the responsibility of the seller, not the buyer >> **True**
4. An owner can readily make significant design changes to a residential structure during construction without the need for further municipal approval relating to the building permit.
5. The Managed Forest Tax Incentive Program only applies to wooded land situated in Northern Ontario >> **False** [The Management Forest Tax Incentive Program applies throughout Ontario]
6. Only very large farm corporations can be viewed as viable farms >> **False** [Smaller, medium-sized and large farms can be viable. The key to viability is not size, but rather good management and the ability to generate a reasonable return]
7. A farm specializing in fruit is best described as a special purpose farm >> **True**
8. The *Nutrient Management Act* is focused on various environmental considerations involving farms, including the storage and handling of commercial fertilizers >> **True**

**Active Learning Exercise:**

1. A farm that produces soybean only is best described as a: Cash crop farm
2. Which of the following is a correct statement regarding important factors to consider when buying vacant land? >> Regulatory agencies, such as a conservation authority, can directly impact land use.
3. The Managed Forest Tax Incentive Program >> Requires that a Managed Forest Plan be prepared
4. Which of the following statements is correct? >> he *Nutrient Management Act* introduced new standards for land-applied materials containing nutrients; e.g., fertilizers.
5. The *Farming and Food Production Protection Act*: >> Provides legislative protection for operating farms from restrictive municipal by-laws concerning normal farm practices

|  |  |
| --- | --- |
| Building Location | Setback from Public Road |
| Disturbance | Odour, Dust and Flies |
| Secondary Line | Hydro One Networks Inc. |
| Managed Forest Tax Incentive Program | Not Less Than Four Hectares |
| Frontage | Abuts a Public Street or Highway |
| Landowner Report | Prepared by Seller |
| Vacant Land—Ongoing Costs | Taxes, Fencing and Liability Insurance |

**Chapter 6**

**Mini Review:**

1. All salespersons selling new homes for a builder are exempt from registration under the Real Estate and Business Brokers Act, 2002 >> **False**
2. Real estate brokerages may be contracted by a new home builder to provide only specific services when marketing and selling new homes >> **True**
3. A building permit application typically contains other support documentation, such as architectural drawings and a detailed site plan >> **True**
4. Construction standards for homes is covered under Part 3 of the Ontario Building Code >> ***False*** [Construction standards for homes is covered under Part 9 of the Ontario Building Code]
5. Homes enrolled in the new home warranty program must, among other things, be in compliance with the Ontario Building Code >> **True**
6. The new home warranty program is administered by the Ontario government >> False
7. Under Tarion warranty coverages, all defects in workmanship are warrantied for a seven-year period >> False [The warranty specifically regarding defects in workmanship and materials is for a one-year period]
8. Every agreement for a new home (including a condominium) provides the buyer with a right to terminate if closing delay occurs >> **False** [A builder, for example, may delay a closing up to five days without giving notice, but the buyer has no right to terminate under this circumstance]
9. An ownership change concerning a resale home does not disrupt remaining warranty coverage, subject to when that home was initially enrolled with the Tarion Warranty Corporation >> **True**
10. The Certificate of Completion and Possession is completed at the same time as the Pre-Delivery Inspection >> **True**
11. Construction performance guidelines assist homeowners in understanding how disputed items will be resolved >> **True**
12. In Ontario, an owner of a property is able to, for a given period of time, holdback 15% of the value of the services or materials that are supplied to an improvement under a contract with that owner >> **False**

**Active Learning Exercise:**

1. Smith had a small, uninsulated seasonal cottage constructed by a local builder. Prior to completion, Smith asked for the builder’s registration. The builder was not registered and claimed that, in any event, seasonal properties are excluded under Tarion warranty coverage. Smith wants to file a complaint. Does he have valid grounds?

