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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.

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

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## 1. RESIDENTIAL CONDOMINIUMS

Take a blank sheet of paper to write your answers. The [Quick Answer Key](#) is located after the last question followed by [Detailed Answers](#).

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**M1.1.** A builder has purchased 10 acres of residential development land and registered a condominium corporation after construction of some structures on common elements. The construction work for units has not started yet. This type of condominium is known as:

- A. Vacant Land Condominium.
- B. Phased Condominium.
- C. Common Element Condominium.
- D. Freehold Condominium.

**M1.2.** Two broad categories of condominiums are:

- A. Freehold and Vacant Land.
- B. Freehold and Phased.
- C. Freehold and Leased.
- D. Common Element and Vacant Land.

**M1.3.** A buyer looking to buy a condominium is interested to know about different types of condominiums from his salesperson. The concept of the *Parcel of Tied Land (POTL)* is associated with:

- A. Phased Condominium.
- B. Vacant Land Condominium.
- C. Freehold Condominium.
- D. Common Element Condominium.

**M1.4.** Salesperson Kim is helping her buyer clients, a couple who is retiring in the next three months, in deciding about a suitable condominium to purchase. The couple does not have enough savings or income and cannot afford a standard condominium. Which of the following types of condominiums would be an appropriate suggestion by the salesperson?

- A. Phased Condominium.
- B. Leasehold Condominium.
- C. Freehold Condominium.
- D. Common Element Condominium.

**M1.5.** A salesperson is showing a condominium unit to his buyer client who particularly like the large backyard space. The salesperson tells them that the backyard space is especially for use of the unit owner, but it is not owned. Also, they will be responsible for the cost of its maintenance. This type of space in a condominium is known as:

- A. Freehold Common Element.
- B. Exclusive Use Common Element.
- C. Common Element.

D. Allocated/Assigned Common Element.

**M1.6.** In which of the following condominium developments, you are likely to find a shared facilities agreement?

- A. Urban mixed-use developments.
- B. Standalone freehold condominium.
- C. Common element condominium.
- D. Detached freehold homes.

**M1.7.** As per the Condominium Act, the '*Common Elements*' in a condominium building are:

- A. Owned equally by all unit owners.
- B. Owned by the condominium corporation.
- C. Owned jointly by the condominium corporation and the board of directors.
- D. Any property not designated as units in the condominium plan.

**M1.8.** A buyer is interested in purchasing a small 1-bedroom unit located above commercial retail units in the downtown neighbourhood. The building has 16 stores and offices on the street level and 52 units on upper levels. The residential unit owners share the cost of parking, utilities, services, and maintenance for the shared facilities with the commercial unit owners. Which of the following would NOT be an advantage to the buyer?

- A. The buyer does not have to travel much for day-to-day shopping.
- B. The maintenance fee may be high due to a shared facilities agreement.
- C. The maintenance fee may be lower as compared to a standard freehold condominium.
- D. The building may be located near the downtown tourist attractions.

**M1.9.** Buyer Bright is planning to sell his freehold home and downgrade to a 2-bedroom condominium. He has never lived in such a building and asks his salesperson to give him some information. Which of the following statement is correct about condominiums?

- A. The unit owners participate in the registration of the condominium corporation.
- B. Unit owners are only responsible for their unit while the corporation is responsible for the common elements.
- C. Unit refers to a specified space in the building while common elements are outside the units.
- D. A condominium corporation is created after registration of a business corporation.

**M1.10.** Salespersons are expected to have knowledge of condominium registration, operation, and governance. Which of the following statements is NOT true in this regard?

- A. Condominiums are made up of units and common elements.
- B. A condominium corporation is registered after registration of Article of Incorporation.
- C. A condominium corporation is registered upon registration of Declaration and Description.
- D. All unit owners are personally responsible for debts of the condominium corporation.

**M1.11.** A condominium is often said to be a '*Creature of Statute*'. According to this concept, how would the title of a condominium unit be registered?

