Exam Exam Handbook

Checked November 2026 · facts from official pages only · questions and explanations are our own

What the exam looks like

Item	Current rule	Checked
	See the official page (link on the site's exam map).	2026-11-15
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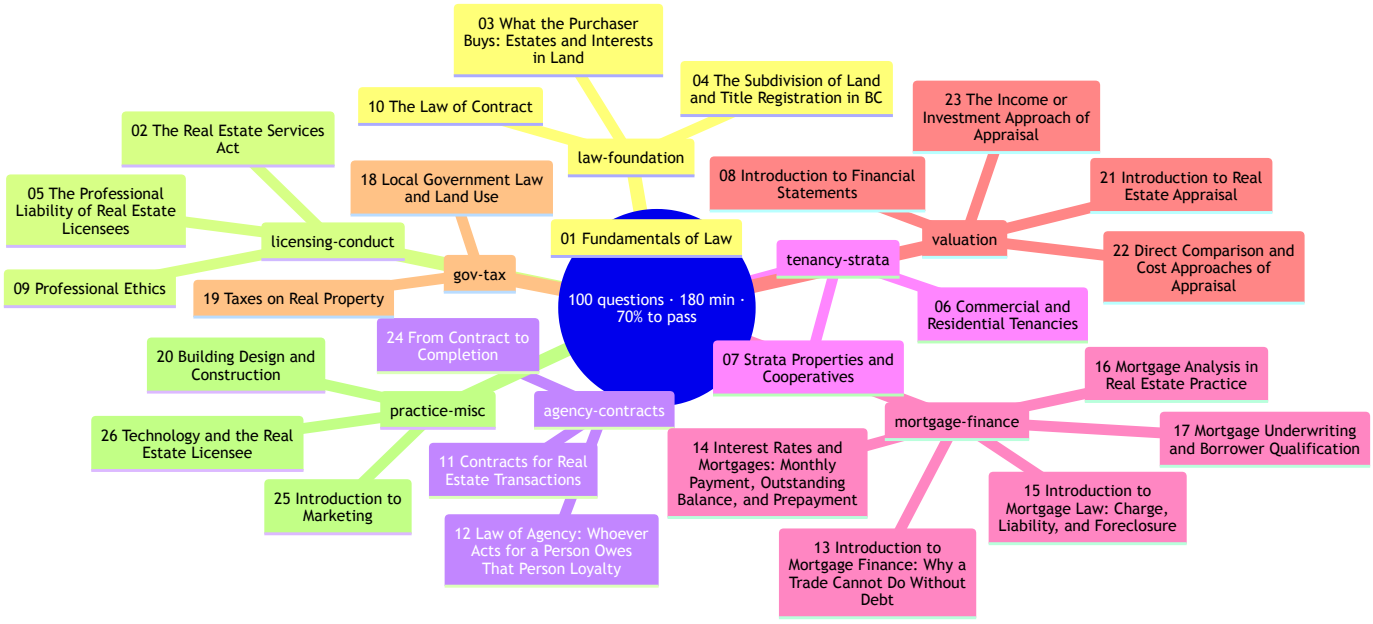
Where the marks are

Official weights are listed in the facts table; our mock weights are our own estimate.

Ch	Topic	Section	Priority	Mock
01	Fundamentals of Law	law-foundation	P2 Hold steady	4
02	The Real Estate Services Act	licensing-conduct	P2 Hold steady	4
03	What the Purchaser Buys: Estates and Interests in Land	law-foundation	P2 Hold steady	4
04	The Subdivision of Land and Title Registration in BC	law-foundation	P1 Must score	4
05	The Professional Liability of Real Estate Licensees	licensing-conduct	P1 Must score	4
06	Commercial and Residential Tenancies	tenancy-strata	P1 Must score	4
07	Strata Properties and Cooperatives	tenancy-strata	P1 Must score	4

08	Introduction to Financial Statements	valuation	P2 Hold steady	4
09	Professional Ethics	licensing-conduct	P1 Must score	4
10	The Law of Contract	law-foundation	P2 Hold steady	4
11	Contracts for Real Estate Transactions	agency-contracts	P1 Must score	4
12	Law of Agency: Whoever Acts for a Person Owes That Person Loyalty	agency-contracts	P1 Must score	4
13	Introduction to Mortgage Finance: Why a Trade Cannot Do Without Debt	mortgage-finance	P2 Hold steady	4
14	Interest Rates and Mortgages: Monthly Payment, Outstanding Balance, and Prepayment	mortgage-finance	P2 Hold steady	4
15	Introduction to Mortgage Law: Charge, Liability, and Foreclosure	mortgage-finance	P2 Hold steady	4
16	Mortgage Analysis in Real Estate Practice	mortgage-finance	P2 Hold steady	4
17	Mortgage Underwriting and Borrower Qualification	mortgage-finance	P2 Hold steady	4
18	Local Government Law and Land Use	gov-tax	P2 Hold steady	4
19	Taxes on Real Property	gov-tax	P2 Hold steady	3
20	Building Design and Construction	practice-misc	P3 Skim	3
21	Introduction to Real Estate Appraisal	valuation	P2 Hold steady	4
22	Direct Comparison and Cost Approaches of Appraisal	valuation	P2 Hold steady	4
23	The Income or Investment Approach of Appraisal	valuation	P2 Hold steady	4
24	From Contract to Completion	agency-contracts	P2 Hold steady	4
25	Introduction to Marketing	practice-misc	P3 Skim	3
26	Technology and the Real Estate Licensee	practice-misc	P3 Skim	3

The whole exam on one map



How to use this handbook

1. Start with the 26-question diagnostic on the site to find your red chapters.
2. Before reading each chapter, answer its starter questions on instinct, then check them as you read.
3. Each chapter is two sides of one sheet: front = how it is tested, traps, mind map; back = key points and self-test cues (cover the right two columns).
4. Do this chapter's questions in the question book; for misses, do the variants.
5. The night before, read only the final review sheet.

Chapter 1 · Fundamentals of Law

law–foundation P2 Hold steady Legal Foundations · 4 mock questions

Read with these questions: When a seller refuses to complete a transfer and the buyer delays unreasonably before suing for specific performance, why may the court refuse the remedy?; Why is RESA governing real estate licensing a provincial statute, and why is municipal zoning authority not a direct constitutional grant?; How does CRT jurisdiction differ between large–amount strata fee disputes and small claims of $5,000 or less?; When construction defects are discovered years later or a defendant acknowledges liability in writing, how are the 2–year and 15–year limitation periods calculated?; Does a landlord who rejects a tenant on social assistance breach the Human Rights Code despite claiming no malice, and to which body should the complaint be made?

How it is tested

- Scenario–based forum routing questions: Given monetary dispute thresholds (such as $5,000, $35,000, $50,000, or unlimited) and causes of action (such as general small debts, strata fees, purchase contract breaches, motor vehicle accidents, or tenant discrimination), directly testing whether the dispute belongs in the CRT, Small Claims Court, the Supreme Court of British Columbia, or the BC Human Rights Tribunal.
- Remedies and priority analysis questions: Using scenarios such as seller breach of contract refusing title transfer or tort claims, testing the distinctions between common law damages and equitable remedies (specific performance and injunctions), which body of law prevails in a conflict, and the effect of unreasonable plaintiff delay on eligibility for equitable relief.
- Precedent and appellate mechanism concept questions: Testing that the core purpose of stare decisis is predictability, that out–of–province or foreign judicial decisions are merely persuasive rather than binding, how judges distinguish cases based on material factual differences to depart from prior precedents, and that appellate courts review only legal errors without re–hearing witness evidence.
- Limitation period calculation and restart trap questions: Presenting scenarios with the date the act occurred, the date of discovery, and an intervening acknowledgment of liability by the defendant (partial payment or written confirmation), testing the 2–year basic limitation period (measured from discovery), the 15–year ultimate limitation period (measured from the act or omission), and how acknowledgment resets both limitation periods.
- Legislative authority and human rights compliance questions: Testing that real estate legislation (such as RESA and the Property Law Act) falls under provincial jurisdiction over property and civil rights, that municipal bylaw powers derive from provincial delegation rather than direct constitutional grants, that the Human Rights Code does not require subjective intent to discriminate, and that residential tenancy specifically protects lawful

Traps (watch for the signal)

Rigid precedent application and out–of–province binding authority trap: The question stem states that a judge must follow a decision from another province or cannot depart from an earlier precedent even when material facts differ.

Treating equitable remedies as an automatic statutory entitlement: The question stem mentions an automatic right to specific performance or describes a plaintiff who waited an unreasonable length of time before seeking equitable relief.

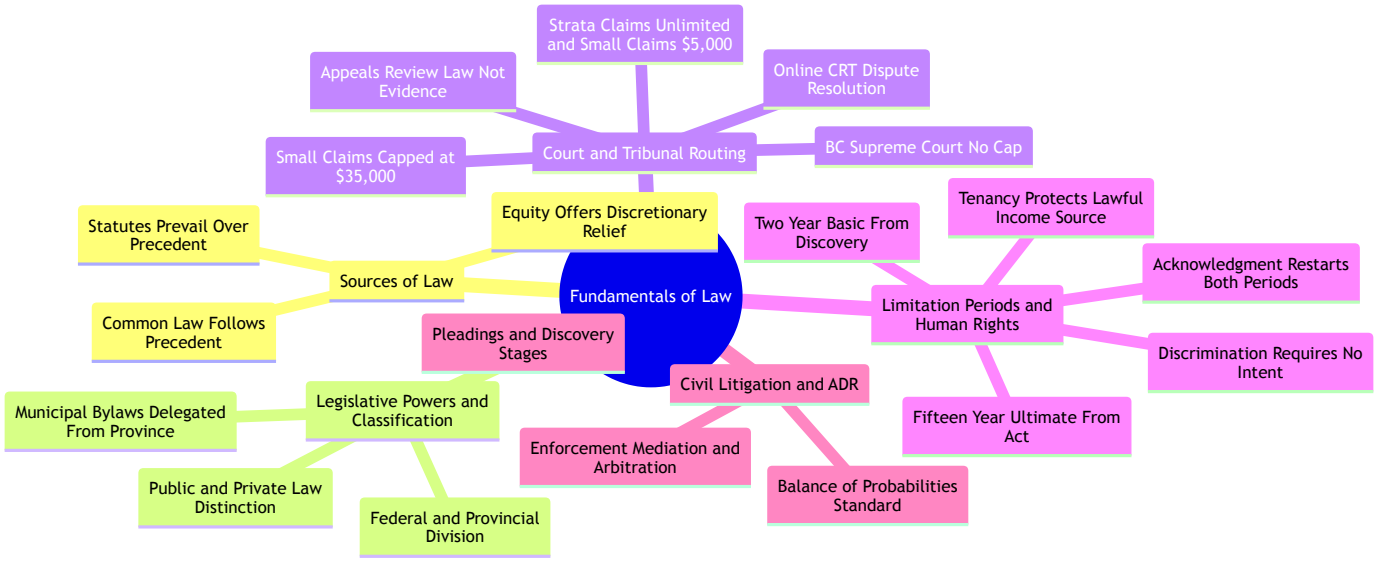
Assuming an appeal means a brand–new trial with fresh evidence: The question stem mentions Court of Appeal or Supreme Court of Canada paired with calling new witnesses or re–hearing all evidence.

Confusing limitation start dates and missing the acknowledgment restart trap: The question stem provides the date the act occurred alongside the date of discovery and mentions written confirmation or partial payment.

Course manual exam standard versus current law misalignment trap: The question stem asks According to the course manual regarding CRT appeal routes or the list of protected grounds under the Human Rights Code.

source of income as a prohibited ground of discrimination.

Mind map



Chapter 1Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Doctrine of Stare Decisis and Distinguishing Cases	stare decisis / distinguish	Common law relies on stare decisis to ensure the predictability of legal outcomes. Decisions of the provincial Court of Appeal and the Supreme Court of Canada are binding on lower courts, whereas out-of-province or foreign decisions are merely persuasive. Furthermore, if the material facts of a case differ substantially, a judge may distinguish the prior precedent and not be bound by it.
Supremacy of Equity and Discretionary Remedies	equity / specific performance / injunction	Where common law and equity conflict, equitable principles prevail. Under the merged court system, the same judge may award either common law damages or discretionary equitable remedies such as specific performance or an injunction; however, a plaintiff who delays unreasonably in seeking relief may lose eligibility for equitable remedies.
Three Levels of Legislative Authority and Primacy of Statute Law	statute law / property and civil rights / residual power	The Constitution Act, 1867 assigns property and civil rights to provincial jurisdiction (meaning real estate laws like RESA are provincial statutes), while residual power belongs to the federal government, and municipal bylaw authority derives entirely from provincial delegation. In adjudicating disputes, judges consult applicable statute law first and turn to common law only where statutes do not govern.
Distinction Between Public Law and Private Law	public law / private law	Private law resolves disputes between private individuals (such as contracts, torts, agency relationships, and real property transactions) and forms the core of a licensee's daily business. Public law involves the public interest and governmental administration (such as constitutional law, tax law, criminal law, and the regulatory framework under RESA governing licensing qualification and discipline).
Trial Court Thresholds and Appellate Review Principles	Small Claims Court / Supreme Court of BC / Court of Appeal	Small Claims Court has jurisdiction over civil claims of $35,000 or less subject to territorial limits, whereas the Supreme Court of British Columbia has no monetary cap and province-wide territorial jurisdiction. Except for rare Small Claims appeals granted a trial de novo in the BC Supreme Court, appellate courts review questions of law only and do not re-hear evidence.
CRT Jurisdiction and Monetary Thresholds	Civil Resolution Tribunal (CRT)	The Civil Resolution Tribunal (CRT) is an online administrative tribunal with jurisdiction over strata property disputes (no monetary cap), tribunal small claims of $5,000 or less (mandatory jurisdiction), motor vehicle accident claims (capped at $50,000 for liability and damages), and intimate image disputes, but it has no jurisdiction over defamation, malicious prosecution, claims involving government or constitutional questions, or independent Human Rights Code complaints.
Two-Tier Limitation Periods and Reset Upon Acknowledgment	basic limitation period / ultimate limitation period / discoverability	Under the Limitation Act, the basic limitation period is 2 years from the date of discovery, and the ultimate limitation period is 15 years from the date the act or omission occurred. If the defendant acknowledges liability through partial payment or written confirmation, both the basic and ultimate limitation periods restart from the date of acknowledgment.
Discrimination Without Proof of Intent and the Tenancy-Specific Ground	Human Rights Code / protected grounds / lawful source of income	A violation of the Human Rights Code does not require proof of subjective intent to discriminate. In residential tenancy, in addition to grounds such as race, religion, family status, marital status, physical or mental disability, and age, lawful source of income is specifically protected, and independent discrimination complaints fall within the jurisdiction of the BC Human Rights Tribunal.
Civil Litigation Stages and Standard of Proof	pleadings / discovery / balance of probabilities / court costs	Civil litigation proceeds through five successive stages: pleadings, discovery, trial, judgment, and enforcement. The trial applies the balance of probabilities standard of proof, and court costs awarded to a successful litigant cover only a portion, not the entirety, of actual legal expenses.
Mediation, Arbitration, and Judgment Enforcement Tools	mediation / arbitration / writ of execution / garnishing order	A party may initiate mandatory mediation under procedural rules to compel the opposing party to attend, or resolve disputes through binding arbitration. If a judgment debtor fails to pay, the judgment creditor can enforce payment through a writ of execution to seize and sell personal property, registering a charge against real property, or obtaining a garnishing order against wages or bank accounts.

Self-test cues (Cornell left column)

1. Which body of law prevails when common law and equity conflict, and why must a party not delay when seeking specific performance?
2. Where do the federal, provincial, and municipal governments derive their legislative authority over real estate and zoning, and do judges consult statute law or common law first?
3. Which dispute forums in the court system and the CRT correspond to the monetary limits of $5,000, $35,000, $50,000, and unlimited jurisdiction?
4. From which specific dates do the 2–year basic limitation period and the 15–year ultimate limitation period run, and what happens if a defendant acknowledges liability, and what should a licensee do on facing a potential claim?
5. Which additional protected ground under the Human Rights Code applies to residential tenant screening compared to real estate sales, and how does the course manual differ from current law regarding CRT remedies and protected grounds?