**Seasonal homes or homes built for temporary occupancy are excluded from warranty coverage (provided they meet certain specifications; e.g., not built on permanent foundation or not insulated sufficiently for year-round living). The builder could construct this new structure and not require registration. A claim would not be considered by the Tarion Warranty Corporation**

1. Buyer Hatfield, upon purchasing his new home with Tarion warranty coverage, immediately faced problems with leakage in two casement windows. Also, some shelving in a home office that Hatfield installed collapsed under the weight of too many books. What would be Tarion’s probable position on these matters, based on information provided in this chapter?

**The casement windows would be covered by the two-year warranty regarding defects in materials and work, including caulking windows and doors so that the building envelope prevents water penetration. As for the book shelves, defects in materials, design and work supplied or installed by the homeowner/buyer are not covered**

1. Buyer Khan accompanied the builder on the pre-delivery inspection and noted two defects: a defective door frame and a noticeable stain on one of the carpets apparently caused by tradespeople. These items appeared on the Certificate of Completion and Possession and were subsequently fixed. However, following closing, the buyer discovered that the carpet stain was only the external indication of a much larger problem involving staining in rooms immediately below the original damaged area. Would Kahn be covered? Support your answer with specific references to the warranty program

**Yes, Khan is covered for the subsequent damage discovered after the issuance of the Certificate of Completion and Possession. While pre-delivery inspection provides an opportunity to identify defects, this in no way infringes on general warranty provisions concerning undetected defects, provided they occur within coverage time limits**

1. Builder McCrae anticipates a minor delay to the firm closing date for a freehold home. Can McCrae accomplish this if the buyer agrees and, if so, what specific provision in the Tarion Freehold Form sets out the appropriate procedure?

**McCrae and the buyer can change a critical date by mutual agreement in writing**

1. Buyer Finlayson moved into his new home with warranty provided by the Tarion Corporation on April 20xx. Two months later, significant leakage in the roof flashing resulted in staining on an upper bedroom ceiling. However, water also dripped on a family heirloom—a mahogany chest of drawers. Repairs to the chest exceeded $1,000. What portions of the total damage would probably be covered under the warranty coverage?

**In most instances, the defects themselves are covered, but not secondary damage. The repair to the flashing would be covered. In all probability, the resulting staining would also fall under the new home warranty. However, the damage to the chest of drawers is secondary damage. The homeowner would have to rely on his or her home insurance. Coverage for the loss would depend on insurance policy wording**

1. Developer Reed is renovating an old factory for conversion into condominium lofts. In addition, the property contains eight existing row houses which will be retained, renovated and marketed as condominium townhouses within the same development. Will Tarion warranty cover the project if Developer Reed is a registered builder? Explain your answer with direct reference to the warranty program

**No. Coverage excludes commercial or residential buildings undergoing renovation. More specifically, the exclusion relates to any homes that have been lived in, built on existing footings or foundations, or constructed in converted buildings**

1. Buyer Owen discovers water bubbling through the front yard near the driveway. The two-year-old home has Tarion warranty coverage. Racing to the basement, he discovers that an apparent water main break, somewhere in the front yard, has allowed water to follow the water pipe into the basement and has seriously damaged lower-level family room carpets, baseboards and drywall. Does Tarion coverage apply or not and why?

**The damage appears to come from a main water line breakage. The warranty program might not cover the damage. The issue centres on the exact location of the rupture. If municipal services are at fault, Jones may have to pursue the city and/or file a claim under his home insurance policy. If the Tarion Warranty Corporation is involved (i.e., the rupture involved lines installed by the builder or a subcontractor within the property’s boundary beyond the junction to the city services), the extent of warranty will depend on what is judged primary and secondary damage. Remember that while the primary cause is covered, family room carpets, baseboards and drywall might be viewed as secondary and not covered. The property owner might have to rely on his/her homeowner’s insurance to cover the secondary damage**

1. A strike has delayed the completion of the buyer’s home on Glenwood Circle. Builder Jenson, registered with Tarion, cannot finish the home by the firm closing date. What is the strike referred to in the Tarion Freehold Form and can the builder extend the original closing date?