- A. Since the land registry office is based on land descriptions, only the land and common elements have a deed that can be registered.
- B. If the municipality operates both the *Registry* system and the *Land Titles* system, a new condominium would be registered under the *Registry* system.
- C. Once the *Declaration* and *Description* are registered, each unit can be registered with a separate deed.
- D. Each unit would be registered in the *Registry* or *Land Titles* system by depositing an Exclusive Use Agreement.

**M1.12.** The provincial *Condominium Act* sets out requirements for creating a condominium corporation. According to the Act, when a condominium corporation is created:

- A. The legal structure is set out in the documents named *Declaration* and *Description*.
- B. The condominium corporation holds title to all the units and common elements.
- C. The buyers of units enter into a lease with the condominium corporation by buying shares in the corporation.
- D. The purpose of condominium registration is to ensure that unit owners are not liable for the debts of the corporation.

**M1.13.** Which of the following documents contains surveys, plans, and architectural drawings describing the property and structures of a condominium corporation?

- A. Declaration.
- B. Description.
- C. Bylaws.
- D. Disclosure.

**M1.14.** A condominium is created under the *Condominium Act*. Which of the following is a correct statement in this regard?

- A. Once the corporation is registered, individual unit buyers assume a proportionate share of the blanket mortgage.
- B. The mortgage on the property is a blanket mortgage for which only the corporation is responsible.
- C. The entire property is registered in land registry office as opposed to registration of individual units.
- D. Unit owners only own their respective units but do not have any interest in the common elements.

**M1.15.** Salespersons are expected to have knowledge about registration and operational matters of a condominium corporation. Which of the following statements is correct with respect to a condominium?

- A. The *Condominium Act* creates the legal framework for registering a deed for units in a multiple dwelling building.
- B. A condominium is created upon registration of the condominium as business corporation.
- C. The purpose of the condominium corporation is to hold legal title to the units on behalf of the owners.

- D. Buyers of both new and resale units are allowed a 10-day period to cancel their purchase.

**M1.16.** Salespersons are expected to have knowledge about registration and operational matters of a condominium corporation. The safety, security, and welfare of unit owners and condominium assets is managed according to the:

- A. Bylaws.
- B. Rules and regulations.
- C. Declaration.
- D. Disclosure.

**M1.17.** Which of the following terms correctly describes a condominium dwelling that is not attached to any other dwelling and does not share any party wall with other dwellings in the complex?

- A. A rowhouse condominium.
- B. Apartment style condominium.
- C. A duplex or triplex condominium.
- D. A detached house condominium.

**M1.18.** Under the current provincial legislation, which of the following statements is NOT correct with respect to condominiums:

- A. In a common element condominium, the 'unit' refers to the common interest held by an individual and not a specific unit beyond the common elements.
- B. In a standard condominium, the proportionate share of ownership is typically registered to a unit and is located outside the unit.
- C. The legal structure of a specific condominium project is defined in the provincial Condominium Act.
- D. It is possible to create a condominium project that does not have any units, but the entire property is a common element.

**M1.19.** In which of the following condominium buildings, you are likely to find stairwells as well as elevators?

- A. A residential fourplex condominium.
- B. A high-rise condominium.
- C. A low-rise condominium.
- D. A rowhouse condominium.

**M1.20.** In which of the parking types a unit owner can sell or lease the parking space to another unit owner in the condominium building?

- A. Assigned or allocated to the unit.
- B. Leased to the unit.
- C. Exclusive use common element.
- D. Freehold with separate title.

**M1.21.** Condominium niche markets are designed to appeal to specific segments of buyers. The niche factor that drives a condominium development specifically built to attract retired people is classified as:

- A. Geographic Factor.
- B. Demographics Factor.
- C. Style Factor.
- D. Financial Factor.

**M1.22.** Condominium buyers may have limitations and restrictions on making changes to their units without the approval of the condominium board. Which of the following alterations usually does not require an approval?

- A. Parking spaces.
- B. Front and rear yard.
- C. Light and plumbing fixtures.
- D. Balconies.