Summary: In a single sentence connecting 'sources of law (statute law prevails over common law; equity prevails over common law) –> dispute routing thresholds (CRT $5,000 or unlimited vs Small Claims $35,000 vs Supreme Court) –> limitation periods (2 years / 15 years) and human rights boundaries', summarize the decision–making framework a licensee must apply when facing client disputes or tenancy compliance issues.

Chapter 2 · The Real Estate Services Act

licensing-conduct P2 Hold steady Resa · 4 mock questions

Read with these questions: Are the specific operational rules for trust accounts and agency disclosures set out in the statute or the rules?; Who do licensees apply to for a licence, and who handles complaints today? Does the RECBC from older exam materials still exist?; What English exam is required before licensing? What are the time limits for rewriting a failed exam and applying for a licence after passing?; Which entity compensates clients if a licensee misappropriates trust funds causing a loss?; From which date is the 7-day REDMA rescission period calculated when purchasing a pre-sale property?

How it is tested

- Statutory source questions: Given a specific provision (such as licensing requirements, trust account operating rules, or pre-sale disclosure statements), testing whether it falls under RESA, the Real Estate Services Rules, or REDMA.
- Regulatory body questions: Testing the jurisdiction of the single regulator BCFSA, using the dissolved RECBC, the merged OSRE, or other protective bodies (E&O, Compensation Fund, Real Estate Foundation) as distractors.
- Licence category and level questions: Given a specific practice scenario, testing which of the three licence categories (Trading, Rental, Strata) applies, and the mandatory requirement that all three licence levels must be engaged by a brokerage.
- Licensing timeline and number questions: Intensively testing CELPIP Level 7, completing the course within 1 year, writing the exam within 2 years, the 90-day rewrite waiting period, retaking the course after two consecutive failures, applying for a licence within 1 year of passing, and the age 19 threshold.
- Penalty maximums and dual rescission rights comparison questions: Testing the difference between disciplinary penalties ($250,000 individual / $500,000 brokerage) and administrative penalties ($100,000), as well as distinguishing REDMA 7-day rescission rights from the residential buyer 3-business-day cooling-off period.

Traps (watch for the signal)

Outdated entity name trap: The question stem asks who is responsible for licensing, rulemaking, investigating complaints, or imposing discipline, and the options list BCFSA alongside RECBC and OSRE.

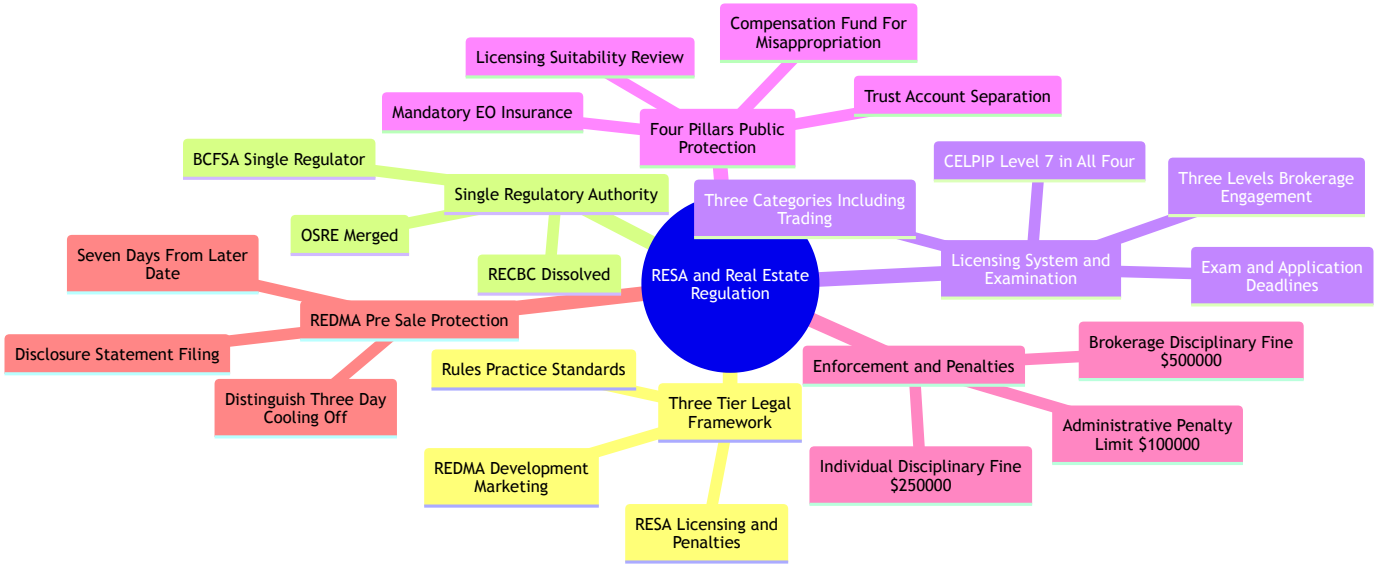
Mismatched public protection entities trap: The question stem mentions misappropriation of trust funds, professional negligence (errors and omissions), or public interest and research funding.

Exam and licensing timeline confusion trap: The question stem mentions how long after finishing course assignments one must write the exam, the waiting period to rewrite after failing, how many consecutive failures require repeating the course, or the deadline to apply for a licence after passing.

Disciplinary penalty and administrative penalty conflation trap: The question stem asks for the maximum disciplinary penalty or administrative penalty, and specifies whether the penalized party is an individual licensee or a brokerage.

REDMA and HBRP rescission rights confusion trap: The question stem mentions developer, disclosure statement, or pre-sale strata lot, but options include 3 business days or a 0.25% fee.

Mind map


RESA and Real Estate Regulation
Four Pillars Public Protection
Compensation Fund For Misappropriation
Licensing Suitability Review
Trust Account Separation
Mandatory EO Insurance
Single Regulatory Authority
BCFSA Single Regulator
OSRE Merged
RECBC Dissolved
Three Categories Including Trading
Licensing System and Examination
CELPIP Level 7 in All Four
Three Levels Brokerage Engagement
Exam and Application Deadlines
REDMA Pre Sale Protection
Seven Days From Later Date
Disclosure Statement Filing
Distinguish Three Day Cooling Off
Three Tier Legal Framework
Rules Practice Standards
REDMA Development Marketing
RESA Licensing and Penalties
Enforcement and Penalties
Brokerage Disciplinary Fine $500000
Administrative Penalty Limit $100000
Individual Disciplinary Fine $250000

Chapter 2Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Three-Tier Regulatory Framework (RESA / Real Estate Services Rules / REDMA)	RESA / Real Estate Services Rules / REDMA	RESA governs who must be licensed, how licences are issued, and penalties for contraventions; the Real Estate Services Rules (B.C. Reg. 209/2021) govern day-to-day practice standards including disclosures, trust accounts, advertising, and agency relationships; REDMA governs developers' disclosure obligations and buyer rescission rights when marketing development units.
Single Regulator BCFSA (BC Financial Services Authority)	BC Financial Services Authority (BCFSA)	Effective August 1, 2021, the former RECBC (dissolved) and OSRE (integrated) were merged into BCFSA; licensing, rulemaking, complaint investigations, and disciplinary actions are all administered by BCFSA as the single regulatory authority.
Three Licence Categories and Three Licence Levels (Trading Services / Representative / Associate Broker / Managing Broker)	Trading Services / Representative / Associate Broker / Managing Broker	Licences are divided into three categories: Trading Services, Rental Property Management Services, and Strata Management Services; each category contains three levels: representative, associate broker, and managing broker. All licensees must be licensed in relation to a licensed brokerage.
English Language Proficiency Requirement (ELPR / CELPIP-General)	English Language Proficiency Requirement (CELPIP-General)	Candidates must satisfy the English requirement before taking the licensing examination: CELPIP-General with a score of at least Level 7 in all four components (listening, speaking, reading, writing), or a bachelor's degree or higher from a recognized post-secondary institution where English was the primary language of instruction, or a real estate licence held in another Canadian jurisdiction with an English requirement (IELTS is not recognized).
Exam Format and Rewrite Rules	Licensing Examination & Supplemental Exam	The regular licensing examination consists of 100 multiple-choice questions in 3 hours with a 70% passing grade; supplemental exams consist of 60 questions in 2 hours. Candidates must write within 2 years of completing course assignments, must wait at least 90 days before rewriting after a failure, and must repeat the course after two consecutive failures.
Applied Practice Course and Licensing Deadlines	Applied Practice Course & Licence Application	Applicants must be at least 19 years of age, complete Parts 1 and 2 of the Applied Practice Course (Part 1 for commercial) within 1 year of passing the exam (writing a supplemental exam does not extend this period), submit a criminal record check, and apply to BCFSA through an engaging brokerage; licences are issued for a 2-year term.
Four Pillars of Public Protection (Trust Accounts / E&O Insurance / Compensation Fund)	Trust Accounts / E&O Insurance / Compensation Fund	The four key public protection mechanisms include: BCFSA licensing suitability screening, brokerage trust account fund segregation, mandatory Errors and Omissions (E&O) insurance coverage, and the Real Estate Compensation Fund to compensate for losses caused by a licensee's misappropriation of trust funds.
Maximum Disciplinary and Administrative Penalties	Disciplinary Penalty & Administrative Penalty	Current RESA maximum disciplinary penalties per contravention are up to $250,000 for an individual licensee and up to $500,000 for a brokerage (which may be assessed separately per contravention, alongside forfeiture of remuneration); administrative penalties carry a statutory maximum of $100,000 per contravention.
REDMA Disclosure Statement and 7-Day Rescission Right	Disclosure Statement & 7-Day Rescission Right	Developers marketing development units must file and provide a disclosure statement; buyers may rescind by written notice within 7 days from the later of the date the purchase agreement was entered into and the date the developer received the buyer's written acknowledgment of having had an opportunity to read the disclosure statement.
Distinction Between REDMA Rescission and HBRP Cooling-Off Period	Home Buyer Rescission Period (HBRP)	REDMA 7-day rescission rights apply to developer sales of development units, whereas the Home Buyer Rescission Period effective January 3, 2023 (3 business days, 0.25% rescission fee) applies to residential resale transactions; the two frameworks must not be confused.

Self-test cues (Cornell left column)

1. What are the core jurisdictions of RESA, the Real Estate Services Rules, and REDMA?

2. What happened to the former RECBC and OSRE following the regulatory consolidation on August 1, 2021?
3. What are the key numbers and deadlines from enrolling in the licensing course, satisfying the English requirement, writing the exam, to submitting the licence application?
4. How do the responsibilities of E&O insurance, the Compensation Fund, and the Real Estate Foundation differ?
5. How is the 7–day rescission period calculated under REDMA, and how does it differ from the 3–business–day Home Buyer Rescission Period (HBRP)?

Summary: In three sentences, summarize: the BC real estate regulatory framework of one principal statute, one set of rules, and one development marketing act; the licensing structure and public protection mechanisms under the single regulator BCFSA; and the key statutory numbers for penalty maximums and the REDMA 7–day rescission right.

Chapter 3 · What the Purchaser Buys: Estates and Interests in Land

law-foundation P2 Hold steady Estates Interests · 4 mock questions

Read with these questions: When a life tenant transfers their interest to another person, whose life measures the duration of the estate, and who pays mortgage principal, mortgage interest, and property taxes?; Under what legal conditions does a covenant or easement granted by a previous owner run with the land to bind a subsequent purchaser?; When a seller removes articles from the walls or floors upon moving out, what two-step test do courts use to determine whether an item is a fixture or a chattel?; When multiple purchasers buy property without specifying the form of co-ownership, which form is presumed, and can a joint tenant sell their share without informing the other co-owners?

How it is tested

- Concept distinction and classification questions: Given a specific legal arrangement (such as a life estate, estate pur autre vie, four categories of waste, easements versus licences, or profits a prendre), candidates must identify the precise legal terms and allocate rights and duties (who pays property taxes and mortgage interest versus who pays mortgage principal and insurance).
- Essential elements and running with the land: Setting a purchase and sale scenario to test the three requirements for an easement, the statutory right of way exception, the five requirements for a restrictive covenant (especially its negative nature), building schemes, and whether an unregistered lease of three years or less binds a new purchaser.
- Two-step test for fixtures and chattels: Presenting disputed items in a transaction (resting solely by own weight, slightly affixed to enjoy the article itself or steady equipment, or affixed to improve the land), testing the initial presumption and the objective intention of affixation (the better use test).
- Forms of co-ownership and severance consequences: Focusing on multiple purchasers, transfer documents silent on the form of co-ownership, one joint tenant secretly selling or attempting to devise their interest by will, or applying for a court-ordered sale, testing the four unities of joint tenancy, the right of survivorship, and the statutory presumption of tenancy in common.
- Course manual standard versus current legal developments: Testing the common law doctrine of estates (escheat and expropriation), the conclusive effect of Torrens indefeasibility, and the status of Aboriginal title under the exam syllabus, while distinguishing traditional course answers from current court decisions and family law rules in practical contexts.

Traps (watch for the signal)

Confusing mortgage principal and interest with operating expense allocations: The question stem features a dispute between a life tenant and a remainderman or reversioner over who pays property taxes, mortgage interest, mortgage principal, or insurance premiums.

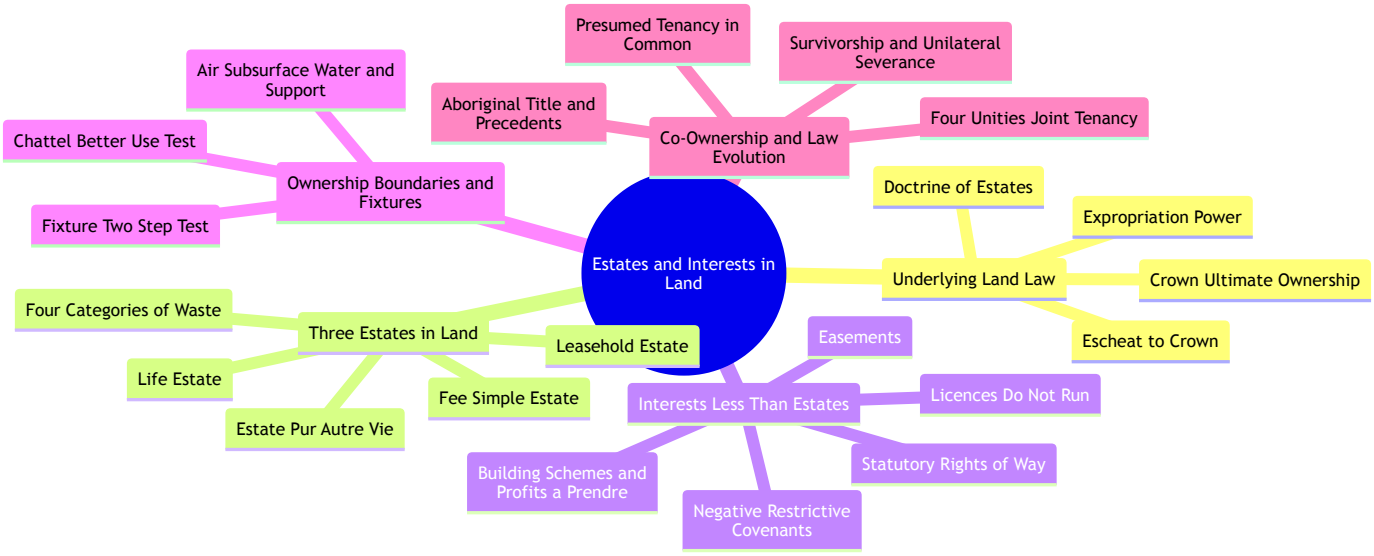
Mistaking a positive obligation for a restrictive covenant that runs with the land: The question stem mentions a covenant requiring an owner to expend money on maintenance, construct something, or perform an affirmative act (positive covenant), asking if a subsequent purchaser is bound.