**A strike is one of several events defined in the Tarion Freehold Form as an unavoidable delay (see Section 12: Definitions). If an unavoidable delay occurs, the builder may extend the firm closing date based on procedures set out in Section 5: Extending Dates—Due to Unavoidable Delay**

**Chapter 7**

**Mini Review:**

1. The most prudent approach regarding stigmas is to disclose their existence to potential buyers >> **True**
2. High moisture content, saturated attic insulation and wall staining are three of several indications that the home was used as a grow operation >> **True**
3. A home inspection will not assist in detecting whether or not a home has been previous used for a grow operation >> **False**
4. Failure to disclose known information to a prospective buyer that the home was previously used as a grow house could result in disciplinary proceedings against a registrant >> **True**
5. Phishing is a type of value fraud associated with the inflating of the selling price in order to obtain financing >> **False** [Phishing relates to identity fraud and scams intended to deceive Internet users into divulging personal information]
6. A borrower who falsifies information on a credit application represents one type of mortgage fraud >> **True**
7. A registrant found guilty of fraudulent activity could be subject to disciplinary action by the Real Estate Council of Ontario (e.g., a fine), but would not lose his or her registration for such activity >> **False**
8. A suspicious transaction is best described as a financial transaction for which there are reasonable grounds to suspect that it is related to the commission of a money laundering offence >> **True**
9. Real estate brokerages are required to retain selected forms to comply with FINTRAC requirements, two of which are *Receipt of Funds Record* and *Suspicious Transaction Report* >> **True**
10. An auctioneer is not allowed to auction real estate in the usual course of carrying out his or her function as an auctioneer >> **False**
11. An absolute auction is an auction with a minimum reserve bid set by the seller >> False
12. Enhancing curb appeal is part of the overall home staging process >> **True** [Staging involves both interior and exterior (curb appeal) processes to prepare the home for sale]
13. A key objective in home staging is to personalize the property, so that the buyer feels more comfortable when viewing the home >> **False** [On the contrary, a key objective is to depersonalize the property and minimize the seller's personal touches (e.g., family photos)]

**Active Learning Exercise:**

1. A stigmatized property: Can remain as such for many years, particularly given widespread media coverage and associated notoriety
2. Which of the following might be a possible indication that a buyer or tenant may intend on using the property for an illegal purpose?

Buying without properly viewing the property

Displaying a particular interest in privacy associated with the home

Wanting immediate possession

1. Identity fraud >> Is also known as identity theft
2. Which of the following is correct? >> Registrants, according to REBBA 2002, must not only avoid misrepresentation, but also take steps to prevent fraud
3. A compliance regime generally refers to: Rules, procedures and related activities that real estate brokerages must adhere to in order to be in compliance with FINTRAC requirements
4. An auction by confirmation: Permits the seller to reject any final high bid price
5. Which of the following is a correct statement? >> One of the goals of home staging is to shorten the length of time required to sell a property

|  |  |
| --- | --- |
| Personal Fraud Proofing | Burn or Shred Discarded Personal Information |
| Preview/Marketing Period | Auction |
| Grow House | Patched Holes in Subfloors |
| Stigmatized Property | Perception of Risk |
| Curb Appeal | Home Staging |
| Boost and Flip | Mortgage Fraud |
| Internet Scam | Phishing |
| Unknown Person | Ask for Photo Identification |