**M1.23.** Unit owners in a condominium building are obliged to abide by rules, regulations, and use restrictions. Which of the following statements is correct in this regard?

- A. The board of directors makes and amends the rules and regulations, which must be approved by a majority vote of the unit owners.
- B. Unit owners do not have the right to make changes to rules and regulations initially set out in the condominium declaration.
- C. The board of directors usually calls a meeting of unit owners only to inform them that rules and regulations are being altered.
- D. A condominium's rules and regulation are essentially set out in the Condominium Act, which are standard for all condominium buildings.

**M1.24.** The *Condominium Act* has certain provisions regarding operation of the condominium property. Which of the following statements is correct in this regard?

- A. Unit owners in a condominium are typically subject to use restrictions, such as no pets or no signs permitted unless approved by the corporation.
- B. The purpose of the reserve fund is to pay for the regular maintenance of the common elements.
- C. A lien registered against a unit for non-payment of common expenses takes priority over all other encumbrances whether registered or unregistered.
- D. The amount of common expenses payable by a unit owner is determined by dividing the current budget by the number of units in the building.

**M1.25.** A condominium board of directors has notified the unit owners that rules related to short-term rentals in the building will be amended. What minimum percentage of unit owners must request a meeting if they want to discuss and vote on the condominium board's decision?

- A. 10%
- B. 15%
- C. 50%
- D. 75%

**M1.26.** Which of the following statements is correct with respect to the rules and regulations in a condominium building?

- A. The purpose of having of rules and regulations is to restrict the unit owners from leasing their units or having pets.
- B. Most condominium corporations make and enforce rules only to restrict the pets and smoking in the building.
- C. Rules, regulations, and restrictions in a condominium building must be reasonable in nature to ensure safety and security of unit owners.
- D. If rules and regulations are changed, an updated copy must be registered in Land Registry office.

**M1.27.** When a condominium is registered, the main purpose for creating the condominium corporation is to:

- A. Limit the liability of the unit owners.
- B. Hold the title to all the units on behalf of the owners.
- C. Sell shares in the corporation to raise capital.
- D. Manage and maintain the property and the assets of the corporation.

**M1.28.** A condominium corporation collects its operating expenses from all the unit owners to maintain and repair the common areas of the building. This is generally referred to as:

- A. Special Levy.
- B. Common Expenses.
- C. Improvement Charges.
- D. Condominium Surcharge.

**M1.29.** Residential condominiums may provide exclusive possession of certain common elements such as parking space and storage lockers to unit owners. Which of the following documents provides information on such exclusive use common elements?

- A. Description.
- B. Declaration.
- C. By-laws.
- D. Rules and Regulations.

**M1.30.** Samrita Bose is a first-time buyer interested in purchasing a residential condominium. Jenny a salesperson with Cram Realty Inc., has been talking to Samrita about ownership within a condominium, including issues related to common elements and the board of directors. Which one of the following responses by the salesperson is correct?

- A. The board of directors may make substantial changes to the common elements provided that they obtain the approval of certain percentage of the unit owners.
- B. The owner of a unit can freely make changes to an exclusive use common element of the condominium without the permission of the board of directors.
- C. The *Condominium Act* prohibits condominium corporations from insuring or indemnifying directors for their actions in carrying out board duties on behalf of the condominium.
- D. The directors of a board are required to be experts in running a condominium and would be liable for a breach of duty occurring due to their reliance on the advice of experts.

**M1.31.** The buyer of a new condominium unit must receive a disclosure statement from the developer after signing the *Agreement of Purchase and Sale*. Which of the following information is NOT included in the disclosure statement?

- A. The first-year budget of the condominium corporation.
- B. The condominium declaration and description.
- C. The bylaws, rules, and regulations of the condominium.
- D. The amount of mortgage for the unit purchased.