Assuming an easement can never exist without a dominant tenement, or treating personal convenience as an easement: The question stem involves a municipality, the Crown, or a utility laying pipes or lines with no dominant tenement, or an oral permission allowing a neighbour to use land that accommodates only the person rather than benefiting the land itself.

Defaulting to joint tenancy when multiple buyers purchase, or assuming severance requires unanimous consent: The question stem states a transfer to two persons without specifying the co-ownership form, or describes a joint tenant executing a will or unilaterally selling or mortgaging their interest without notifying the others.

Classifying an item as a fixture solely because it is attached while ignoring the object of annexation: The question stem describes a picture hung on a nail, or equipment welded to the ground solely to steady the equipment itself rather than improve the land, where the contract of purchase and sale is silent.

Mind map


Estates and Interests in Land
Co-Ownership and Law Evolution
Presumed Tenancy in Common
Survivorship and Unilateral Severance
Four Unities Joint Tenancy
Aboriginal Title and Precedents
Ownership Boundaries and Fixtures
Air Subsurface Water and Support
Chattel Better Use Test
Fixture Two Step Test
Underlying Land Law
Doctrine of Estates
Expropriation Power
Crown Ultimate Ownership
Escheat to Crown
Three Estates in Land
Four Categories of Waste
Life Estate
Estate Pur Autre Vie
Fee Simple Estate
Leasehold Estate
Interests Less Than Estates
Easements
Licences Do Not Run
Statutory Rights of Way
Negative Restrictive Covenants
Building Schemes and Profits a Prendre

Chapter 3Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Doctrine of estates, escheat, and expropriation	doctrine of estates / escheat / expropriation	The Crown is the ultimate owner of all land, and private individuals hold estates of varying duration; when an owner dies intestate without legal heirs, the land escheats to the Crown, and the government may also expropriate land under statutory authority.
Life estate expense allocation and estate pur autre vie	life estate / estate pur autre vie / reversioner / remainderman	The life tenant pays current operating expenses (utilities, property taxes) and mortgage interest, while the reversioner or remainderman pays mortgage principal and insurance premiums; when a life tenant transfers their interest, the transferee holds an estate pur autre vie measured by the original life tenant's lifetime.
Four categories of waste and life tenant liability	voluntary / permissive / ameliorating / equitable waste	Voluntary waste (demolishing improvements) creates liability for damages; permissive waste (allowing deterioration through passive neglect) generally carries no liability; ameliorating waste improves the property value; equitable waste (malicious destruction) cannot be excused even where the instrument grants exemption from waste.
Binding effect of unregistered leases of three years or less	leasehold estate / Land Title Act s.23(2)(d)	The indefeasibility of a certificate of title does not override an unregistered lease for a term not exceeding three years where the tenant is in actual occupation, and a subsequent purchaser remains bound by it under section 23(2)(d) of the Land Title Act.
Three essential requirements for an easement and statutory right of way exception	easement / dominant and servient tenement / statutory right of way	A common law easement requires both a dominant and servient tenement, must accommodate the dominant tenement itself, and must be capable of forming the subject matter of a grant; however, a statutory right of way created under section 218 of the Land Title Act requires no dominant tenement.
Five requirements for a restrictive covenant and building schemes	restrictive covenant / positive covenant / building scheme	A restrictive covenant that runs with the land must be negative in nature (refraining from an act), whereas positive covenants do not run with the land; a statutory building scheme registered under section 220 of the Land Title Act uniformly binds all current and future owners and tenants within a subdivision.
Distinction between profit a prendre and licence	profit à prendre / licence	A profit a prendre (the right to enter land and sever and take products of the soil) can exist in gross without a dominant tenement and must be expressly granted; a licence is merely a personal contractual right that cannot be registered on title and never runs with the land.
Natural right of support and boundaries of air, water, and subsurface rights	support / air space subdivision / water licence	The natural right of support between adjoining parcels protects the land in its natural state only and does not extend to buildings (protecting structures requires an easement for support); an owner owns air space only to the extent of ordinary use and enjoyment, while water rights and subsurface minerals are generally reserved to the Crown.
Two-step test for fixtures and chattels	fixture / chattel	Articles resting solely by their own weight with no other affixation are presumed to be chattels (unless circumstances show they were intended to form part of the land), while even slightly affixed articles are presumed to be fixtures; the better use test then examines whether the affixation was intended for the better use of the article itself (chattel) or for the permanent improvement of the land (fixture).
Joint tenancy, statutory tenancy in common presumption, and partition or sale	joint tenancy / tenancy in common / four unities / right of survivorship / severance	Joint tenancy requires the four unities and carries the right of survivorship (cannot be defeated by will, but can be severed unilaterally without notice to create a tenancy in common); an instrument silent on co-ownership is presumed under section 11 of the Property Law Act to create a tenancy in common in equal shares; co-owners holding 1/2 or more of the interest may request a court order for sale under section 6 of the Partition of Property Act.

Self-test cues (Cornell left column)

1. Why does the common law prohibit private outright ownership of land, and what does this mean for escheat and expropriation?
2. How are expenses allocated between a life tenant and a reversioner or remainderman, and how are the four categories of waste distinguished?

3. How do easements, statutory rights of way, restrictive covenants, profits a prendre, and licences differ regarding a dominant tenement and running with the land?
4. How do the courts apply the two-step test and the better use test to distinguish fixtures from chattels?
5. How do joint tenancy and tenancy in common differ in creation requirements, statutory presumptions, testamentary disposition, and unilateral severance?

Summary: In one sentence, summarize the core distinction between an estate in land and an interest less than an estate, explaining how title registration and contract terms determine the bundle of rights a purchaser ultimately receives.

Chapter 4 · The Subdivision of Land and Title Registration in BC

law–foundation P1 Must score Subdivision Title Registration · 4 mock questions

Read with these questions: Does an eight–year lease for a retail unit inside a building require prior subdivision approval from the approving officer?; When buying a detached home in a bare land strata development, is damaged roadway out front repaired by the municipality or funded by the owners?; If an imposter forges a signature to transfer title and grants a mortgage, can an innocent bank rely on indefeasibility to protect its mortgage?; When purchasing a newly constructed strata lot from a developer, what percentage of the gross purchase price must the buyer retain against builders liens?; Can an unregistered manufactured home be listed and sold under a contract of purchase and sale before retroactively completing registration after closing?

How it is tested

- Scenario classification questions: Presenting cases where an owner divides a parcel, leases part of an entire building, or leases a portion of land, testing whether you can distinguish what constitutes a statutory subdivision under section 73 of the Land Title Act, as well as the boundary between permitted zoning density and subdivision approval.
- Four–type subdivision comparison questions: Combining conventional subdivision, building strata, bare land strata, and air space parcels in a single question, focusing on who maintains internal roads, whether air space parcels imply easements, and who owns the space beyond upper and lower boundaries.
- Torrens four pillars and exceptions questions: Presenting forged deeds, voluntary transfers by gift, unregistered leases, or chains of transactions with registered forged mortgages, testing the ten exceptions to indefeasibility, the threshold of bona fide valuable consideration, the lack of indefeasibility for charges, and the definition of fraud following the abolition of the doctrine of notice.
- Encumbrance time limits and holdback calculation questions: Framing questions around lapse periods and holdback percentages for duplicate indefeasible titles, caveats, certificates of pending litigation (CPL), judgments, and builders liens, specifically testing the exact correspondence of 2 months, 21 days, 45 days, 55 days, 1 year, 2 years, as well as 10% and 7%.
- Cross–registry systems and syllabus comparison questions: Comparing manufactured homes, the Site Registry, pathways to establish Aboriginal title, and the Land Owner Transparency Act (LOTA), testing differences between the exam syllabus (course manual) and current rules, as well as functional boundaries across distinct registries.

Traps (watch for the signal)

Confusing the Three–Year and Ten–Year Lease Thresholds: When the question stem mentions a lease, actual occupation, part of a parcel, part of a building, or a transparency declaration, first verify whether the three–year Land Title Act line or the ten–year LOTA line applies.

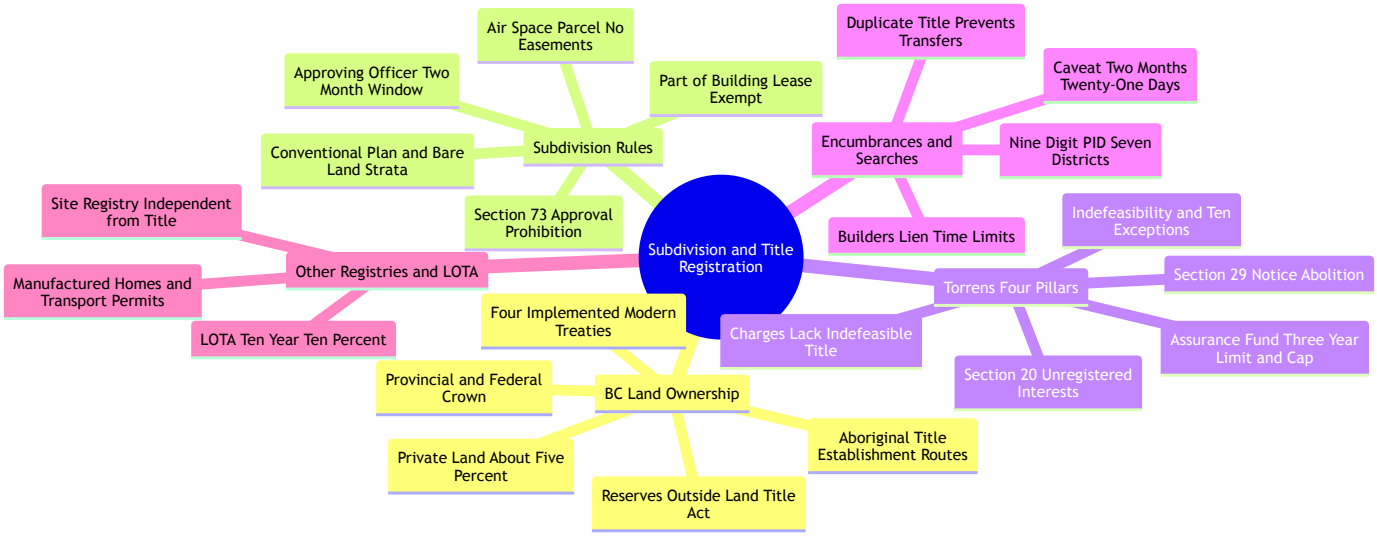
Treating Charges as Indefeasible Titles: The question stem features a forged transfer immediately followed by a registered mortgage or charge, asking whether an innocent lender can uphold the mortgage or claim against the assurance fund.

Treating Bare Land Strata Roads as Municipal Roads: The question stem mentions a bare land strata plan, internal roads, common property, or the statutory bare land strata notation beside the approving officer signature.

Confusing the 10% Builders Lien and 7% Strata Buyer Holdbacks: The question stem presents purchasing a strata lot from a developer versus an owner retaining a holdback under a construction contract.

Misalignment Between the 2020 Exam Syllabus and Current Rules: The question stem asks, according to the course manual, about online registry access portals (BC OnLine) or pathways for establishing Aboriginal title (two routes versus three routes).

Mind map


Subdivision and Title Registration
Subdivision Rules
Air Space Parcel No Easements
Approving Officer Two Month Window
Part of Building Lease Exempt
Conventional Plan and Bare Land Strata
Section 73 Approval Prohibition
Encumbrances and Searches
Duplicate Title Prevents Transfers
Caveat Two Months Twenty-One Days
Nine Digit PID Seven Districts
Builders Lien Time Limits
Other Registries and LOTA
Site Registry Independent from Title
Manufactured Homes and Transport Permits
LOTA Ten Year Ten Percent
Torrens Four Pillars
Indefeasibility and Ten Exceptions
Section 29 Notice Abolition
Assurance Fund Three Year Limit and Cap
Section 20 Unregistered Interests
Charges Lack Indefeasible Title
BC Land Ownership
Four Implemented Modern Treaties
Provincial and Federal Crown
Private Land About Five Percent
Reserves Outside Land Title Act
Aboriginal Title Establishment Routes

Chapter 4Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Statutory Subdivision Prohibition and Building Exception	subdivision / section 73 of the Land Title Act	Under section 73 of the Land Title Act, no person may subdivide land to transfer or lease it for a term exceeding three years (including a lease for life) without Part 7 approval; however, a subdivision does not include a division of land to lease a building or part of a building.
Three Statutory Timelines for Subdivision Approval and Deposit	approving officer timelines	The approving officer must approve or refuse a subdivision plan within 2 months of submission; an applicant may appeal a refusal or failure to approve to the Supreme Court within 1 month (which the court may extend by up to 1 additional month); upon approval, the plan must be tendered for deposit at the land title office within 2 months.
Road Ownership and Maintenance Differences in Bare Land Strata	bare land strata plan vs. conventional subdivision	Roads in a conventional subdivision are dedicated to the public and maintained by public authorities, whereas internal roads in a bare land strata plan are common property whose maintenance costs are shared by all owners, and the plan must be explicitly designated as a bare land strata plan beside the approving officer signature.
Boundaries and Easement Rules for Air Space Parcels	air space parcel	Air space constitutes land and can be granted as a separate parcel with an indefeasible title, but a grant of an air space parcel does not transfer any implied easements, and air space above the upper boundary or below the lower boundary remains with the grantor unless expressly granted.
Indefeasibility and Bona Fide Valuable Consideration	indefeasible title / valuable consideration	An indefeasible title is subject to ten statutory exceptions under section 23(2); a perpetrator participating in fraud receives no statutory protection, but an innocent transferee who pays fair market valuable consideration acquires protected fee simple title upon registration.
Lack of Indefeasibility for Registered Charges	registration of a charge (section 26)	Under section 26, registration of a charge creates only a rebuttable presumption rather than guaranteed validity; a mortgage registered after a forged transfer is cancelled when the true owner recovers title, and the innocent mortgagee cannot claim against the assurance fund.
Legal Effects of Duplicate Titles and Caveats	duplicate indefeasible title / caveat	When a duplicate indefeasible title is issued and outstanding, the land title office will not register a transfer, mortgage, or long-term lease; a caveat lapses 2 months after registration, or 21 days after formal notice is served by the owner if served at least 21 days before the two-month expiry.
Builders Lien Statutory Windows and Holdback Percentages	builders lien / holdback	A claim of lien must be filed within 45 days, and an action with a CPL must be commenced within 1 year of filing (or within 21 days after receiving a notice to commence action); the construction contract holdback is 10% retained for 55 days, while a buyer purchasing a strata lot from a developer must retain 7% of the gross purchase price.
Mandatory LOTA Filings and Core Thresholds	Land Owner Transparency Act (LOTA)	Any transferee applying to register an interest in land (including a lease exceeding 10 years) must submit a transparency declaration or the registrar will refuse registration, and reporting bodies (including relevant corporations with corporate interest holders holding at least 10% of shares or voting rights, relevant trusts, and relevant partnerships) must also file a transparency report.
Manufactured Home Registration and Moving Rules	Manufactured Home Act / transport permit	Manufactured homes are recorded in a separate registry outside the Land Title Act without indefeasible title or an assurance fund; an unregistered home cannot be sold, offered, or moved; a transport permit expires in 30 days; a caution expires in 3 months; and contraventions carry a maximum fine of $2,000.

Self-test cues (Cornell left column)

1. What does the three-year threshold govern under sections 73, 20(3), and 23(2)(d) of the Land Title Act, and how does it differ from the ten-year threshold under LOTA?
2. Why can an innocent registered buyer retain title following a forged transfer in BC, while an innocent registered mortgagee cannot even recover from the assurance fund?
3. Given that bare land strata developments look identical to conventional subdivisions, how can they be distinguished on a deposited plan, and who bears internal road maintenance obligations?

