

HUMBER REAL ESTATE EXAMS

**MiniCram®
REAL ESTATE
LICENSE EXAM**

3

**STUDY NOTES
2025**

**ADDITIONAL
RESIDENTIAL TRANSACTIONS**



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MiniCram® Real Estate Exam Study Notes

Course 3 – Additional Residential Real Estate Transactions

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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TABLE OF CONTENTS

[Copyright](#)

Table of Contents

[Introduction](#)

SELF-STUDY NOTES

[1. Introduction to Residential Condominiums](#)

2. Selling Residential Condominiums

3. Condominium Agreement of Purchase and Sale

4. New Construction

5. Rural Properties

6. Multi-Unit Residential Properties

7. Residential Leasing

8. Leasing Residential Condominiums

9. Residential Agreement to Lease

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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 a 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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[Table of Contents](#)

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HUMBER COLLEGE

REAL ESTATE EXAMS

COURSE 3

SELF-STUDY NOTES

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1. INTRODUCTION TO RESIDENTIAL CONDOMINIUMS

1.1 Residential Condominiums

Condominium Structure

- A condominium corporation is a legal entity that represents the collective interests of its property owners.
- These buildings consist of 'units' and 'common elements'.
- Condominium corporations in Ontario are governed under the *Condominium Act*, which regulates the creation, governance, and bylaws of the condominiums.
- The *Protecting Condominiums Act* amended the *Condominium Act* and the *Ontario New Home Warranties Plan Act*.
- It establishes two delegated authorities, the *Condominium Authority of Ontario (CAO)* and the *Condominium Management Regulatory Authority of Ontario (CMRAO)*.

Creation and Governance

- Condominium Creation: A *Condominium* is created after registration of *Declaration* and *Description*.
- Declaration: The Declarant is usually a builder or developer, which includes details about proportionate share of each unit in *Common Elements* and the share of *Common Expenses*.
 - It also includes information about common elements which are for exclusive use of unit owners.
- Description: This document provides the *Diagrammatic Presentation* of the property.
 - It includes series of architectural plans and surveys describing the property and structures of the condominium corporation.
 - Unit boundaries, shape, dimensions, and location of each unit is given in this document.
- Governance: Condominiums are governed by a board of directors, which has the authority to make and enforce bylaws and rules.
 - It is similar to a fourth level of government, which is elected by unit owners.
 - Bylaws are about operational matters of the corporation whereas rules are about safety and security if the unit owners and the condominium property.

Types of Condominium Corporations

- Freehold Standard: This is the most common type of residential condominium corporation. Unit owners have exclusive ownership of their unit and common interest (as tenants-in-common) in the common elements.
 - These two interests cannot be separated.
 - They include mid-rise, high-rise, or row townhouses.
 - All unit owners share the maintenance costs of the common elements.
 - This cost is according to their proportionate share based on square footage of the unit.

- Freehold Common Element: This consists only of common elements but has no units.
 - Each owner must have a freehold parcel of land within the same Land Registry Office where the condominium is registered.
 - Each owner has ownership of their house and the land, and they share the ownership and maintenance of common elements.
 - A golf course, a ski hill resort, community centre, or roads are some examples.
 - The registration shows that each owner owns a parcel of land, the building on it, and partial ownership of common elements.
 - Since the property of an owner is permanently 'tied' to common elements, such common elements are called "Parcel of Tied Land (POTL).
 - This means that the property cannot be sold separately from its interest in common elements.
- Freehold Vacant Land: The *unit* is just a parcel of land in this type of condominium.
 - It provides for development and sale of units (*land*) without the necessity of immediately completing any structures.
 - The developer can build the structures and infrastructure, facilities, and services.
 - The buyers of vacant land can build their homes later and their share in corporation is based on the size of land.
- Freehold Phased: It operates as a freehold corporation in which the *builder/developer* may add or create additional successive units/common elements in phases.
 - In a large-scale development project, this provides cost savings and there is no need for separate board of directors.
- Leasehold Condominium: All units and common elements are situated on leased land for which the lease term is from 40 to 99 years.
 - A portion of the common expenses (maintenance fee) is paid to the landowner as rent.
 - Since the corporation does not have to purchase land, this type of condominium offers reduced prices, especially for low-income buyers and retired persons.
- Shared Facility Agreements: These are used in mixed use buildings in urban areas where the residential units are located above retail or commercial units.
 - These agreements are not mandatory under the Condominium Act, but the buyers and their salespersons must be careful if such an agreement exists.
 - The residential unit owners do not pay a proportionate share of maintenance costs, but it may be higher than a standard condominium.