**M1.32.** The buyer of a new condominium unit has the right to cancel their purchase agreement with the developer:

- A. If the disclosure statement is current as of the date of signing the purchase agreement.
- B. If the developer makes material changes to the disclosure agreement at a later date.
- C. If the buyer is required to pay sequential deposits for their purchase.
- D. If the developer fails to pay commission to the buyer's salesperson.

**M1.33.** According to the *Condominium Act*, a unit owner loses the right to vote in condominium meetings:

- A. If they make alterations to their unit without approval of the corporation.
- B. When they fail to provide evidence of adequate insurance to the corporation.
- C. When they have leased the unit to a tenant on a fixed-term lease.
- D. When they are in default of payment for common expenses for 30 days or more.

**M1.34.** Which of the following statements is correct according to the *Condominium Act*?

- A. A unanimous vote of 100% of the unit owners is usually required to approve an amendment to the bylaws of the corporation.
- B. A fee simple estate is created for each individual unit when a condominium corporation is registered.
- C. The concept of condominiums can be utilized only for residential development projects.
- D. Before a condominium plan can be registered in the Land Registry Office, all individual lots must be presold.

**M1.35.** The *Condominium Authority Tribunal* helps resolve disputes between unit owners and the condominium board of directors. Which of the following is an exception to the types of disputes that the tribunal usually undertakes?

- A. Enforcement of declaration, bylaws, and rules.
- B. Disputes between unit owners and their tenants.
- C. Access to condominium records.
- D. Procedures for procurement of services and contracts.

**M1.36.** According to the *Condominium Act*, the first board of directors of a new condominium corporation must call a *Turnover Meeting*. The purpose of this meeting is to:

- A. Transfer the control of the condominium to the unit owners.
- B. Hand over any and all documents to the board of directors.
- C. Allow the board of directors to sell the remaining unsold units.

D. Prepare the disclosure statement for the new unit buyers.

**M1.37.** The audited financial statements of a new condominium corporation are delivered by the developer to the board of directors:

- A. At the time of appointment of first board.
- B. At the turnover meeting called by the board.
- C. Within 30 days of the turnover meeting.
- D. Within 60 days of the turnover meeting.

**M1.38.** Buyer Smart is curious to know about functioning of the condominium complex. Salesperson Jenny gives the following information in response to the buyer's questions. Which of the following statements by the salesperson is NOT correct?

- A. The first board of directors with at least 5 members is appointed by the unit owners.
- B. The unit owners elect the members of the board of directors.
- C. The *Declarant* makes the by-laws of the corporation, and every unit owner must give approval.
- D. The *Turnover Meeting* transfers the control of the corporation from unit owners to the board of directors.

**M1.39.** The members of board of directors of a condominium corporation are not personally liable if a breach of duty occurs when they rely in good faith on reports of experts such as engineers, lawyers, or accountants. However, this protection is NOT available when:

- A. A director purchases one or more units in the condominium building.
- B. A director takes active part in formation of rules and regulations.
- C. A director is found to have acted dishonestly and not in good faith.
- D. A director is found to be using common elements of the condominium building.

**M1.40.** A director of the condominium corporation ceases to be a member of the board in certain situations, as described in the *Condominium Act*. Which of the following is NOT one of these situations?

- A. A director files for bankruptcy anytime during the 3-year term.
- B. 15% of the unit owners vote in favour of removing the director.
- C. A director becomes mentally incompetent during the 3-year term.
- D. A lien is filed against the unit owned by the director for failure to pay common expenses.

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[Detailed Answers](#)

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**ANSWER KEYS – MODULE 1**

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[Detailed Answers](#)

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## DETAILED ANSWERS

### Module 1. Residential Condominiums

#### M1.1. Answer A.

In a vacant land condominium, the developer usually completes the structures and services in the complex, without the need for building individual units before the condominium corporation is registered. Parcels of land within the complex are then sold as units to buyers who can build their structures. Title to the land is transferred to the buyers with a commitment that they will build structures at a later time.