4. How do an outstanding duplicate title, a caveat, a certificate of pending litigation (CPL), a judgment, and a builders lien affect transaction closings and statutory time limits?
5. What are the key discrepancies between the exam syllabus (course manual) and current rules regarding Aboriginal title pathways, LOTA filings, and search portals for manufactured homes and contaminated sites?

Summary: Summarize in three sentences: the statutory hurdles required to divide a parcel before it enters the Torrens register, why estates in fee simple and registered charges receive different levels of legal protection, and which independent registries must be examined beyond the Land Title Office.

Chapter 5 · The Professional Liability of Real Estate Licensees

licensing-conduct P1 Must score Professional Liability · 4 mock questions

Read with these questions: Can including 'Information believed to be correct but not guaranteed' on a listing exempt a licensee from negligence liability for misstating floor area?; What are the differences between negligent misrepresentation and deceit regarding the required state of mind and expert status?; When a client sues a licensee for breach of fiduciary duty, who bears the burden of proof and how is commission handled?; Which tort between trespass and private nuisance is actionable without proof of actual damage, and which common defences are invalid?; Are careless calculation errors versus the misappropriation of client deposits covered by insurance or the compensation fund?

How it is tested

- Scenario characterization questions: Presenting cases where a licensee misstates floor area, fails to verify title, or provides undisclosed referral fees or rebates, testing whether the conduct triggers negligence, negligent misrepresentation, deceit, or breach of fiduciary duty, with the core focus on identifying state of mind, relationship prerequisites, and the allocation of the burden of proof.
- Tort elements and defence screening questions: Focusing on trespass and private nuisance, testing whether an action is actionable per se without proof of damage, on whose land the conduct occurs, differences in defences between physical damage and interference with enjoyment, and which common excuses (such as coming to the nuisance or exercising reasonable care) the courts have explicitly rejected.
- Liability allocation and boundary questions: In scenarios involving open house visitor slip-and-fall injuries or misconduct committed by representatives, testing the identification of multiple occupiers under the Occupiers Liability Act, as well as the determination of the ordinary course of employment versus the independent contractor contractual label in brokerage vicarious liability.
- Fund allocation and avenue triage questions: Presenting scenarios where a client suffers financial loss or a licensee is sanctioned, testing whether liability falls on Errors and Omissions (E&O) insurance, the Real Estate Compensation Fund, or the licensee personally; the key distinction is between carelessness (negligence) and dishonesty (misappropriation or wrongful conversion of trust funds), along with the rule that insurance never covers regulatory fines.
- Exam standard versus current statutory comparison questions: Asking about disciplinary authorities, the codification of fiduciary duties (Rules s.30), and renumbered rules; when the exam tests common law principles or former terminology under the 2020 course manual, candidates must select the exam-standard

Traps (watch for the signal)

General Disclaimer Shield Trap: The question stem mentions a general disclaimer, phrases such as 'believed to be correct but not guaranteed', or a licensee publishing data knowing it is inaccurate and relying on an exculpatory clause.

Fiduciary Duty Burden and Consequence Confusion Trap: The question asks where the burden of proof lies, whether matters must be disclosed even if they did not yield profit or affect sale price, or how commission is handled upon a breach of fiduciary duty.

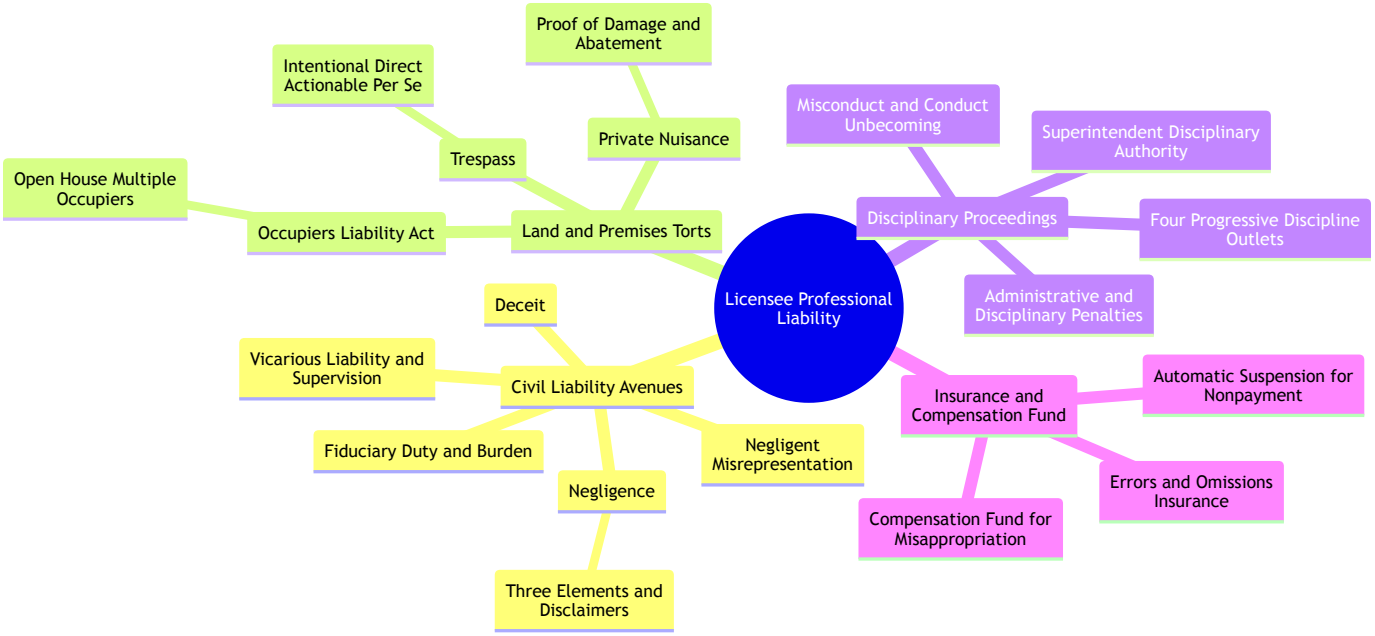
Independent Contractor Vicarious Liability Exemption Trap: The question stem emphasizes an independent contractor agreement, or contrasts an accident while running personal errands after hours (such as going to a movie) with wrongful conduct committed in the course of real estate duties.

Trespass and Nuisance Element Inversion Trap: The question stem contrasts direct entry or placing objects across a boundary with escaping noise or fumes, asks if an action succeeds without actual damage, or has the defendant argue that the plaintiff came to the nuisance.

Insurance and Compensation Fund Commingling Trap: The question stem asks which fund covers negligent misstatements versus misappropriated deposits, who pays disciplinary fines and enforcement expenses, or what licence status results the day after failing to pay an E&O assessment.

answer while understanding the actual framework under the current Real Estate Services Act (RESA) and Rules.

Mind map



Chapter 5Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Three Parallel Avenues of Liability: Civil, Disciplinary, and Compensation Fund	parallel avenues of liability	The same misconduct can simultaneously trigger civil litigation, disciplinary proceedings, and a claim against the Real Estate Compensation Fund; the three avenues are parallel and mutually non-exclusive, and disciplinary action aims to uphold industry reputation and public confidence rather than requiring actual financial injury to any person.
Three Elements of Negligence and Validity of Disclaimers	negligence / duty of care / standard of care / remoteness	An action in negligence requires proof of a duty of care, a breach of the standard of care, and damage of a kind that is not too remote; a general disclaimer does not relieve a licensee of liability, and even a specific disclaimer is completely ineffective if the licensee publishes information knowing it to be inaccurate.
Distinction Between Negligent Misrepresentation and Deceit	negligent misrepresentation vs. deceit	Negligent misrepresentation requires the representor to be an expert possessing special skill, a special relationship with a party who reasonably relies on the advice, and a careless state of mind, whereas deceit is grounded in moral fraud (knowing the statement is false or recklessly unconcerned with its truth) and does not require the representor to hold expert status.
Four Fiduciary Principles and Reverse Burden of Proof	fiduciary duty / utmost good faith / burden of proof	A licensee owes the client duties of confidentiality, full disclosure, and securing a price no lower than the best available from third parties, with the burden of proof placed entirely on the licensee to prove full compliance; the primary remedy for a breach is forfeiture of commission.
Vicarious Liability and Representative Employment Status	vicarious liability / ordinary course of employment	A brokerage is vicariously liable for wrongful acts committed by its licensees within the ordinary course of employment; even where an independent contractor agreement is signed, the courts treat representatives as employees for the purposes of vicarious liability.
Statutory Limitation Periods for Civil Actions and Compensation Fund Claims	limitation period / basic and ultimate limitation	Under the Limitation Act, the basic limitation period for civil actions is 2 years from the date the claim is discovered, with an ultimate limitation period of 15 years from the date the act or omission occurred; claims against the Real Estate Compensation Fund must be filed within 2 years of the earliest triggering event, while disciplinary proceedings have no general statutory limitation period.
Disciplinary Decision-Maker and Statutory Penalty Limits	Superintendent / professional misconduct / administrative and discipline penalties	Under the 2020 exam standard, the disciplinary body is identified as the Real Estate Council; under current 2026 law, all disciplinary orders are made by the Superintendent appointed by BCFSA: administrative penalties range across Categories A—F (up to $100,000), while statutory discipline penalties reach up to $250,000 for an individual licensee and $500,000 for a brokerage per contravention.
Occupiers Liability and Open House Risk Management	Occupiers Liability Act (OLA) / occupier	A hosting licensee who exercises control over premises conditions, activities, and permitted entrants during an open house can be deemed an occupier alongside the owner under the Occupiers Liability Act, owing a common duty to take reasonable care to see that visitors and their property are reasonably safe, without displacing higher standards under statutes like the Residential Tenancy Act.
Core Comparison Between Trespass and Private Nuisance	trespass vs. private nuisance / actionable per se / abatement	Trespass is an intentional, direct physical interference with land in another's possession and is actionable per se without proof of damage; private nuisance originates on one's own land and substantially interferes with the use, enjoyment, or physical integrity of neighbouring land, requiring proof of damage, and reasonableness of conduct is never a defence where physical damage occurs.
Errors and Omissions Insurance Versus the Real Estate Compensation Fund	errors and omissions (E&O) insurance vs. special compensation fund	Errors and Omissions (E&O) insurance covers negligent errors or omissions (unpaid assessments or deductibles result in automatic licence suspension the next day, and it never covers regulatory penalties or enforcement expenses); the Real Estate Compensation Fund reimburses trust funds that are misappropriated, wrongfully converted, intentionally not paid over, or

fraudulently obtained (capped at $200,000 per claimant and $1,000,000 in aggregate per liable brokerage).

Self-test cues (Cornell left column)

1. Why can BCFSA initiate disciplinary proceedings against a licensee even after a civil court dismisses all damage claims against them?
2. Under the Hedley Byrne principle for negligent misrepresentation, what three distinct courses of action are available to an expert when asked for advice?
3. Why is breach of fiduciary duty the only area in the course where the burden of proof is reversed, and what is the primary financial remedy awarded against the licensee?
4. How do trespass and private nuisance differ in where the conduct occurs, whether actual damage must be proven, and the available remedies?
5. What distinct categories of risk are covered by Errors and Omissions insurance versus the Real Estate Compensation Fund, and who pays disciplinary fines and enforcement expenses?

Summary: In three sentences, summarize: how a single error can simultaneously trigger civil, disciplinary, and compensation fund avenues; the core legal tests for the three primary common law causes of action (negligence, negligent misrepresentation, and breach of fiduciary duty); and the boundary separating Errors and Omissions insurance from the Real Estate Compensation Fund.

Chapter 6 · Commercial and Residential Tenancies

tenancy–strata P1 Must score Tenancies · 4 mock questions

Read with these questions: If an agreement is titled a licence but grants exclusive possession, is it classified as a lease or a licence?; What type of tenancy is created when a buyer is permitted early possession before the completion date?; Under course manual exam rules, what is the required notice period and dispute deadline for landlord's use?; How does a residential landlord lawfully enter a rental unit without an emergency or tenant consent?; Why does a commercial landlord risk forfeiting rent claims by immediately re–letting after a tenant abandons the premises?

How it is tested

- Classification and distinction questions: presenting facts of premises occupancy (such as agreements titled licence but actually granting exclusive possession, tenants sharing kitchen or bathroom facilities with the owner, or buyers occupying early before completion), testing your ability to identify whether an arrangement constitutes a lease or a licence, a tenancy at will or a periodic tenancy, and whether it falls under the protection of the Residential Tenancy Act (RTA).
- Commercial vs. residential dual–track comparison questions: intentionally applying commercial tenancy common law default rules (such as caveat lessee, distress by seizing and selling goods, absence of a duty to mitigate, or free subletting unless expressly prohibited) to residential scenarios, or vice versa by applying residential statutory protections to commercial scenarios, testing your ability to distinguish property character before selecting legal remedies.
- Precise numbers and statutory deadlines questions: testing residential rent increase intervals (12 months) and advance notice periods (3 months), security deposit and pet damage deposit limits (half a month's rent each) and return or claim deadlines (15 days), written notice windows for landlord entry (at least 24 hours and not more than 30 days ahead, between 8:00 a.m. and 9:00 p.m.), and notice and dispute periods for various notices to end tenancy.
- Exam manual vs. current law divergence questions: testing major legislative reform areas such as landlord's use notice periods, renoviction procedures, and additional rent increase grounds, where exam questions follow the course manual (such as 2 months' notice and 15 days to dispute for landlord's use, and 4 months' notice for renovations), testing whether you can accurately provide the course manual answer while distinguishing current 2026 rules for practice.
- Default remedies and tenanted property sales questions: testing commercial landlords' remedies under Highway Properties to terminate the lease while claiming damages for lost future rent upon tenant abandonment, and licensee standards of practice when selling tenanted

Traps (watch for the signal)

Confusing commercial and residential tenancy rules: In the first sentence of the stem, immediately identify whether the premises are used as a commercial shop, office, or warehouse versus a residential living accommodation, and verify whether the term exceeds 20 years.

Conflating course manual exam rules with current statutory amendments: When encountering questions on landlord's use, renovictions, additional rent increases, or enforcing an Order of Possession, answer according to the course manual standard while keeping current statutory differences clear in mind.

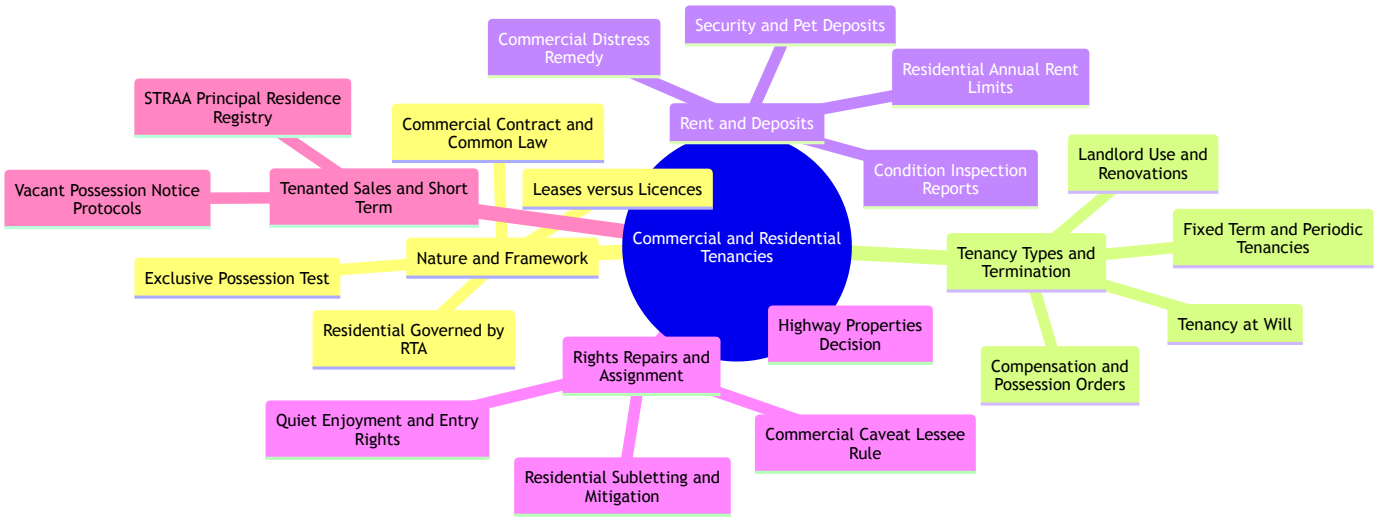
Prioritizing document title over substantive exclusive possession: The question emphasizes a licence label in the document title while describing that the occupant holds keys to lock out even the owner without permission, which tests whether exclusive possession substantively creates a lease.