Condominium Structural Styles

- *Apartments*: High-rise apartment buildings have 5 or more storeys with elevators whereas low-rise buildings have up to 4 storeys.
- *Townhouses*: A complex of several houses, which are either attached or built very close to each other.
- *Detached Houses*: A freestanding house which is not attached to any other house.

- *Semi-Detached Houses*: One house is attached by a common party wall to the next house.
- *Row Townhouses*: Three or more houses attached side by side by a party wall.
- *Duplexes and Triplexes*: It is a single building, which is divided into two or three dwelling units, each has its own separate entrance and is treated as a condominium unit.

Units and Common Elements

- Unit: A *Unit* is the space defined by boundaries within a condominium building.
 - The unit owner has exclusive ownership of the unit and is has proportionate ownership of the *Common Elements* as *Tenant-in-Common*.
- Common Elements: All property within the condominium corporation *except units* is considered *Common Elements*.
 - These are held by unit owners as *Tenants-in-Common* (undivided interest).
 - The cost of maintenance of common elements is paid for by the unit owners.
 - No unit owner has exclusive claim to any part of the common elements.
- Exclusive Use Common Elements: In some condominiums, the unit owners may have the right to exclusively use a part of the common elements as per the Declaration.
 - The cost of maintenance of such common elements is the responsibility of the unit owner.
 - Some examples are shared fences, patios, balconies, etc.

Parking and Storage

- Freehold: The space is owned by the unit owner. The title may be within the unit title or it may be a separate title.
 - If the title is separate, the owner may sell that space to another unit owner.
- Leasehold: The corporation owns the space and leases it to unit owners.
- Exclusive Use: The corporation owns the space but grants rights as per *Declaration*.
- Allocated/Assigned: The corporation owns the space and assigns it to unit owners on discretionary basis.

1.2 Condominium Lifestyles and Niche Market

Living Appeal in Condominiums

- Specific Lifestyles: Several newer condominiums are customized for needs of specific lifestyle groups.
 - These include bungalows and two storey freehold townhouses for adults or seniors, high-rise developments for millennials, etc.
- Freedom from Maintenance: Condominiums provide maintenance-free living as compared to home owners because common elements are maintained by the corporation.

- The cost is part of the monthly maintenance fees.
- Additionally, the cost of major repairs and renovations are also included in maintenance fees.
- Security: Enhanced security features in the building appealing to buyers who are concerned about personal safety.
 - These include security cameras, entrance gates and security system, monitoring alarms, key fob entry system, front desk security person, etc.
- Amenities: Buyers find a condominium attractive if there are many amenities and they are included in common expenses, or they can be used at reasonable fees.
 - Some examples include gym, rooftop terrace, party room, swimming pool, visitor parking, etc.
- Corporation and Unit Insurance: Condominium unit insurance is typically less expensive than other houses due to lesser risk for the insurer.
 - The condominium corporations usually have a master insurance policy, which is paid for by unit owners as part of maintenance fee, but the buyers cannot assume this coverage.
 - Any changes or damage to unit must be covered by unit owner's own policy.

Obligations and Limitations

- Condominium Fees: Under the *Condominium Act*, the maintenance fees are mandatory and non-negotiable.
 - They must be paid even if the unit owner has abandoned the right to use any common element, is making a claim against the corporation, or is restricted from using any common element.
 - If a unit owner defaults in payment of common expenses, a lien can be registered against the unit and the unit owner may lose voting rights.
 - The corporation may have the right to sell the unit to recover unpaid common expenses.
- Personal Liability: Unit owners are personally liable for the debts of the condominium corporation.
 - If there is any deficiency in the *Reserve Fund*, there may be a special assessment, and the cost of ownership for the unit owners are increased.
 - Buyers should be encouraged to have their lawyer review the reserve fund status before making a firm offer.
- Disagreements with the Management: The unit owners may not agree other unit owners, the management, or the board of directors.
 - This may create disharmonious situations, especially when the board makes certain changes without input from unit owners.
 - These changes may increase the operating budget or may necessitate a special assessment.