#### M1.2. Answer C.

Condominiums are broadly classified into two categories – *Freehold* and *Leased*. The difference is based on the land where the condominium complex is situated. In freehold condominiums, the ownership of land is freehold whereas in leasehold condominium, the land is leased for a minimum period of 40 years.

#### M1.3. Answer D.

The concept of '*Parcel of Tied Land (POTL)*' is associated with a freehold *Common Element Condominium (CEC)*, which does not have any units and all the property is considered a common element. A golf course, a ski resort, or a shared road are examples of CECs where all owners in the community share the ownership and are responsible for their share of maintenance costs. If a property is located within a Common Element Condominium, it is '*tied*' to the land of the common elements and cannot be sold individually.

#### M1.4. Answer B.

In a leasehold condominium, the developer does not purchase the land but leases it for a period ranging from 40 years to 99 years for building the structures. A portion of the unit owners' common expenses is used as rent payment to the landowner. The landowner is not the condominium corporation, but it can sell, lease, or mortgage the units without the consent of the landowner. The main benefit to the developer is that they do not have to invest money in purchasing land.

#### M1.5. Answer B.

Some condominium corporations provide certain space from the common elements for exclusive use of an individual unit owner, which cannot be used by other unit owners. These elements can enhance both the enjoyment and value of the unit. Usually balconies, patios, front and back yards, or rooftop terraces in townhouses, which are close to the unit, are assigned to the unit for exclusive use.

The usual common elements in a condominium complex are for use of all unit owners. There are no such terms as '*freehold common element*' or '*allocated/assigned common element*'.

#### M1.6. Answer A.

Freehold detached homes rarely have the shared facilities agreement, which is usually found in urban mixed-use developments.

In a typical mixed-use building, the lower level has commercial office or retail units, and the residential units are located in upper level. The residential unit owners may have to share the

cost of parking, utilities, services, and maintenance for the shared facilities. This means that the distribution of costs is not proportionate to their share of ownership.

**M1.7. Answer D.**

The *Common Elements* in a condominium development refers to all the property within a condominium plan which is not specifically designated as 'units'. The use of common elements is exclusively controlled by the condominium rules and regulations.

Common Elements are not equally owned by unit owners, but unit owners have a proportionate share of ownership. The proportionate share is calculated using the total living area of the unit in proportion to the total living area of the condominium complex. These common elements are owned by all unit owners as *Tenants-in-Common*.

**M1.8. Answer B.**

One of the disadvantages to the buyer in a mixed-use condominium building is that the monthly maintenance fees may be higher due to a shared facilities agreement. This is due to the fact that the cost of parking, utilities, services, and maintenance for the facilities shared with their commercial counterparts.

Some mixed-use condominium corporations may have a shared facilities agreement with the developer in order to evenly split the cost of shared facilities. However, it is not mandatory under the *Condominium Act*.

**M1.9. Answer C.**

A *Unit* in a condominium building refers to a defined space within the condominium complex. *Common elements* are all areas in the condominium building *except* units. Unit owners have exclusive ownership of their units and ownership of common elements as *tenants in common* with other unit owners.

Unit owners usually do not participate in the condominium registration process. Unit owners are not only responsible for their own unit but also for liabilities of the corporation. *Declaration* and *Description* are the two documents required for registration of a condominium corporation. A condominium corporation is not considered a '*business*' corporation.

**M1.10. Answer B.**

An *Article of Incorporation* is required to register a business corporation under the Business Corporations Act.

Other options are correct. The registration documents for a condominium corporation are called *Declaration* and *Description*. Condominiums are made up of units and common elements. Unit owners are personally responsible for the debt of the condominium corporation.

**M1.11. Answer C.**

A condominium corporation is registered under the *Condominium Act* after registration of *Declaration* and *Description*. Once these documents are registered, the developer can legally transfer the separate title/deed of individual units in the name of unit buyers.

This separate unit title/deed specifies the proportionate share of the unit in common elements. New condominiums are registered only under the *Land Titles Act*. Unit owners may be granted

exclusive use of certain common elements as per the *Declaration*. There is no such term as an 'exclusive use agreement'.