Conflating prohibitions on assignment with prohibitions on subletting: The stem quotes specific restrictive wording from a commercial lease, and the tenant adopts an unmentioned method (such as subletting when only assignment is prohibited, or subletting part of the premises when only the whole is specified).

Commercial re–letting constituting an unintended surrender: The stem describes a commercial tenant abandoning during a fixed term, asking how the landlord can re–enter premises while preserving the right to claim damages for future rent losses over the unexpired term.

residential properties, including verifying tenancy agreements, processing buyer's use notices, transferring deposits, and handling the one-month rent compensation.

Mind map



Chapter 6Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Fundamental Distinction Between Lease and Licence	exclusive possession (lease vs. licence)	A lease creates an interest in land that runs with the land, whereas a licence is merely a contractual privilege; regardless of how an agreement is titled, where exclusive possession is granted to the occupant, courts will generally ascertain the intention of the parties and classify it as a lease.
Living Arrangements Exempt from the Residential Tenancy Act	exemptions from the Residential Tenancy Act	Eleven categories of living arrangements are exempt from the RTA (the course manual specifically highlights four), including tenants sharing bathroom or kitchen facilities with the owner of the accommodation, vacation or travel accommodation, educational institution housing, and leases exceeding 20 years.
Fixed Term, Periodic Tenancy, and Tenancy at Will	fixed term, periodic tenancy, and tenancy at will	A commercial fixed-term lease expires automatically at the end of the term without notice; a periodic tenancy requires reasonable notice to terminate; a buyer permitted early possession before completion creates a tenancy at will terminable at any time, but accepting periodic rent raises a presumption of a periodic tenancy.
Notice to End Tenancy for Landlord's Use and Renovations	notice to end tenancy for landlord's use / renovations	Under the course manual exam rules, ending a tenancy for landlord's use requires 2 months' notice with 15 days to dispute, and renovations require 4 months' notice; under current 2026 law, landlord's use requires a 3-month web portal-generated notice with 21 days to dispute, and major renovations require applying to the RTB for an order taking effect not earlier than 4 months.
Compensation for Ending Tenancy and 12-Month Penalty	compensation for ending tenancy	A landlord ending a tenancy for landlord's use or redevelopment must pay the tenant compensation equal to 1 month's rent; if the landlord fails to use the rental unit for the stated purpose within a reasonable time or fails to occupy it for at least 12 months (under current law), the landlord must pay additional compensation equal to 12 months' rent.
Commercial Distress Remedy and Residential Rent Increase Rules	distress and residential rent increases	Commercial landlords may seize and sell tenant goods for overdue rent (distress), whereas distress is strictly prohibited in residential tenancies; residential rent increases require at least 12 months since the tenancy began or the last increase, using the approved form with at least 3 months' written notice.
Security Deposit, Pet Damage Deposit, and Condition Inspection	security deposit, pet damage deposit, and condition inspection	Security deposits and pet damage deposits are each capped at half a month's rent, and the landlord must return them or apply for dispute resolution within 15 days after the later of the tenancy ending and receiving the tenant's written forwarding address; landlords who fail to offer inspections extinguish their claim right, and tenants who fail to participate extinguish their return right.
Quiet Enjoyment and Landlord's Right of Entry	quiet enjoyment and landlord's right of entry	Absent tenant consent or an emergency, a residential landlord must give written notice at least 24 hours and not more than 30 days before entry, stating a reasonable purpose and an entry time between 8:00 a.m. and 9:00 p.m., with routine inspections permitted once a month.
Caveat Lessee, Assignment, Subletting, and Mitigation	caveat lessee, assignment/subletting, and mitigation	Commercial tenancies default to caveat lessee, allow free assignment and subletting unless expressly prohibited, and impose no general landlord duty to mitigate, though Highway Properties permits terminating the lease and claiming damages for lost future rent with clear notice; residential tenancies mandate landlord repairs, require written consent for subletting (which cannot be unreasonably withheld if 6 or more months remain on a fixed term), and impose mutual statutory duties to mitigate.
STRAA Principal Residence Requirement and Provincial Registry	Short-Term Rental Accommodations Act (STRAA) principal residence requirement	In non-exempt areas, short-term rentals are restricted to the host's principal residence plus at most one secondary suite or accessory dwelling unit on the same property, require provincial registration, and non-compliant operators are prohibited from deducting rental expenses under section 67.7 of the federal Income Tax Act.

Self-test cues (Cornell left column)

1. How do courts determine whether an agreement titled a 'licence' is substantively classified as a lease in law?
2. What opposite rules apply between commercial and residential tenancies regarding repair obligations, distress for rent, subletting consent, and the duty to mitigate?
3. What are the notice periods, dispute deadlines, and procedures for landlord's use and renovictions under the course manual exam rules versus current 2026 legislation?
4. What are the caps, collection timing, 15–day return or claim deadlines for residential security and pet deposits, and the consequences of failing to complete condition inspection reports?
5. When selling a tenanted residential property, what are the two lawful paths for buyer's vacant possession, and why must issuing notice never be made a subject condition of the contract of purchase and sale?

Summary: Summarize this chapter in three sentences: how exclusive possession distinguishes a lease from a licence and delineates commercial from residential frameworks; the four common law default rules governing commercial tenancies under contract and case law; and the key numerical divergences in residential end–of–tenancy notices and rent increases between course manual exam rules and current 2026 legislation.

Chapter 7 · Strata Properties and Cooperatives

tenancy-strata P1 Must score Strata Cooperatives · 4 mock questions

Read with these questions: What are the differences in threshold and duration between short-term exclusive use and limited common property (LCP) for parking stalls?; What is the difference in voting denominators between an 80% vote for winding up and a 3/4 vote for bylaw amendments?; How is the 25% threshold rule for the contingency reserve fund (CRF) calculated under the course manual exam rules?; What are the cycles and waiver rules for depreciation reports under the course manual rules versus current law?; When a seller has unpaid bylaw fines, can the strata corporation register a lien or withhold Form F?

How it is tested

- Voting threshold questions: testing majority, 3/4 vote, 80% vote, and unanimous vote requirements and denominator differences for specific resolutions such as budget approval, bylaw amendments, designating limited common property (LCP), contingency reserve fund (CRF) expenditures, and winding up.
- Unit entitlement and special levy calculation questions: calculating an owner's share given total unit entitlement, the lot's entitlement, and the total special levy, or allocating installment liability between seller and buyer based on the completion date.
- Exam manual vs. current law comparison questions: asking for the exam answer while noting current rules regarding mandatory annual CRF contributions (traditional 25% threshold vs. current minimum 10% annually), depreciation reports (former 3-year waivable cycle vs. current 5-year non-waivable cycle), and rental restriction bylaws.
- Closing documents and debt recovery questions: distinguishing between disclosures in the Information Certificate (Form B) and the closing gatekeeper role of the Certificate of Payment (Form F), frequently testing that unpaid bylaw fines cannot be secured by a lien but permit withholding Form F.
- Property ownership types and cooperative comparison questions: testing the transfer consequences of the four legal forms of parking stalls, and key legal distinctions of housing cooperatives including shares plus a long-term lease, board approval of buyers, and exemption from the Residential Tenancy Act.

Traps (watch for the signal)

Confusing denominators of 80% vote and 3/4 vote: The question stem provides both the total number of eligible voters and the number of voters attending the meeting, or involves winding up the strata corporation and cancelling the strata plan.

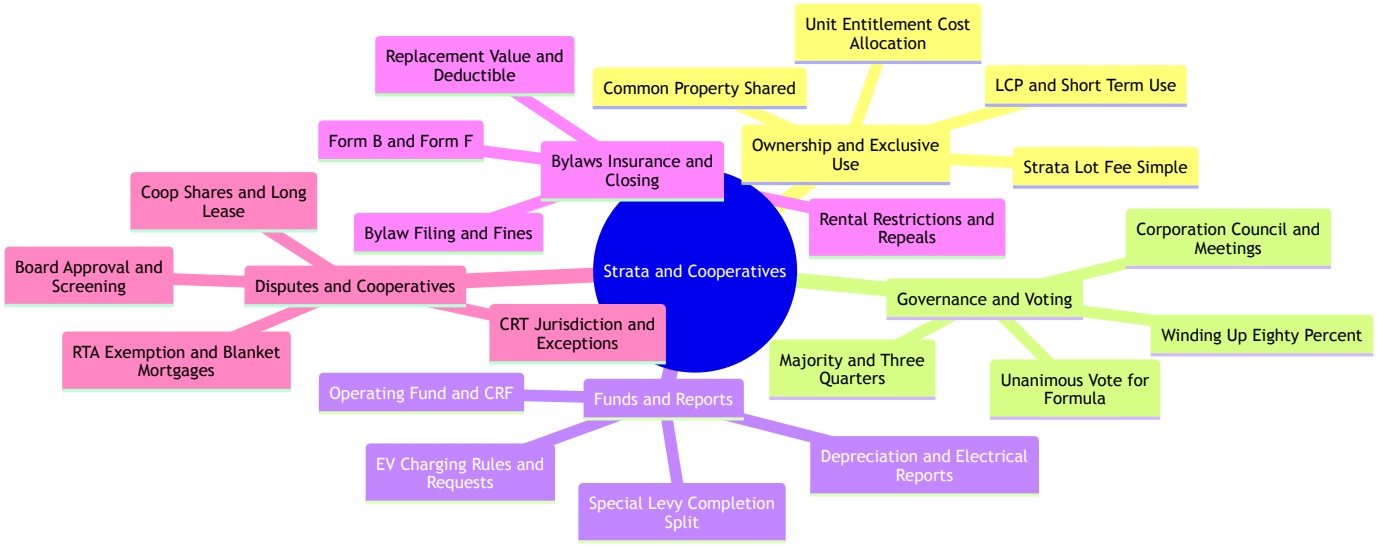
Conflating exam manual rules with 2023–2024 amendments: The stem mentions course manual, traditional 25% threshold, 3-year depreciation report cycle, or specifies answering under the current Strata Property Act.

Filing a Certificate of Lien for fines: The stem asks whether the strata corporation can register a lien against an owner who refuses to pay bylaw fines, or how to intercept that owner during title transfer.

Confusing the four legal forms of parking stalls: The stem features a parking stall or storage locker, asking if it can be sold separately to an outsider, its maximum permission term (1 year or 5 years for EV), or whether it transfers with title.

Applying Strata or RTA rules to a housing cooperative: The stem mentions cooperative association, shares, long-term lease, board approval of buyer, or a member's right of appeal upon termination of membership for non-payment.

Mind map


Strata and Cooperatives
Bylaws Insurance and Closing
Replacement Value and Deductible
Form B and Form F
Bylaw Filing and Fines
Ownership and Exclusive Use
Unit Entitlement Cost Allocation
Common Property Shared
LCP and Short Term Use
Strata Lot Fee Simple
Rental Restrictions and Repeals
Governance and Voting
Corporation Council and Meetings
Winding Up Eighty Percent
Unanimous Vote for Formula
Majority and Three Quarters
Disputes and Cooperatives
Coop Shares and Long Lease
Board Approval and Screening
RTA Exemption and Blanket Mortgages
CRT Jurisdiction and Exceptions
Funds and Reports
Operating Fund and CRF
EV Charging Rules and Requests
Special Levy Completion Split
Depreciation and Electrical Reports

Chapter 7Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Property Dichotomy and Unit Entitlement Formula	strata lot, common property & unit entitlement	Individual strata lots are typically held by owners in fee simple, while common property is owned by all owners as tenants in common and exclusively managed by the strata corporation; each owner shares common expenses and strata judgment debts based on their lot's unit entitlement divided by the total unit entitlement of all lots (unless a different formula is passed by unanimous vote and registered).
Three Exclusive Use Mechanisms for Common Property	limited common property (LCP) & short-term exclusive use	Designating limited common property (LCP) by amending the strata plan requires a unanimous vote; designating LCP without amending the plan requires a 3/4 vote, must be filed in the Land Title Office, and runs with the land; short-term exclusive use may be granted for up to 1 year (up to 5 years for EV charging stalls) and can be cancelled on reasonable notice.
Four Voting Thresholds and Notice Periods	majority, 3/4 vote, 80% vote & unanimous vote	Annual budgets and depreciation report recommended repairs require a majority vote; bylaw amendments and proportional special levies require a 3/4 vote of votes cast; winding up requires an 80% vote of all eligible voters plus court approval (at least 4 weeks' notice for winding up, 2 weeks for general meetings, often stated as 20 days under exam rules).
Operating Fund and Contingency Reserve Fund (CRF)	operating fund & contingency reserve fund (CRF)	Under the exam manual rule, mandatory contributions apply only when the CRF is below 25% of the operating fund (the lesser of 10% of the operating fund or the amount to reach 25%); 2026 current rules require contributing at least 10% of annual operating fund contributions every year with no upper limit for exemption; unauthorized council expenditure is capped at the lesser of 5% of the operating fund and $2,000 (when bylaws are silent).
Special Levy Closing Allocation and Debt Liens	special levy & Certificate of Lien	Special levies approved before completion are apportioned by installment due dates (due before completion belongs to the seller; due on or after belongs to the buyer); surplus refunds under $100 per lot may be deposited directly into the CRF; unpaid strata fees or special levies allow registering a priority Certificate of Lien, but fines and remediation costs can only be pursued by withholding Form F or suing.
Depreciation Reports and Electrical Planning Reports	depreciation report & electrical planning report	Strata corporations with fewer than 5 strata lots are exempt from both reports; under the exam manual rule, depreciation reports were required every 3 years and could be waived by a 3/4 vote, whereas current law requires one every 5 years with no waiver permitted; current law additionally requires stratas with 5 or more lots to obtain an electrical planning report.
Lowered EV Charging Thresholds and Owner Request Rights	EV charging & 3-month response	Thresholds for significant changes to common property and CRF spending related to EV charging are lowered to a majority vote (special levies still require a 3/4 vote); upon an owner's written request to install EV charging equipment, the corporation must decide within 3 months and cannot unreasonably refuse, though insufficient electrical capacity is a valid ground for refusal.
Bylaw and Rule Validity, Fine Caps, and Age/Rental Limits	bylaws, rules, fines & age/rental restrictions	Bylaws must be filed in the Land Title Office to take effect; rules only govern common property and must be ratified by majority vote at the first AGM; current fine caps are $200 per occurrence (every 7 days) for bylaws, $50 (every 7 days) for rules, and $1,000 (daily) for short-term rental bylaws; long-term rental restrictions and former $500 fines are abolished, and age restrictions are limited to 55+ with exemptions for spouses and caregivers.
Mandatory Strata Insurance and Deductible Chargeback	full replacement value, liability insurance & deductible	The strata corporation must maintain property insurance on buildings and original fixtures (excluding appliances removable without damage) for full replacement value against major perils (excluding earthquake and overland flood), plus at least $2,000,000 in liability insurance; paying a deductible from the CRF or by special levy requires no owner approval, and the deductible can be recovered from an owner responsible for the loss without proving negligence.
Form B, Form F, and Housing Cooperative Distinctions	Form B, Form F & cooperative association	Form B (max $35 plus 25 cents per page, issued within 1 week, formerly 8 days under exam rules) discloses finances, unvoted 3/4 vote resolutions, and insurance summary; Form F ($15, valid for 60 days) is mandatory to register title transfer; cooperative buyers

acquire association shares plus a long-term lease, transfers usually require board approval, and the Residential Tenancy Act does not apply.