- Impact of Rules and Bylaws: Rules and bylaws may affect the use and enjoyment of the property by unit owners.
 - They may prevent the unit owner from short-term rentals, prohibit pets, etc.
 - The board of directors is authorized to make, amend, and enforce rules and bylaws of the corporation.
 - Unit owners are notified, and within 30 days, can request a meeting. At least 15% unit owners must request for any such meeting.
 - Rules become effective when a majority of unit owners vote in favour.
 - If no meeting is requested, the rules become effective automatically.
- Making Changes: Unit owners cannot make changes to their units or to exclusive use common elements.
 - Any changes to balconies, plumbing, or parking spots (except cosmetic changes) needs approval of the board.
 - Unit owners may have to sign an agreement to obtain insurance if there is any damage.
 - This agreement is registered on title and is a part of *Status Certificate*. Insurance coverage ensures that no unit owner becomes liable for the acts of other unit owner

Condominium Niche Market

- Niche markets for condominiums are defined by buyers or by type of properties. They provide potential buyers an opportunity to invest in housing.
- Geography: The condominium lifestyle of a specific location is a deciding factor for buying a condo, which may be in urban core, on the beach, or near a ski hill.
- Demographics: Developers can design the amenities in a condominium to attract first-time buyers, singles, young professionals, retirees, or a combination of these groups.
- Style: The style or structure of the building such as high-rise apartments or townhouses provides specific benefits to buyers.

1.3 Condominium Legal Framework and Governance

The Condominium Act

- The *Condominium Act* governs the creation and governance of condominiums in Ontario.
- It defines the roles and responsibilities of the board of directors, the number of directors, their election process, and qualification criteria.
- Disclosure Statement: Buyers of new condominium units must receive a disclosure statement and their deposit must be held in trust account by the developer.
 - Buyers have the right to terminate the agreement of purchase and sale within 10 days (cooling off period) of receiving the disclosure statement and the deposit is refunded without penalty.
 - They can also terminate the agreement if there is any '*material*' change to disclosure statement.

- However, the developer can terminate the agreement only with buyer's consent or a court order.
- Condominium Authority of Ontario (CAO): The CAO is an independent administrative authority that maintains a register of condominium corporations in Ontario.
 - It provides information to public and unit owners, mandatory training for condominium directors, and online dispute resolution service through Condominium Authority Tribunal.
- Condominium Authority Tribunal: This tribunal helps resolve disputes by case management, mediation, and adjudication.
 - The nature of disputes may include enforcement of declarations, bylaws, rules, procurement procedures, access to records, procedures for requesting meetings, etc.
 - The tribunal's decisions are enforceable as court orders.

Impact of the Condominium Act on Ownership

- Right of Entry: The Act authorizes corporation's authorized person to enter the unit upon reasonable notice. No notice is required in emergency situations.
- Loss of Owner's Right to Vote: A unit owner loses the right to vote if their common expenses are in arrears for 30 days or more.
- Changes Made by Owner: Owners can make changes to exclusive use common elements only after approval from board.
 - They must also sign an agreement with board to obtain liability insurance.
- Lien on Unit: If a unit owner fails to pay common expenses, a lien can be registered against the unit.
- Meetings: The Act includes guidance on meetings of owners, special meetings, and annual general meetings.
 - A meeting must be called if owners of at least 15% units may request.
- Common Expenses: The Act defines unit owner's obligation to pay their proportionate share of common expenses as given in the *Declaration*.
 - These are payable even if a unit owner elects not to use any common elements.
- Bylaws and Rules: The board can make amend, or repeal bylaws that govern the corporation.

Turn Over Meeting

- The purpose of the *Turn Over Meeting* is to deliver documents by *Declarant* to the unit owners or Board of Directors and elect a new board of directors.
- The documents transferred include corporate documents including corporation seal, minute books, declaration, bylaws, current rule, etc. are transferred to the board.
- Related documents such as all existing management contracts, deeds, leases, licenses, easements, insurance policies, etc. are transferred.

- Delivered Within 30 days: These documents include architectural plans, electrical/mechanical service plans, documents related to Ontario New Home Warranty, financial records, reserve fund, disclosure statement, etc.
- Delivered Within 60 Days: Audited financial statements as of last day of the month of meeting.

Board of Directors

- The first board with minimum 3 members must be appointed by the Declarant, who stay as directors until the *Turn Over Meeting*.
- This meeting is called within 30 days of transfer of 20% units, or within 90 days of transfer of first unit, whichever is later.
- Unit owners may elect 2 more directors in this meeting.
- Directors are appointed for a maximum term of 3 year.
- Director must be at least 18 years of age, mentally competent, not be a bankrupt, and there must not be a lien on their unit.
- Directors are not liable if they are in breach of a duty occurs as a result of their relying in good faith on reports of experts such as accountants, engineers, or lawyers.
- Duties of the Board of Directors:
 - Arrange and attend regular meetings.
 - Creating, amending, and enforcing rules and bylaws.
 - Maintenance of property.
 - Tracking financial performance of the corporation.
 - Regular communication with unit owners regarding finances.
 - Make required personal disclosures about any legal proceedings, which disqualifies them.

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[Table of Contents](#)

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