**M1.12. Answer A.**

A *Condominium* corporation is created after registration of two documents – *Declaration* and *Description*. These documents constitute the required legal structure of the condominium corporation.

The corporation does not hold title to all units in the building. After the condominium corporation is registered, individual units are sold and can be registered separately in the names of buyers. Since buyers of units have proportionate share of the common elements, they are personally liable for the debts of the corporation.

**M1.13 Answer B.**

The *Description* document provides detailed information on condominium plans, surveys, and other architectural drawings that describe the property and structures within a condominium complex. *Description* is one of the two documents required for registration of the condominium corporation, the other being *Declaration*.

The *Declaration* of the condominium corporation provides information on legal, financial, and operational matters. The *disclosure statement* is provided by the developers to the buyers of new condominium units. *Bylaws* describe the internal operations, governance, and management of the condominium corporation.

**M1.14. Answer A.**

When the units in a condominium building are sold, individual unit buyers assume the applicable proportionate share of the *blanket mortgage* of the corporation and arrange their own first mortgage.

The condominium corporation is not responsible for the blanket mortgage once the units are sold. Individual units are registered separately in land registry office in addition to the registration of the condominium corporation. Unit owners not only own their units exclusively but also have interest in the common elements as *tenants-in-common*.

**M1.15. Answer A.**

A condominium is created under the *Condominium Act* after registration of the condominium corporation by way of *Declaration* and *Description*. Once a condominium is registered, it creates a legal framework for registration of deed for individual units.

The Act regulates the creation of the corporation, its operation and termination procedures. The purpose of the condominium is not to hold the unit title on behalf of the unit owners. Only the buyers of new condominium units get a 10-day period to cancel their agreement.

**M1.16. Answer B.**

The rules and regulations of a condominium corporation are made for safety, security, and welfare of unit owners and condominium property and assets. Rules are made, amended, and enforced by the board of directors.

*Bylaws* describe the internal operations, governance, and management of the condominium corporation. *Declaration* is one of the documents required for registration of the condominium

corporation under the *Condominium Act*. The disclosure statement is provided by a developer to the buyers of new condominium units.

**M1.17. Answer D.**

A detached house condominium is not a part of any other dwelling and does not share any party wall with other dwellings in the condominium complex. Even though the house is a freestanding dwelling, it is still considered a condominium unit. This *freestanding* condominium must not be mistaken as a *freehold* house.

A rowhouse condominium shares party walls with other houses. An apartment style condominium may be a low-rise, mid-rise, or high-rise building with shared structural components, such as walls, corridors, and exteriors. A duplex or triplex condominium consists of a single building divided into two or three residences, each with its separate entrance.

**M1.18. Answer C.**

It is incorrect that the legal structure of a specific condominium project is defined in the provincial *Condominium Act*.

Instead, two mandatory registration documents of the proposed condominium project, the *Declaration* and *Description*, make up the legal structure of that specific condominium project.

**M1.19. Answer B.**

Elevators are commonly found in apartment style high-rise condominium buildings which is five or more storeys in height. Further, stairwells are required for all condominiums which are two storeys or more in height.

Residential fourplex, low-rise, or rowhouse condominiums usually only have stairs and it is uncommon to find elevators in these buildings.

**M1.20. Answer D.**

If the parking space for a unit is freehold and has a *separate* title, the unit owner can sell or lease the space to another unit owner in the building. This is because the unit owner owns the parking space which has a separate title. However, if the parking title is *within* the unit title, the space cannot be sold or leased.

If the parking space is assigned, allocated, leased, or an exclusive use common element, the condominium corporation owns the space, and the unit owner cannot sell or lease it.

**M1.21. Answer B.**

*Demography* is the study of people, their occupation, income, age groups, and their lifestyles. If a condominium building is built with a perspective of people who will live in the building, the deciding factor for building style and amenities will be mainly demographic.

