

HUMBER REAL ESTATE EXAMS

**MiniCram®
REAL ESTATE
LICENSE EXAM**

1

STUDY NOTES

2025

**REAL ESTATE
ESSENTIALS**



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MiniCram® Real Estate Exam Study Notes

Course 1 - Real Estate Essentials

Updated - 2025

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TRESA and Humber Courses

The Trust in Real Estate Services Act, 2002 (TRESA) replaced the Real Estate and Business Brokers Act, 2002 (REBBA) effective December 1, 2023.

For Current Students: According to Humber Polytechnic website, the changes to real estate courses will take place '*at a later date*'.

- Students currently enrolled in salesperson courses will be notified when there are any changes to the topics covered in their courses.
- To avoid any interruptions or complications to learner studies, notifications will also provide the exact date when each change is scheduled to come into effect.
- *Until that time, learners should learn current course materials to prepare for their exams.*
- Currently, the real estate students are provided with TRESA updates in *Course 5: Getting Started*.

MiniCram® will ensure that Study Notes and Practice Questions for each course are appropriately updated in a timely manner.

Humber College TRESA FAQ: <https://humber.ca/realestate/news/tresa.html>

RECO FAQ on TRESA: <https://reco.on.ca/agents-and-brokerages/tresa-explained/tresa-faqs>

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INTRODUCTION

Dear Reader,

Congratulations on purchasing our **MiniCram®** for Ontario Real Estate License Exam preparation. The purpose of this book is to provide you with last minute review of important theory and math concepts for the exam. **MiniCram®** has compiled this booklet so that you can focus on key areas of study as well as prepare to overcome the most common mistakes that students make on the actual test day.

How to Use This **MiniCram®**

We understand that you do not have enough time for studying the online content of the official real estate courses. This **MiniCram®** booklet is designed in such a way that your review for the exam is fast paced. It is suggested that you go through each topic one by one. However, it is assumed that you have already covered the official course content in either the actual class or by self-study.

We Want to Hear from You

This book is written by a practicing Real Estate Broker who is also a trained adult trainer. If you have any feedback for the author, need more information, or have general comments, please send an email to minicram@outlook.com.

We hope you enjoy your review. Good luck for the exam!

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HUMBER COLLEGE

REAL ESTATE EXAMS

COURSE 1

SELF-STUDY NOTES

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1. THE REAL ESTATE PROFESSION

1.1 The Regulatory Environment

The Real Estate & Business Brokers Act (REBBA)

- *REBBA* and associated regulations provide a framework to regulate real estate trading in Ontario.
- The Act is enforced by the *Real Estate Council of Ontario (RECO)*, which works under the *Ministry of Government and Consumer Services*.
- The purpose of this Act is to protect the consumers and to ensure the integrity of real estate transactions.

The Code of Ethics

- The *Code of Ethics* is a regulation under *REBBA* which sets out minimum standards of acceptable conduct of Salespersons, Brokers and Brokerages when conducting real estate business.
- Its objective is to protect the buyers and sellers by enforcing standards of professional and ethical conduct.
- Some examples of *Code of Ethics* are –
 - *Fairness and Honesty*: During a transaction, registrants must treat every person with fairness, honesty, and integrity.
 - *Conscientious and Competent Service*: Registrants must provide conscientious and competent service to the sellers and buyers by demonstrating reasonable knowledge, skill, judgement, and competence.
 - *Service from Others*: If a registrant is unable to provide services with reasonable knowledge, skill, judgement, and competence, or he/she is not authorized by law to provide such services, he/she must advise the seller or buyer to obtain services from other better qualified person. The seller or the buyer must never be discouraged from obtaining services from another better qualified person.

Real Estate Council of Ontario (RECO)

- RECO works under the *Ministry of Government and Consumer Services, Ontario* to enforce the *Real Estate and Business Brokers Act (REBBA)*.
- The Ministry is responsible for REBBA and RECO's role is to interpret, enforce, and suggest modifications to the legislation.

- RECO's mission is to build and sustain public trust in real estate trading by supporting a fair, safe, and informed real estate market for consumers.
- RECO protects public interest in real estate trading by –
 - Enforcing standards for real estate education to obtain and maintain registration.
 - Holding registered salespersons and brokers to professional standards.
 - Establishing and administering insurance requirements for salespersons and brokers.
 - Addressing inquiries, complaints, and concerns about the conduct of salespersons, brokers, and brokerages.
 - Conducting inspections of brokerages to ensure compliance with REBBA.
 - Educating consumers so that they understand the benefits of regulated real estate profession.