Self-test cues (Cornell left column)

1. What are the legal differences in ownership, transfer, and duration among a strata lot, common property, limited common property (LCP), and short-term exclusive use?
2. Which matters require a majority, 3/4 vote, 80% vote, and unanimous vote, and why is the denominator for an 80% vote the most common trap?
3. How do CRF contributions, depreciation report cycles, and rental restrictions differ between the course manual exam rules and current 2026 legislation?
4. How are special levy installments allocated across the completion date, and how does debt recovery differ between unpaid strata fees and unpaid bylaw fines regarding liens and Form F?
5. What are the key legal differences between a housing cooperative and a fee simple strata regarding acquired interest, transfer approval, mortgage financing, and RTA exemption?

Summary: Summarize in three sentences: how strata owners share common expenses and collective liabilities based on unit entitlement, the essential due diligence functions of Form B and Form F during closing, and the three most critical numerical divergences between course manual exam rules and current legislation.

Chapter 8 · Introduction to Financial Statements

valuation P2 Hold steady Financial Statements · 4 mock questions

Read with these questions: What percentage of shares in a corporation holding real estate must be acquired to require a real estate licence?; Can a limited partner who steps into daily operations or a licensee operating through a PREC shield personal liability?; When are commission revenue and multi-period insurance premiums recognized, and which accounting principles govern each?; Why is depreciation added back on the statement of cash flows, and is accounting depreciation identical to tax CCA?; When a client wants to purchase a business involving real estate, what three minimum financial documents must the licensee advise the buyer to obtain?

How it is tested

- Scenario judgment: Given different transaction structures for selling a business (asset sale package vs. purchasing partial shares vs. purchasing 100% of the shares), testing which one constitutes a real estate trade requiring a real estate licence.
- Business organization analysis: Given an investment or practice scenario (such as a limited partner participating in daily management, a licensee establishing a Personal Real Estate Corporation (PREC), or a general partner facing unknown partnership debt), testing who bears unlimited liability, who enjoys limited liability protection, and how profits are taxed.
- Accounting principles matching: Describing a specific business transaction (such as recognizing commission at subject removal vs. completion, amortizing annual insurance premiums monthly, immediately expensing low-value supplies, or recording real property at purchase price rather than appraised value), testing which Generally Accepted Accounting Principle (GAAP) applies.
- Statement linkage and depreciation analysis: Testing how the balance sheet, income statement, and statement of cash flows interconnect, specifically that land cannot be depreciated, depreciation is a non-cash expense added back on the statement of cash flows, mortgage principal repayments do not appear on the income statement, and accounting depreciation differs from tax Capital Cost Allowance (CCA).
- Practical due diligence and regulatory compliance: Testing the three minimum financial documents to obtain when assisting a client purchasing a business involving real estate (including an income statement for the last 12 months dated within 120 days of the contract), as well as the accounting ownership of brokerage trust accounts and the annual 120-day financial filing requirements.

Traps (watch for the signal)

Assuming all share transactions are exempt from licensing: The question stem mentions a corporation holding real estate and contrasts acquiring 100% of the shares against acquiring partial shares.

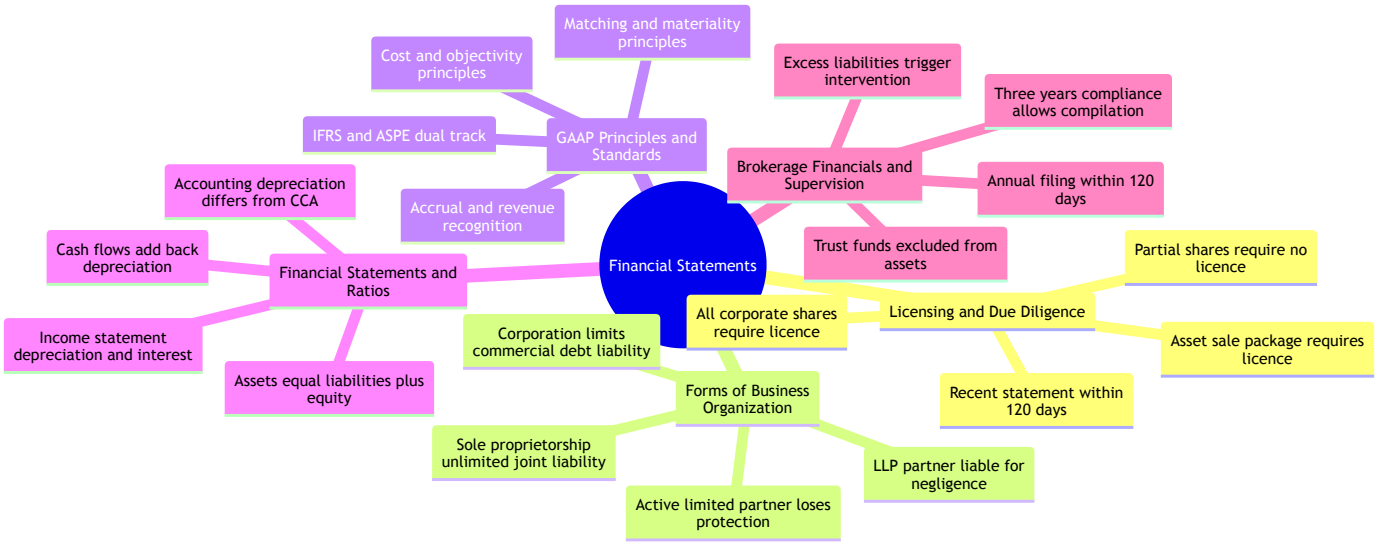
Believing a corporation or limited partnership shields all personal liability: The question stem describes a limited partner engaging in active management, or a licensee assuming that a PREC shields personal liability for negligence in providing real estate services.

Treating cash receipt or payment dates as revenue or expense recognition dates: The question asks when commission is recognized, how prepaid annual insurance is recorded, whether uncollected rent receivable counts as revenue, or where mortgage principal repayments appear.

Treating depreciation as a cash outflow or direct tax deduction: The question stem gives both land and building values to calculate depreciation, asks why net profit differs from net cash change, or confuses accounting depreciation with Capital Cost Allowance (CCA).

Equating net book value to market value or treating trust funds as brokerage assets: The question stem estimates current property market value using historical cost less accumulated depreciation, or asks whether unearned client trust deposits should appear as brokerage balance sheet assets.

Mind map


Financial Statements
GAAP Principles and Standards
Matching and materiality principles
Cost and objectivity principles
IFRS and ASPE dual track
Accrual and revenue recognition
Brokerage Financials and Supervision
Excess liabilities trigger intervention
Three years compliance allows compilation
Annual filing within 120 days
Trust funds excluded from assets
Financial Statements and Ratios
Accounting depreciation differs from CCA
Cash flows add back depreciation
Income statement depreciation and interest
Assets equal liabilities plus equity
Licensing and Due Diligence
Partial shares require no licence
Asset sale package requires licence
Recent statement within 120 days
All corporate shares require licence
Forms of Business Organization
Corporation limits commercial debt liability
Sole proprietorship unlimited joint liability
Active limited partner loses protection
LLP partner liable for negligence

Chapter 8Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Licensing requirements for business sales	business sale licensing requirement	Selling a business that holds no real estate or selling only partial corporate shares does not require a real estate licence; however, an asset sale package that includes real property components or purchasing 100% of the shares in a corporation holding real estate requires a real estate licence.
Liability boundaries of general and limited partnerships	general partnership / limited partnership (LP) / LLP	General partners bear joint and several unlimited liability for all partnership debts; a limited partner (LP) has liability capped at their capital contribution but loses protection upon participating in daily management; a partner in an LLP remains personally liable for their own professional negligence.
Liability boundaries of a Personal Real Estate Corporation	Personal Real Estate Corporation (PREC)	A PREC enjoys limited liability at the corporate level for commercial business debts, but the licensee remains personally liable without limit for negligence arising from providing real estate services (covered by E&O insurance rather than shielded by the corporate structure).
Canadian dual-track GAAP framework	GAAP / IFRS / ASPE	Since 2011, Canadian Generally Accepted Accounting Principles (GAAP) have operated on a dual track: mandatory International Financial Reporting Standards (IFRS) for publicly accountable enterprises and Accounting Standards for Private Enterprises (ASPE) available to private enterprises.
Cost principle and objectivity principle	cost principle / objectivity principle	Assets must be recorded at actual historical acquisition cost rather than fair market value under the cost principle, and accounting information must be based on objective data verifiable by third parties such as the actual purchase price under the objectivity principle.
Accrual basis, matching principle, and materiality	accrual basis / matching principle / materiality	Revenue is recognized when earned rather than when cash is received under the accrual basis, related expenses are recognized in the same period or allocated across benefiting periods under the matching principle, and low-value multi-period items may be expensed immediately under materiality.
Linkages across financial statements and depreciation treatment	balance sheet / income statement / statement of cash flows	Assets equal liabilities plus owner's equity; land cannot be depreciated while buildings can, and depreciation is a non-cash expense deducted on the income statement that must be added back on the indirect cash flow statement, while mortgage principal repayments are financing cash outflows.
Depreciation versus Capital Cost Allowance	depreciation vs. Capital Cost Allowance (CCA)	Accounting depreciation is an accounting method (such as straight-line) to allocate historical cost over economic life, whereas Capital Cost Allowance (CCA) is the declining-balance tax depreciation method prescribed at fixed class rates by the Canada Revenue Agency for income tax purposes.
Brokerage trust accounts and annual reporting obligations	trust account / accountant's report	Client funds held in a brokerage trust account are not corporate assets of the brokerage (except earned commissions not yet transferred out); a brokerage must file its financial statements, accountant's report, and brokerage activity report within 120 days after the end of its fiscal year.
Minimum financial documentation guidelines for business acquisitions	financial statements for business purchase	When assisting a buyer purchasing a business, the licensee should advise the buyer to obtain at least an income statement for the last 12 months dated within 120 days of the contract, a balance sheet, and a list of excluded fixtures, goods, and rights.

Self-test cues (Cornell left column)

1. Under what circumstances does selling a business require a real estate licence, and when does it constitute an exempt securities transaction?
2. What are the critical distinctions regarding debt liability and taxation among sole proprietorships, general partnerships, LPs, LLPs, corporations, and PRECs?
3. What specific problems do the cost principle, accrual basis, matching principle, materiality, objectivity, and consistency principles address?
4. Why does net profit on an income statement differ from net cash increase on a cash flow statement, and how does accounting depreciation differ from tax CCA?

5. What three financial documents are required in business purchase due diligence, and what statutory rules govern trust accounts and 120-day annual filings?

Summary: In three sentences, summarize how transaction structures and business forms establish liability boundaries, how the three financial statements interconnect through accrual accounting and depreciation, and how licensees apply these statements in business purchases and brokerage compliance.

Chapter 9 · Professional Ethics

licensing-conduct P1 Must score Professional Ethics · 4 mock questions

Read with these questions: Can a real estate board discipline committee cancel a licensee's real estate licence, and how does the course manual answer differ from current law?; When a conflict of interest exists, can the written disclosure be embedded inside a service agreement or contract of purchase and sale?; When assisting a spouse to purchase or selling personal property, when must the disclosure of interest form be delivered and what must it contain?; If two of your buyer clients want to make offers on the exact same property, can you continue representing both simply by disclosing the conflict?; If a seller instructs you to conceal an unpermitted basement renovation, does the duty to obey instructions or the duty to disclose defects take priority?

How it is tested

- Institutional authority analysis: Given the discipline committee of a real estate board versus the provincial regulator, testing who can suspend or expel from membership and who can suspend or cancel a licence (answering under the exam benchmark that a real estate board cannot suspend or cancel a licence, while noting that current regulators have merged into BCFSA).
- Conflict of interest and undisclosed buyer scenarios: Describing situations where a licensee or associate participates in a trade, or where a buyer requests that their identity be concealed from the seller (such as in an adjacent lot assembly), testing whether you give full written disclosure and disclose material information to your client.
- Dual agency versus designated agency boundaries: Describing two designated agents from the same brokerage representing the seller and buyer separately, or a single licensee representing two competing buyers for the same property, testing your ability to distinguish lawful designated agency from prohibited dual agency.
- Conflict between client instructions and statutory duties: Describing a seller client who explicitly instructs the licensee to conceal a material latent defect such as a municipal notice to correct or unpermitted renovation, testing whether you recognize the limit of following lawful instructions and decisively refuse to continue providing trading services.
- Advertising, human rights, and industry conduct assessment: Combining protected grounds under the Human Rights Code, home office restrictions, advertising without owner consent, or soliciting clients under existing representation agreements, testing whether specific practice actions constitute contraventions.

Traps (watch for the signal)

Confusing self-regulatory authority with statutory authority: The question stem mentions the discipline committee of a real estate board, suspending or cancelling a licence, or comparing the REALTOR® Code with RESA/Rules.

Blindly following unlawful client instructions: The question stem mentions the seller instructing the licensee not to disclose, an unpermitted renovation, a municipal notice to correct, or a latent defect.

Misidentifying designated agency as dual agency: The question stem mentions two designated agents at the same brokerage or one licensee representing two competing buyers for the same property.

Illusion of exemption for associates or embedded disclosure: The question stem mentions buying for a spouse or associate, disclosing in a clause inside the contract of purchase and sale, or a separate written disclosure.

Mismatched protected human rights grounds and sections: The question stem mentions protected grounds of discrimination, Human Rights Code s. 8 versus s. 9, family status, or age.