**Chapter 8**

**Mini Review:**

1. All matters concerning development work on or near the water in Ontario are handled by the federal government pursuant to the *Fisheries Act* >> **False**
2. A well-drafted clause relating to environmental compliance of a property should include reference to the seller agreeing to provide the buyer with applicable documents, records and reports relating to environmental matters that are in the possession of that seller >> **True**
3. A Phase 2 environmental audit includes a visual inspection of the property combined with a review of available documents relating to that property >> **False** [This best describes a Phase 1 audit. A Phase 2 audit is a more costly investigation involving various sampling and testing procedures]
4. Friable asbestos is generally more dangerous than non-friable, as it is easily crumbled >> **True**
5. The electrical power delivery system is best described using three major elements: generation, transport and end use >> **True**
6. Lead contamination in residential property is limited to lead paint and lead pipes found in structures dating from the 1940's and earlier >> **False**
7. Basement recreational rooms can be particularly susceptible to mould, as finished walls may hide dampness entering through exterior foundation walls >> **True**
8. The concentration of radon within subsoils does not vary noticeably from one part of Canada to another >> **False**
9. UFFI was used for insulation purposes in residential structures in the late 1970's, but was subsequently banned given concerns about the curing process and related health issues >> **True**
10. Regulatory controls under the *Technical Standards and Safety Act* only apply to new underground storage tanks (fuel) >> **False**
11. The EnerGuide program applies to central air conditioning systems, but not to room air conditioners >> **False** [The EnerGuide program applies to both]
12. ENERGY STAR® for New Houses is administered in Canada by the Office of Energy Efficiency >> **True**

**Active Learning Exercise:**

1. The Technical Standards and Safety Authority oversees: The installation of underground storage tanks
2. An environmental contractor, who is setting out remedial steps and costs associated with an environmental audit, is involved in what stage of the audit process? >> Phase 3
3. Asbestos can be potentially found in older (pre-1980) structures containing which of the following? >> Old stove, oven and furnace gaskets, Older ceiling tiles, Older insulation around plumbing pipes
4. Which of the following is correct? >> Electrical fields are produced whether or not an appliance is operating
5. Radon is an invisible, odourless, tasteless gas: That can pose a health hazard when highly concentrated in basement areas
6. Which of the following is a correct statement? >> Mould found in residential properties can be toxic

|  |  |
| --- | --- |
| Phase 1 | Visual Inspection/Document Review |
| Typical Older Home | Energy Rating of 50–65 |
| UFFI | 100,000 Canadian Homes |
| Odour, Dust and Flies | Normal Farm Practice |
| ENERGY STAR® | Energy Rating of 80 or Higher, |
| EER | Room Air Conditioners |
| Lead | Hazardous Substance Under Occupational Health and Safety Act |
| Storage Tank Leak | all to Spills Action Centre—Ministry of the Environment |

**Chapter 9**

**Mini Review:**

1. Assignments of agreements are relatively straightforward, as no tax implications can arise >> **False** [Tax implications include HST status on a new home, taxable profit made from assignment and land transfer tax implications]
2. Liabilities regarding an agreement are generally not assignable, unless consent is given >> **True**
3. When drafting a clause concerning house insurance, the seller's agreement to provide access for an inspection is normally necessary >> **True**
4. A heritage easement agreement signed between an owner and the local municipality may result in tax relief for that owner >> **True**
5. When listing a power of sale property, the signed Certificate of Power of Sale must be attached to the agreement of purchase and sale >> **False** [A certificate of power of sale is not attached to an offer, but is rather filed with the listing authority in the listing brokerage's office]
6. The OREA form titled *Seller Selling Under Power of Sale* confirms, among other things, that the seller is entitled to sell the property >> **True**
7. A private access road is essentially one that has not been dedicated and accepted by a municipality, but still constitutes a thoroughfare to one or more parcels of land >> **True**
8. A permit is required when erecting or altering buildings near a highway, but not the placing of shrubs or trees >> **False**
9. Line fence disputes between neighbours are typically resolved through intervention by a by-law enforcement officer pursuant to the Ontario Building Code >> **False**
10. The decision as to whether or not to close a shore road allowance may involve fish habitat considerations >> **True**
11. Shore road allowances are adjacent to all navigable rivers and lakes in Ontario >> **False** [Townships in Ontario surveyed prior to 1850 do not include shore road allowances]
12. Owners attempting to acquire shoreline road allowances may encounter significant application and related fees >> **True**