Definition of Roles

- Real estate '*trading*' includes activities such as listing a property for sale, showing, negotiating an offer, advertising, purchase, sale, option, lease, or rental.
- Anyone trading in real estate on behalf of others must be registered with RECO under REBBA, unless specifically exempted from registration.
- Registrant: Refers to any individual (salesperson or broker) or any brokerage that is registered to trade in real estate.
- Brokerage: A business operation which deals in real estate on behalf of others. It may be a corporation, a partnership, or a sole proprietorship.
 - The agreements with a seller or a buyer are with the brokerage and not with its employee salespersons or brokers.
- Broker: An individual who has the prescribed qualifications to be registered as a *Broker* and is *deemed* employee of a brokerage.
- Salesperson: An individual who has the prescribed qualifications to be registered as a *Salesperson* and is *deemed* employee of a brokerage.
- Broker of Record: An individual who is designated by the brokerage to ensure compliance with REBBA.
 - He/she is responsible for all activities of the brokerage and its employee salespersons/brokers.
 - In case of a corporation or a partnership, it may be any broker employed by the brokerage.

- In case of a sole proprietorship, the owner himself/herself must be the *Broker of Record*.

The Role of Broker of Record

- Every brokerage must have a *Broker of Record* who is involved in day-to-day activities of the brokerage and has the ultimate responsibility of its employees (salespersons, brokers, and other employees).
- He/she is responsible for active supervision, management, and support functions.
- He/she provides guidance and advice to salespersons and brokers regardless of the brokerage structure, the number of salespersons/brokers or the depth of experience.
- A salesperson's interaction with the Broker of Record depends on many factors such as –
 - *Single Office*: Salespersons may be able to interact in person when the brokerage has only one office.
 - *Multiple Offices*: The Broker of Record may not be able to attend each office every day but must be able to provide supervision and management.
 - *Use of Technology*: When the brokerage mainly depends on use of technology for administration, communication, and day-to-day operations.
 - *Large Brokerage*: Through a delegated authority, such as a manager, when the brokerage has a large number of employees.

Interaction with Sellers and Buyers

- Under REBBA, a brokerage is authorized to trade in real estate on behalf of others.
- This authority is extended to salespersons and brokers, who are considered employees of the brokerage.
- Buyers and sellers select a brokerage based on its image and reputation.
- It is actually the salesperson or the broker who actually interacts with sellers and buyers.
- The salesperson or broker obtains a *Listing Agreement* or a *Buyer Representation Agreement* on behalf of the brokerage.
- Some buyers and sellers may mistakenly assume that the salesperson or the broker they are dealing with is their '*agent*'.
- However, salespersons and brokers (*except the Broker of Record*) are now permitted to use the term '*agent*' in advertising.

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1.2 Educational and Registration Requirements

- Anyone who wants to obtain a real estate salesperson registration in Ontario must be at least 18 years of age and a resident of Canada (*Citizen or Permanent Resident*).
- The person must complete the three steps, which are –
 - (i) Completion of the educational requirements,
 - (ii) Registration with RECO after joining a brokerage, and
 - (iii) Purchase mandatory insurance through RECO.
- Once registered with RECO, the post-registration educational requirements must be completed within the first 2 years of registration cycle.

Step 1: Completion of Pre-Registration Courses

The following pre-registration courses must be completed within 2 years.

- *Real Estate Essentials*: This course provides introduction to fundamentals of real estate, the REBBA regulations and other legislations that impact activities of registrants. There is an in-person theory exam.
- *Residential Real Estate Transactions*: This course provides detailed process of listing, selling, and completing residential real estate transactions. Topics include seller and buyer services, residential housing types, advertising and marketing, and the *Agreement of Purchase and Sale*. There is an in-person theory exam.
- *Additional Residential Real Estate Transactions*: Topics in this course include condominiums, new construction, rural properties, residential multi-family and residential leasing. There is an in-person theory exam followed by mandatory one-week long simulation session.
- *Commercial Real Estate Transactions*: The course includes the process of listing, selling, and leasing commercial properties such as office, retail, industrial and agricultural properties. There is an in-person theory exam followed by mandatory one-week long simulation session.
- *Getting Started*: This last course provides guidance for selecting a brokerage, getting registration and obtaining insurance. There is currently no exam for this course.