Mind map


Professional Ethics System
Enforcement and Three Paths
Discipline fines and cancellation
Administrative penalties to 100k
Boards cannot cancel licences
Two Ethical Tracks
Law prevails when conflicting
Self-regulatory REALTOR Code
Statutory RESA and Rules
Latent Defects and Human Rights
Refuse service if concealed
Section 59 defect disclosure
Human Rights Code protection
Core Rules Duties
Separate written disclosure required
Honesty and reasonable care
Three non-waivable duties
Section 30 ten duties
Conflicts and Dual Agency
Section 53 approved form
Remote area sole exception
Dual agency prohibited
Multiple client conflict options

Chapter 9Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Two ethical tracks and priority of law	REALTOR® Code vs. RESA and Real Estate Services Rules	The statutory track (RESA and Real Estate Services Rules) is enforced by BCFSA and applies to every licensee, whereas the self-regulatory track (REALTOR® Code) governs only CREA members; Code duties may exceed legal standards, but where they conflict, the law prevails.
Exclusive authority for licence suspension and cancellation	licence suspension or cancellation	A real estate board discipline committee can only issue reprimands, membership fines, suspensions, or expulsions from membership and cannot cancel a licence; under the exam benchmark only the Real Estate Council or the Superintendent can cancel a licence, while under current BC law only the superintendent of BCFSA holds that authority.
Ten duties to clients under Rules s. 30 and three non-waivable duties	duties to clients (Rules s. 30—32)	When a licensee or associate directly or indirectly acquires or disposes of real estate, the licensee must promptly disclose, on a superintendent-approved form before any agreement is entered into, the licensee's status, expected remuneration, and whether the property is for personal use or resale (including agreed resale terms).
Disclosure of interest in trade	disclosure of interest in trade (Rules s. 53)	When a licensee or associate directly or indirectly acquires or disposes of real estate, the licensee must promptly disclose on a superintendent-approved form before any agreement is entered into: licensee status, relationship to the associate, expected remuneration, and whether the property is for personal use or resale (including agreed resale terms).
Dual agency prohibition and resolving multiple-client conflicts	dual agency prohibition and addressing conflicts (Rules s. 63—65)	Except for the sole exemption in remote and underserved communities reported to the superintendent, dual agency is prohibited in BC (including representing two competing buyers for the same property); when a multiple-client conflict arises, the licensee must either represent neither party or, with all clients signing an approved agreement, continue representing only one.
Material latent defects and mandatory cessation of services	material latent defect (Rules s. 59)	A seller's licensee must disclose known material latent defects to all other parties before any agreement is entered into (unless the seller has already disclosed them in writing); if the client instructs the licensee not to disclose, the licensee must refuse to continue providing trading services to the client in that trade.
Duty not to discriminate under the Code and Human Rights Code	duty not to discriminate (Human Rights Code s. 8 & s. 9)	Article 16 of the Code under the exam benchmark omits gender identity (added in the current Code); BC Human Rights Code s. 8 (public services) protects Indigenous identity, gender identity or expression, age, and family status, whereas s. 9 (purchase of real property) omits age and family status.
Advertising compliance and mandatory reporting of misconduct	advertising rules and duty to report misconduct (Rules s. 29(5), s. 37, s. 40—42)	Advertisements must prominently display the brokerage's licensed name, obtain owner consent, and never display a home office address; a representative or associate broker who becomes aware of potential professional misconduct or conduct unbecoming must promptly notify the managing broker, and knowingly failing to report may itself constitute conduct unbecoming.
Three enforcement paths and maximum penalty amounts	administrative penalties and discipline orders (RESA s. 43, s. 56)	Administrative penalties fall into six tiers (A through F) under Rules s. 26 (with sections like s. 30, 53, and 65 classified under Category C at $5,000 for a first contravention and $10,000 for subsequent contraventions, up to a statutory maximum of $100,000, while s. 33, 59, and 63 are not designated for tickets); discipline order fines reach up to $500,000 for brokerages and $250,000 for individuals per contravention plus remuneration disgorgement, appealable to the Financial Services Tribunal.
New Code articles and REALTOR® Cooperation Policy	REALTOR® Code Articles 29 & 30 and Cooperation Policy	The exam benchmark Code has 28 articles, whereas the current Code has expanded to 30 articles (Article 29 requires licensees acting as principals to comply with the Code, and Article 30 requires public marketing of residential properties to be placed on the MLS® within board-adopted timeframes of up to three days, while unpromoted exclusive listings remain permitted).

Self-test cues (Cornell left column)

1. Why does BC real estate ethics consist of two distinct tracks—statutory and self-regulatory—and which takes precedence when the REALTOR® Code conflicts with the law?

2. What are the key discrepancies between the course exam benchmark and current BC rules regarding regulatory bodies, maximum fines, Code article counts, and dual agency?
3. What are the ten client duties under Rules s. 30, and which three fundamental duties can never be modified or excluded by agreement or under designated agency?
4. What mandatory actions do the Rules require when a seller client instructs you to conceal a material latent defect such as a municipal notice, or when two buyer clients compete for the exact same property?
5. What are the specific enforcement tools and maximum monetary penalties across the three disciplinary tracks: administrative penalties, statutory discipline orders, and real estate board self–regulation?

Summary: In three sentences, summarize the jurisdictional boundaries between the statutory track (RESA/Rules) and self–regulatory track (REALTOR® Code), the mandatory procedural responses to conflicts of interest and material latent defects, and how to navigate key differences between the course manual benchmark and current BC regulations.

Chapter 10 · The Law of Contract

law-foundation P2 Hold steady Contract Law · 4 mock questions

Read with these questions: If an offer states an expiry date, can the offeror revoke it early, and when does a revocation sent by mail become effective?; If the seller made an untrue pre-contractual statement discovered only after completion, can the buyer rescind the contract or claim damages?; What three conditions must be satisfied concurrently for a buyer to unilaterally waive a condition precedent clause?; How can contractual rights be assigned to a third party as a statutory assignment that does not require joining the original assignor in court?

How it is tested

- Contract status classification questions: Presenting a transaction with a legal defect (such as lack of writing, an infant party, fraudulent inducement, or destruction of the subject matter), testing whether the contract is void, voidable, illegal, or unenforceable.
- Timeline and effective moment questions: Ordering events involving offers, counter-offers, revocations, and the postal acceptance rule to test the exact point in time when a contract is formed or extinguished.
- Misrepresentation and defect classification questions: Given statements by a seller or licensee, or physical property conditions and external events, classifying them as innocent misrepresentation, fraudulent misrepresentation, latent defects, or patent defects, and testing the applicable remedies.
- Discharge and breach remedy matching questions: Distinguishing conditions from warranties, applying the rules for unilateral waiver of a condition precedent, and determining the boundaries between damages and specific performance.
- Statutory requirements check questions: Testing specific statutory elements and exceptions under Sections 59, 54, and 36 of the Law and Equity Act, Section 19(1) of the Infants Act, and Section 60.2 of the Adult Guardianship Act.

Traps (watch for the signal)

Confusing unenforceable with void: The question stem mentions an oral agreement, not in writing, Law and Equity Act s. 59, or a party under 19 years of age (infant).

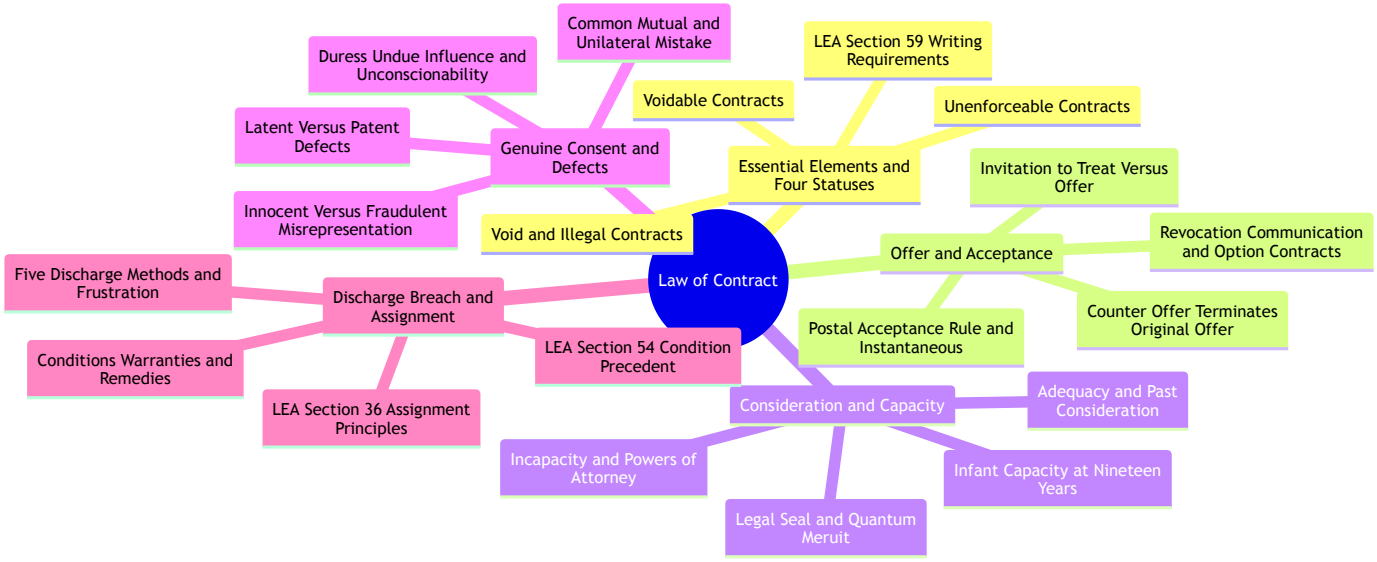
Applying the postal acceptance rule to revocations: The question stem mentions both a mailed revocation and a mailed acceptance, or states an offer expiration date without an option agreement.

Attempting to accept the original offer after making a counter-offer: The question stem shows the offeree modifying any term, being rejected, and then stating that they accept the original terms.

Confusing post-completion remedies for innocent and fraudulent misrepresentation: The question stem emphasizes that the speaker honestly believed the statement, that the misrepresentation was discovered after completion, or refers to an exclusion clause.

Assuming any condition precedent can be unilaterally waived or any contractual obligation can be assigned: The question stem shows one party unilaterally attempting to waive a condition benefiting both parties, or a debtor purporting to assign performance obligations to a third party.

Mind map


Law of Contract
Genuine Consent and Defects
Common Mutual and Unilateral Mistake
Duress Undue Influence and Unconscionability
Latent Versus Patent Defects
Innocent Versus Fraudulent Misrepresentation
Essential Elements and Four Statuses
LEA Section 59 Writing Requirements
Voidable Contracts
Unenforceable Contracts
Void and Illegal Contracts
Offer and Acceptance
Invitation to Treat Versus Offer
Revocation Communication and Option Contracts
Counter Offer Terminates Original Offer
Postal Acceptance Rule and Instantaneous
Discharge Breach and Assignment
Five Discharge Methods and Frustration
Conditions Warranties and Remedies
LEA Section 36 Assignment Principles
LEA Section 54 Condition Precedent
Consideration and Capacity
Adequacy and Past Consideration
Incapacity and Powers of Attorney
Infant Capacity at Nineteen Years
Legal Seal and Quantum Meruit

Chapter 10Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Distinction among the four contract defect statuses	void / illegal / voidable / unenforceable	A void contract never existed in law and money paid must be returned; an illegal contract allows the court to refuse assistance to a knowing party seeking to recover money; a voidable contract remains valid and enforceable until rescinded; an unenforceable contract contains all essential elements but cannot be enforced through court action due to a procedural defect.
Writing requirement for land contracts and three enforcement pathways	Law and Equity Act s.59	The exam rule emphasizes that contracts respecting land must be in writing to be enforceable; current Section 59(3) of the Law and Equity Act sets out three concurrent pathways to enforceability: a signed writing, an act of confirmation such as paying or accepting a deposit, and reasonable detrimental reliance.
Revocation of offers and option agreements	revocation / option agreement	An offer can be revoked at any time before acceptance even if a deadline is stated, but revocation is effective only when actually communicated to the offeree; an offer is bindingly held open only where separate consideration is paid to form an option agreement.
Postal acceptance rule and counter-offers	postal acceptance rule / counter-offer	Acceptance via instantaneous communication takes effect only when received, whereas acceptance by mail takes effect the moment it is posted; a counter-offer terminates the original offer upon being communicated, but a mere inquiry does not terminate the original offer.
Rules of consideration, seals, and quantum meruit	consideration / seal / quantum meruit	Courts do not assess the adequacy of consideration ($1 suffices), but past consideration is no consideration; a contract lacking consideration remains binding if executed under a personal legal seal (not a corporate seal); where no price is agreed upon, a reasonable amount is payable under quantum meruit.
Capacity of infants and mentally incapacitated adults	Infants Act s.19(1) / Adult Guardianship Act s.60.2	In BC, a contract entered into by an infant under age 19 is unenforceable against the infant (subject to four statutory exceptions: authorized by statute, ratified after turning 19, performed within one year after turning 19, or not repudiated within one year of turning 19), though enforceable by the infant; a property disposition by an incapacitated adult is voidable under Section 60.2 of the Adult Guardianship Act unless full consideration was paid or secured, or a reasonable person would not have known of the incapacity.
Innocent versus fraudulent misrepresentation and defect disclosure	innocent vs. fraudulent misrepresentation / latent vs. patent defect	Innocent misrepresentation allows rescission only before completion and never damages; fraudulent misrepresentation permits rescission and damages at any time and cannot be excluded by an exclusion clause; sellers and licensees must disclose known material latent defects, while patent defects remain subject to caveat emptor.
Three types of mistake and three categories of impaired consent	common, mutual, unilateral mistake / duress / undue influence / unconscionable transaction	Common mistake and mutual mistake render a contract void; duress, undue influence, and unconscionable transactions render a contract voidable at the option of the innocent party.
Three requirements to waive a condition precedent and severity of breach	Law and Equity Act s.54 / condition vs. warranty	Under Section 54 of the Law and Equity Act, unilateral waiver of a condition precedent requires that it was inserted solely for the benefit of the waiving party, the contract can be performed without it, and waiver occurs before the deadline; breach of a condition (including time of the essence) allows termination and damages, while breach of a warranty supports damages only.
Four breach remedies and three statutory assignment requirements	damages / specific performance / Law and Equity Act s.36	The standard common law remedy is damages (subject to mitigation and foreseeability), whereas specific performance and injunctions are discretionary equitable remedies; under Section 36 of the Law and Equity Act, a statutory assignment must be in writing, absolute and unconditional, and notified in writing to the original debtor, and can assign only rights, never liabilities.

Self-test cues (Cornell left column)

1. What are the fundamental differences among void, illegal, voidable, and unenforceable contracts regarding the right to sue and the recovery of money paid?

2. Why does an acceptance by mail take effect upon posting, whereas a revocation of an offer takes effect only upon actual receipt?
3. What are the specific statutory exceptions governing contracts signed by infants under 19 and property transfers made by mentally incapacitated adults?
4. When a pre-contractual misrepresentation is discovered after completion, how do the available remedies differ between innocent and fraudulent misrepresentation?
5. What three conditions must be satisfied concurrently to unilaterally waive a condition precedent under Section 54 of the Law and Equity Act, and to effect a statutory assignment under Section 36?

Summary: In three sentences, summarize the complete lifecycle of a contract: from formation through all seven essential elements, classification into four defect statuses when flaws exist, to discharge through five methods or the triggering of four remedies upon breach.

Chapter 11 · Contracts for Real Estate Transactions

agency–contracts P1 Must score Real Estate Contracts · 4 mock questions

Read with these questions: Is an oral land purchase contract void or unenforceable, and what circumstances trigger an exception?; Can a licensee continue acting for a seller who forbids disclosure of a material latent defect?; Can a brokerage directly return a deposit if the buyer stops payment on the cheque or the transaction collapses?; Can a seller revoke an offer and sell to someone else if the contract is subject to the buyer's corporate president approving it?; What must buyer and seller licensees do when a buyer omits the Standard Assignment Terms?

How it is tested

- Scenario characterization questions: Presenting an oral agreement, an agreement unsigned by one party, or leases of varying lengths, testing whether the contract under section 59 of the Law and Equity Act is 'not enforceable' rather than 'void', and whether paying a deposit or reasonable reliance can trigger statutory exceptions.
- Licensee compliance action questions: Presenting scenarios where a buyer stops payment on a deposit cheque, a seller demands concealment of a material latent defect, or a buyer instructs the omission of Standard Assignment Terms, testing the single mandatory compliant step the licensee must take under the Real Estate Services Act and Rules.
- Term classification and remedy matching questions: Presenting contract subject clauses, essential terms (conditions), or minor terms (warranties), testing whether a binding contract has formed, whether a seller can revoke the offer, and whether an innocent party upon breach may terminate the contract or is limited to claiming damages.
- Time limit and calculation questions: Combining the 3 business days (excluding Saturdays, Sundays, and statutory holidays) and 0.25% rescission fee under the Home Buyer Rescission Period, with the developer's 7% strata builders lien holdback or the general 10% renovation holdback, testing start dates, deadlines, and trust account disbursements.
- Course manual versus current law comparison questions: Testing traditional course manual rules against current BC and federal law regarding Competition Act section 90.1 civil remedies, trust account deposit release paths, and Homeowner Protection Act statutory warranties, while distinguishing newly enacted administrative monetary penalties, the statutory rescission release channel, and the 2–5–10 year warranty structure.

Traps (watch for the signal)

Confusing void with unenforceable: The question stem features an oral land sale, an agreement unsigned by one party, or a lease for three years or less, with options simultaneously presenting void, illegal, and unenforceable.