The geographic factor relates to the location of the condominium building, such as a building in downtown core or in a suburban area. The style of the building relates to architecture and design elements, such as high-rise or townhouses. The financial factor relates to the income group of potential unit buyers.

**M1.22. Answer C.**

Changes to light fixtures (bulbs, tube lights, etc.) and plumbing fixtures (kitchen and bathroom faucets, etc.) are considered cosmetic changes inside a unit and prior approval of the condominium corporation or board of directors is usually not required.

Exclusive use common elements, parking spots, and front and rear yard alterations usually require a unit owner to obtain prior written approval from the condominium corporation. In certain situations, a condominium corporation may require the unit owner to enter into an agreement for making changes to exclusive use common element, such as a balcony. This agreement is then registered on the title of the unit.

**M1.23. Answer A.**

The rules and regulations for a particular condominium building are made, amended, and enforced by the board of directors. The board informs the unit owners about these rules and regulations, and the unit owners may request a meeting within 30 days. Rules and regulations become effective only if a majority of unit owners vote in favour. If no meeting is requested, the rules and regulations become effective without a vote.

Condominium rules and regulations are not set out in the *Condominium Act*. The initial rules and regulations in the *Declaration* may be amended by the board of directors with a majority vote of unit owners.

**M1.24. Answer A.**

Most condominium corporations have strict rules and regulations with respect to pets, signs, use of common elements, garbage disposal, unit alterations, etc.

The purpose of the *Reserve Fund* is to pay for the cost of major repairs and replacement of common elements, and it cannot be used for expenses related to regular maintenance. A lien registered against a unit for non-payment of common expenses takes priority over all other registered liens, *except* Crown claims and property taxes. Common expenses for a unit are according to the proportionate share of the unit in the building.

**M1.25. Answer B.**

A minimum of 15% of all unit owners must request a meeting if they want to vote on proposed changes to existing condominium's rules. This request must be made within 30 days of the receipt of notification from the board.

**M1.26. Answer C.**

The main objective of having rules, regulations and use restrictions in a condominium building is to ensure safety, and welfare of the unit owners and the condominium property and assets.

Rules/regulations are not merely enacted for the purpose of restricting pets or smoking in the building, or to restrict the unit owners from leasing their units, though there may be restrictions on these activities. Only a copy of the condominium bylaws is registered in the *Land Registry Office*. Registration of rules and regulations is not required.

**M1.27. Answer D.**

The objective of creating a condominium corporation is to maintain the property and to manage the condominium assets.

Condominiums do not limit the liability of the unit owners because unit owners are personally liable for the debts of the condominium corporation. The corporation does not hold title to all units on behalf of the unit owners because unit owners themselves hold title to their units. Selling the shares of the condominium corporation is not the objective of creating the corporation.

**M1.28. Answer B.**

A condominium corporation collects its operating expenses to maintain the common areas of the condominium from all the unit holders based on their proportionate share. This is known as *common expenses* or the *maintenance fee*.

Special levy, improvement charges, or condominium surcharge are incorrect terms for the operating expenses collected by a condominium corporation from the unit owners.

**M1.29. Answer B.**

The *Declaration* of the condominium corporation contains information about *exclusive use* common elements given to unit buyers. These exclusive use common elements may include parking space, storage lockers, balconies, front and rear yards in townhouses, etc.

The *Description* provides information on condominium plans, surveys, and architectural plans. The bylaws regulate the internal operation and governance of the condominium corporation. Rules and regulations are for safety, security, and welfare of unit owners and condominium property and assets.

**M1.30. Answer A.**

The board of directors in condominium corporation may make substantial changes to the common elements but must obtain an approval vote from a majority of unit owners. The board cannot go ahead with the project without a majority approval vote.

Unit owners cannot make changes to their units or exclusive use common elements without the approval of the corporation. Directors of the condominium board are indemnified for the actions they take on behalf of condominium corporation, subject to certain exceptions. Directors are not expected to be experts in running the condominium affairs and cannot be held liable if there is a breach of duty occurring as a result of relying on advice of third-party professionals.