Step 2: Registration with RECO

- The applicant must find a brokerage and apply to RECO for registration within 12 months of completing the last course.
- If 12 months have passed, RECO may require the applicant to repeat the pre-registration courses.
- The completed registration application must be accompanied by application review fee, a two-year registration fee and the pro-rated insurance premium.
- A *Canadian Criminal Record Check* in original must also be sent with the application.
- If a person is on work permit in Canada, the proof of work permit from *Citizenship and Immigration Canada* must be attached with the application.
- In the application, the questions related to residency status, other employment, any association with other businesses, bankruptcy, and unpaid judgements must be disclosed.
- The applicant must disclose previous refusal, suspension, revocation, or cancellation of registration.
- Pending criminal charges and/or convictions must be disclosed during new application and renewal.
- Every application is assessed on individual basis and disclosures do not necessarily mean that registration would be refused.

Step 3: Purchase Insurance Coverage

- RECO's Insurance is mandatory for all brokerages, brokers, and salespersons.
- Annual insurance coverage is from September 1st to August 31st of the following year and premiums are due in mid-August of each year.
- Registration does not become active unless insurance premiums are paid.
- The three coverages provided by RECO insurance are –
 - *Consumer Deposit Protection*: Provides coverage to consumers for loss of deposits due to registrant fraud, misuse of funds or insolvency (bankruptcy).
 - *Errors and Omissions*: Provides protection to registrants for errors and omissions committed during provision of services to buyers and sellers.
 - *Commission Protection*: Provides protection to registrants from loss of their commission due to other registrant's fraud, misuse of funds and insolvency (bankruptcy).

Post-Registration Education

- RECO's registration cycle for every registrant is 2 years and a renewal reminder is sent by 60 days before the renewal date.
- First-time registrants must complete the post-registration education requirements within the 2-year (24 months) registration cycle.
- Non-completion of post-registration courses may result in refusal of registration renewal.
- To maintain registration, every registrant must also complete the *Mandatory Continuing Education (MCE)* courses in every 2 years of the registration cycle.

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1.3 Salesperson Skills

Required Skills

- It is important for salespersons to develop their skills on an ongoing basis to stay relevant and reliable when providing services to the sellers and buyers.
- In real estate, there is no pre-determined set of skills that can guarantee success, but there are certain traits, talents, and qualities that can contribute to a rewarding career.
- *People Skills*: Used to gain the trust and respect of sellers and buyers. It is important that a salesperson establishes rapport and takes genuine interest in their well-being.
- *Self-Discipline*: The ability to work independently to accomplish a variety of tasks, address problems, self-motivation, and personal commitment.
- *Research*: Research in real estate refers to locating, reading, understanding legal and other documents involving property ownership.
 - This helps the salesperson in disclosing other factors that can impact a seller or a buyer's decision to sell or purchase and the price being paid.
 - Collectively, these are known as *material facts* which are unique to each seller or buyer.
- *Problem Solving*: This skill is related to assessing all relevant information to identify the cause of a problem, address difficulties and arrive at a plausible, practical solution as the interests of parties may be conflicting.
- *Confidence and Persistence*: The salesperson must have the ability to demonstrate self-assurance in one's ideas, judgements, capabilities, and actions.

- It is necessary when dealing with setbacks and disappointments during trading.
- Mathematical Skills: The ability to understand and perform basic math calculations helps in accurately calculate the size of a structure, estimating the net amount the seller would receive from an offer, and to assist the buyers in estimating expenses when purchasing (e.g. land transfer tax, legal fees, etc.).
- Interviewing Techniques: Salespersons must have the ability to listen and ask the right questions to understand consumer's needs, wants, and motivation.
- Computer Literacy: Having computer literacy enables a salesperson to use the industry-specific hardware, software, and other electronic devices.
- Organizing and Planning: A salesperson's ability to anticipate, organize, and conduct business activity in a logical and efficient manner ensures that he/she can perform the given tasks on time.
- Technology Proficiency: Salespersons must have the ability and willingness to incorporate technology into everyday activities.
 - This includes social media, virtual tours, document preparation and client management software.
- Negotiating: Negotiating is the process of bargaining, designed to arrive at mutually agreeable terms when the sellers and the buyers have different needs and preferences.

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