**Active Learning Exercise:**

1. Matching

|  |  |
| --- | --- |
| Heritage Easement Agreement | Potential Tax Relief |
| Located on Flood Plain | Insurance Risk |
| Notice of Sale under Mortgage | 5-Day Period |
| Statutory Power of Sale | No Power of Sale Clause in Mortgage |
| Clause 3, OREA Form 106 | Property is Being Sold “As Is” |
| Boathouse on Public Land | Encroachment |

1. The *Line Fences Act:* Provides a method for resolving disputes between an owner’s land and adjacent lands
2. A shore road allowance, as found in some areas of Ontario: Was intended to provide access for commercial and public passage
3. A private access road: **None of the above**

Must be closed for a 48-hour period during each calendar year for purposes of repairs

Includes publicly-funded roads that are either seasonally or year-round maintained

Must be fenced, including a gate, in order to maintain its legal status.

**None of the above**

1. Which of the following statements is correct? >> Distance to a fire station may affect the rate charged for home insurance
2. Local municipalities:

May establish committees to assist council regarding heritage buildings

Create procedural rules regarding any alteration that is likely to impact the reason for designating a property as a heritage structure

May pass by-laws establishing a conservation district

1. Based on OREA clause wordings regarding power of sale, identify the correct statement from the following: >> The buyer acknowledges that the mortgagor has the right to redeem the property up to the point of waiver or expiration of specific rights

**Exercise 3: Selecting the Appropriate Clause**

1. The buyer wants to sign the offer, but may elect to have his daughter, who is now travelling in Europe, take title on closing >> ASSIGN-1 Right to Assign Assignment
2. The buyer wants assurance, when buying a new rural home, that the driveway providing access to an adjacent county road has received necessary approvals >> ACC-3 Condition—Road Access to Public Highways
3. The home has been identified under provincial legislation which protects structures of historical importance and the seller wants the buyer’s acknowledgement of this fact >> HERIT-1 Ontario Heritage Act Designation
4. The seller wants the buyer to acknowledge that the road leading to the cottage is not publicly maintained >> ACC-5 Road Access—Privately Maintained Road
5. A neighbour mentions to the potential buyer that the listed property at one time had an oil furnace and associated buried tank. The buyer wants assurances from both insurance and environmental considerations that the tank is no longer there >> ENV-13 Underground Tank-Seller Has Removed

**Chapter 10**

**Mini Review:**

1. Conducting a sign survey in the local community is one of several activities that can be done prior to becoming a registrant? >> **True**
2. The wording of a typical salesperson employment agreement is generally the same as those found in an independent contractor agreement >> **False**
3. The Real Estate Council of Ontario may require a Sheriff's search for writs when reviewing a new salesperson application >> **True**
4. Independent contractors are not normally required to make CPP contributions >> **False** [Independent contractors (subject to some limited exceptions) must remit CPP, including both employee and employer portions]
5. A broker of record has various supervisory responsibilities regarding registrants within the brokerage, but these do not apply to independent contractors >> **False**
6. *Do not call* legislation applies to telemarketers, but does not apply to real estate salespeople cold calling homeowners because real estate is exempted under this federal legislation >> **False** [Do not call legislation applies to real estate cold calling]
7. A prospecting farm can only be effective if it involves selecting a specified number of homes within a particular geographic area >> **False**
8. One of two primary objectives of a salesperson in handling an incoming telephone call is to arrange for a face-to-face meeting >> **True**
9. Scripting is not effective for new salespeople and is only relevant when an individual has gained considerable experience >> **False**
10. Given the unpredictability of commission incomes, new registrants should attempt to reduce debt wherever possible, and have sufficient cash reserves for a three to six-month period >> **True**