**M1.31. Answer D.**

As per the *Condominium Act*, the developers of new condominiums are required to provide a disclosure statement to the unit buyer upon signing a purchase agreement. The disclosure statement includes copies of the *Declaration*, *Description*, bylaws, rules and regulations, and the first-year budget of the condominium corporation. However, this document does not include information on the amount of mortgage the unit owner is required to arrange.

**M1.32. Answer B.**

The buyer of a new condominium unit has the right to terminate the purchase agreement if the developer makes significant ("*material*") changes to the disclosure statement. Significant or material changes are defined in the *Condominium Act*.

Developers must provide a current disclosure statement to the buyer. Most purchase agreements for new condominiums require sequential deposits, which is common. Developer's

failure to pay commission to the buyer's salesperson is not a valid reason for the buyer to terminate the purchase agreement.

**M1.33. Answer D.**

The *Condominium Act* provides that a unit owner cannot vote in condominium decision meetings if they are 30 days or more in arrears on their maintenance fees (common expenses). In this situation, the condominium corporation has an automatic unregistered lien against the unit, which may be registered in the *Land Registry Office* after providing appropriate notice to the unit owner.

Making changes to the unit without approval, failure to provide evidence of insurance, and leasing their unit may have different consequences for the unit owner as per the condominium bylaws.

**M1.34. Answer B.**

According to the *Condominium Act*, a fee simple estate is created for each individual unit when the condominium corporation is registered. The condominium concept allows for the subdivision of land into units for individual exclusive ownership together with joint ownership of common property (*common elements*).

An amendment to the bylaws of a condominium corporation does not necessarily need approval of 100% of unit owners but a majority vote is required. The condominium concept is not only for residential projects but may also be utilized for non-residential, mixed-use, and vacant land condominium projects.

**M1.35. Answer B.**

The *Condominium Authority Tribunal* mainly hears disputes between unit owners and condominium corporation or its board of directors. However, any dispute between a unit owner and his tenant falls under the authority of the *Landlord and Tenant Board* under the provisions of the *Residential Tenancies Act*.

**M1.36. Answer A.**

The purpose of the turnover meeting is to transfer the control of the condominium corporation from the developer (*Declarant*) to the unit owners. In this meeting, the developer hands over documents related to the corporation to the board of directors appointed by the unit owners.

The purpose of the turnover meeting is not to prepare the disclosure statement, which is prepared before the developer starts selling the units. The Declarant does not hand over 'any and all' documents to the board, but only these documents which are necessary for operation of the corporation. The turnover meeting does not allow the board to sell the remaining unsold units.

**M1.37. Answer D.**

According to the *Condominium Act*, the developer of a condominium building must hand over audited financial statements to the board of directors within 60 days of the turnover meeting.

**M1.38. Answer D.**

The *Turnover Meeting* is held by the condominium corporation to transfer the control of the corporation from the developer (*Declarant*) to the unit owners. The Declarant hands over certain operational documents to the board of directors in this meeting.

The first board of directors is appointed by the developer with a minimum of 3 members. Unit owners may appoint two additional directors in the turnover meeting, which takes the number of directors to 5. The bylaws made by the developer need not be approved by *every* unit owner. The unit owners, through their elected board of directors, may decide to amend the rules by a majority vote.

**M1.39. Answer C.**

The *Condominium Act* provides that directors of a condominium board are not personally liable if a breach of duty occurs when they rely in good faith on the reports of third-party professionals and experts. However, a director is not protected if he/she is found to have acted dishonestly, not in good faith, or has been involved in a fraudulent activity.

Board members are none other than some of the unit owners in the condominium building, who have the right to use the common elements. Taking active part in condominium's decision-making process and formation of rules and regulations is one of their duties.

**M1.40. Answer B.**

A member of the board of directors can be removed if a *majority* of unit owners vote in favour of such removal. Approval of merely 15% of the unit owners is not sufficient to remove a director.

Other given reasons are valid for removal of a member of the board of directors.

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