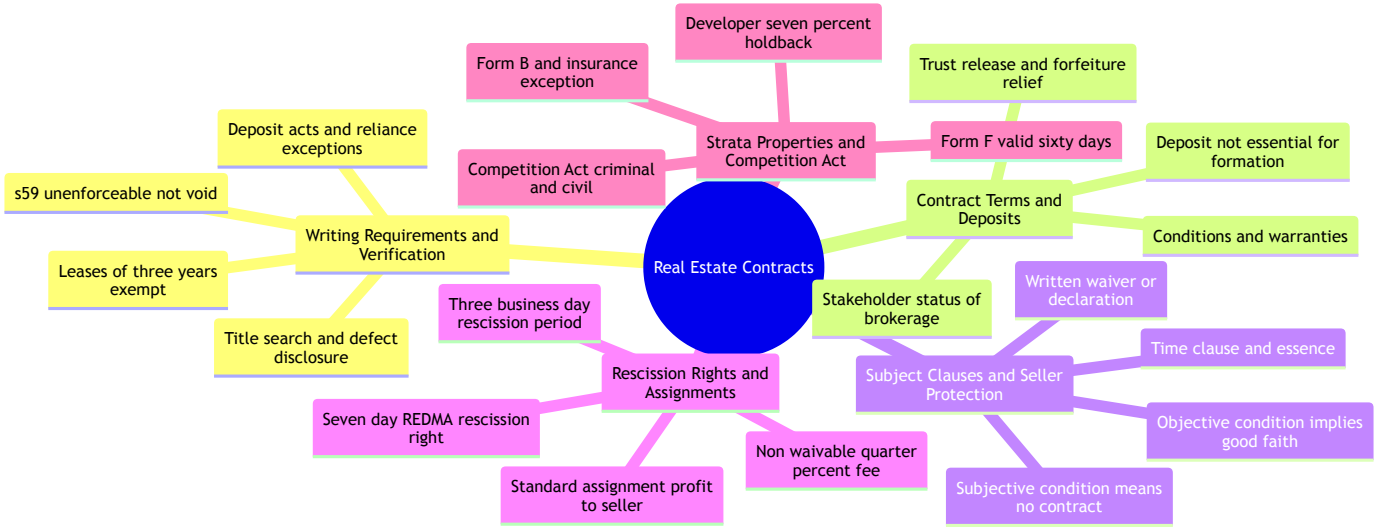
Brokerage releasing deposit without authority as stakeholder: The question stem describes a buyer demanding the return of an undeposited deposit cheque, notifying a stop payment, or one party demanding deposit funds while the other refuses to sign a mutual release.

Treating a subjective condition as a binding contract: The subject clause in the question stem depends entirely on the buyer's personal taste or corporate president approval, and the seller receives a higher offer and wishes to revoke before subject removal.

Mismatching term classification with breach remedies: The question stem describes a breach of a minor promise, or an inaccurate verbal statement discovered after completion, and asks whether the innocent party can refuse to complete or terminate their own obligations.

Confusing course manual rules with current regulations or pre–sales: The question stem includes weekends or holidays in rescission calculations, compares resale homes to development units, asks about trust account release mechanisms, or tests penalties under Competition Act section 90.1.

Mind map


Real Estate Contracts
Writing Requirements and Verification
Deposit acts and reliance exceptions
s59 unenforceable not void
Leases of three years exempt
Title search and defect disclosure
Strata Properties and Competition Act
Developer seven percent holdback
Form B and insurance exception
Competition Act criminal and civil
Contract Terms and Deposits
Trust release and forfeiture relief
Form F valid sixty days
Deposit not essential for formation
Conditions and warranties
Stakeholder status of brokerage
Rescission Rights and Assignments
Three business day rescission period
Seven day REDMA rescission right
Standard assignment profit to seller
Non waivable quarter percent fee
Subject Clauses and Seller Protection
Written waiver or declaration
Time clause and essence
Objective condition implies good faith
Subjective condition means no contract

Chapter 11Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Writing requirements and exceptions for land contracts	enforceable writing / Law and Equity Act s. 59	Except for leases of three years or less, contracts respecting land must be in writing signed by the party to be charged to be enforceable (not enforceable rather than void), though statutory exceptions such as deposit payment or acts of reasonable detrimental reliance can make the contract enforceable.
Statutory requirements for written service agreements	written service agreement	Unless expressly waived by the prospective client, a written service agreement must be signed by both parties before offering real estate for sale, specifying an expiry date and the exact commission split between the listing brokerage and cooperating brokerage (citing former Rule 5–1 under the manual, now Rules section 43).
Disclosure of material latent defects and duty to refuse service	material latent defect	A licensee representing a disposing party must disclose known material latent defects to all other parties before an agreement is entered into (unless the other party already received written disclosure from the client); if the client instructs concealment, the licensee must refuse to continue providing trading services (Rules s. 59).
Remedies for breach of essential terms versus minor terms	essential term (condition) vs. minor term (warranty)	Breach of an essential term (condition) permits the innocent party to terminate the contract and sue for damages; breach of a minor term (warranty) permits the innocent party only to claim damages and does not excuse their own obligation to complete performance.
Stakeholder deposit holding and trust account release paths	stakeholder / trust account release	The brokerage holds deposits as a stakeholder under section 28 of RESA; under the course manual, funds can be released only upon a written release signed by all parties or by payment into court, whereas current RESA section 30(2)(c) adds a statutory release path for the 0.25% fee and deposit balance refund under the Home Buyer Rescission Period.
Home Buyer Rescission Period rules	Home Buyer Rescission Period (HBRP)	A residential buyer possesses an un-waivable rescission right for 3 business days (excluding Saturdays, Sundays, and statutory holidays) after acceptance, requiring payment of a 0.25% rescission fee to the seller, and licensees representing both buyers and sellers must make mandatory disclosures on approved forms when preparing and presenting offers.
Subjective versus objective classification of conditions precedent	condition precedent / whim and fancy clause	A wholly subjective condition (whim and fancy clause) prevents contract formation (leaving it as a revocable offer unless under seal or supported by separate option consideration); an objective condition precedent creates a binding contract with an implied duty on the beneficiary to act honestly and in good faith to fulfill it.
Time clauses and time is of the essence	time clause / time is of the essence	A time clause allows a seller to serve a separate written notice requiring a buyer to remove conditions early; where the original contract states that time is of the essence, the law presumes that strict compliance with time limits continues to apply when the parties subsequently amend contract dates.
Standard Assignment Terms and missing-terms notice procedure	Standard Assignment Terms	Except for developer pre-sales under REDMA, contracts must include terms requiring written seller consent for any assignment and directing all assignment profits to the seller unless the client instructs otherwise in writing; if omitted, buyer and seller licensees must follow the statutory written notice procedure under section 8.2 of the Regulation.
Strata documentation and Competition Act regulation	Form B / Form F / Competition Act s. 45 & s. 90.1	A Form B binds the strata corporation except for insurance summaries provided by an insurer or agent, and purchasing a strata lot from a developer requires a mandatory 7% builders lien holdback; Competition Act section 45 criminal conspiracy carries up to 14 years imprisonment, while section 90.1 carries no fines under the course manual but permits administrative monetary penalties up to $10,000,000 (or $15,000,000 for repeat orders) under current law.

Self-test cues (Cornell left column)

1. Why is an oral land contract failing to satisfy section 59 of the Law and Equity Act classified as unenforceable rather than void, and which two statutory exceptions allow it to be enforced in court?
2. What are the single compliant actions a licensee must take when a seller client orders concealment of a known material latent defect, or when a buyer notifies a stop payment on a deposit cheque?

3. What are the fundamental differences between a wholly subjective condition (whim and fancy clause) and an objective condition regarding contract formation, seller revocation rights, and implied buyer duties?
4. How do the resale Home Buyer Rescission Period (HBRP) and the REDMA section 21 pre-sale rescission right differ across day count types, starting triggers, rescission fees, and enforceability after title transfer?
5. What are the key distinctions between the course manual and current BC and federal legislation regarding trust deposit releases, new home statutory warranties, and Competition Act section 90.1 remedies?

Summary: In three sentences, summarize the core principles of a Contract of Purchase and Sale from establishing enforceability, holding deposits as a stakeholder, and objectively drafting and removing conditions, to navigating statutory rescission periods, standard assignment rules, and remedies upon breach.

Chapter 12 · Law of Agency: Whoever Acts for a Person Owes That Person Loyalty

agency-contracts | P1 Must score | Agency Law · 4 mock questions

Read with these questions: Which kinds of help given to an unrepresented buyer cross the line into implied agency and break the law?; When two existing buyer clients compete for the same property, how must the licensee handle it in compliance with the rules?; When a seller client instructs the licensee to conceal a material latent defect, what must the licensee do?; May two members of the same registered real estate team represent the buyer and the seller in the same trade?; How do the rules govern taking a referral fee for recommending a home inspector, or a request for a net listing?

How it is tested

- Scenario-classification questions give the details of a licensee's dealings with buyers and sellers (for example, asking a buyer's budget at an open house, advising an unrepresented buyer on an offer price, or signing for a client without written authorization) and test whether you can tell if the facts trigger implied agency, estoppel, or a breach of the warranty of authority.
- Conflict and defect questions set up dilemmas such as two current clients competing for the same property, a former client appearing on the other side of the trade, or a seller demanding that a material latent defect be concealed. They test whether you pick the only compliant action under the rules, such as stopping service for everyone, having all three parties sign an agreement regarding conflict of interest between clients, or refusing to conceal the defect and withdrawing from the trade.
- Disclosure-trigger and method questions cover representation (s.54), risks to an unrepresented party (s.55), a referral fee (s.56), disclosure of expected remuneration to the seller (s.57), the buyer's right of rescission (s.57.1), and notice of assignment terms (Regulation s.8.2). They test when, to whom, and in what form (in writing and separate from the contract) the disclosure must be made.
- Model and team questions contrast the legality of different designated agents in the same brokerage representing opposite sides with members of the same registered real estate team representing opposite sides. They also test the strict conditions for the remote-area exception to dual agency, and the procedure for approval and reporting.
- Old-versus-current rule and section-number questions use the old exam materials (©2020 Council rule numbers and old wording) alongside current law (B.C. Reg. 209/2021 and BCFSA requirements). They test whether you can identify the rule requirements for fiduciary duties, the three-part remuneration split in a written service agreement, and written conflict disclosure kept separate from the contract.

Traps (watch for the signal)

Unrepresented-party overstep trap: The stem uses words such as "unrepresented party / non-client", "open house", "asks for advice on price or terms", or "helps negotiate".

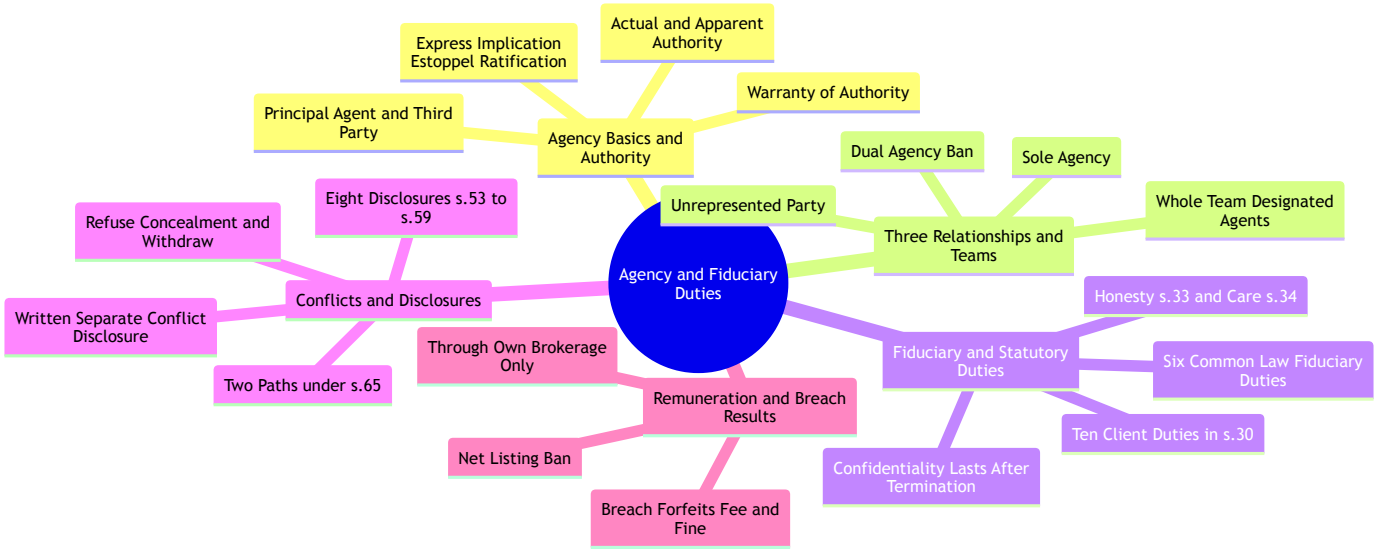
Confidentiality and defect mix-up trap: The stem contains both "material latent defect" and "seller instructs the licensee not to disclose / keep it confidential".

Client-conflict handling trap: The stem describes "two existing buyer clients want the same property" or "a buyer client wants to offer on a seller client's listing".

Old-versus-current version and section-number trap: The stem or an option contains "written disclosure separate from the contract", "real estate team", "Property Law Act s.42 rescission", or "Council vs. Superintendent (BCFSA)".

Authority and signing-form trap: The stem contains "signs the contract on behalf of the client", "oral instruction to sign", or "third party relied on the principal's conduct".

Mind map


Agency and Fiduciary Duties
Agency Basics and Authority
Actual and Apparent Authority
Express Implication Estoppel Ratification
Warranty of Authority
Principal Agent and Third Party
Three Relationships and Teams
Dual Agency Ban
Sole Agency
Whole Team Designated Agents
Unrepresented Party
Conflicts and Disclosures
Eight Disclosures s.53 to s.59
Refuse Concealment and Withdraw
Written Separate Conflict Disclosure
Two Paths under s.65
Fiduciary and Statutory Duties
Honesty s.33 and Care s.34
Six Common Law Fiduciary Duties
Ten Client Duties in s.30
Confidentiality Lasts After Termination
Remuneration and Breach Results
Through Own Brokerage Only
Net Listing Ban
Breach Forfeits Fee and Fine

Chapter 12Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
The agent's warranty of authority and the requirements for signing for a client	warranty of authority / written authorization to sign (s.45)	An agent impliedly warrants to a third party that the agent has authority (if the agent exceeds that authority, the agent must compensate the third party). In BC, before a licensee signs a contract for a client, the licensee must obtain written authorization under current Rule s.45 (former 5-3), sign the licensee's own name, and state the capacity as agent.
Designated agency and the rule that every team member is a designated agent	designated agency (s.32) / real estate teams (s.42.1—42.4)	Under designated agency, different licensees at the same brokerage may represent the buyer and the seller separately. Every member of a registered real estate team is jointly a designated agent for each of the team's clients, so one team member may not represent the seller while another represents the buyer.
Four ways an agency is created, and how authority is classified	express, implication, estoppel, ratification / actual vs. apparent authority	Agency may be created by an express contract, by implication from conduct, by estoppel (representation plus reliance plus a change of position), or by later ratification. Authority is divided into actual authority (express, implied, usual, or customary) and apparent authority.
Requirements of a written service agreement and the three kinds of listing contract	written service agreement (s.43) / exclusive, multiple, open listing	To list a property for an owner, unless the client waives the requirement, a written agreement must be signed that states the expiry date and a three-part split of remuneration (a copy must be delivered immediately after signing under s.44). During an exclusive listing, commission is payable no matter who finds the buyer. An open listing pays only the brokerage that is the effective cause of the sale, and the owner pays nothing on a sale the owner makes personally.
Termination of agency and the duty of confidentiality that continues permanently	termination of agency / duty of confidentiality	Agency may end by express revocation, by conduct (for example, the property selling), or by operation of law. After termination the licensee must take down the listing and return the keys so that any remaining apparent authority ends. The duty of confidentiality is the only agency duty that continues permanently after the agency ends.
Limited services to an unrepresented party and the dual agency ban	unrepresented party (non-client) / dual agency ban (s.63, s.64)	For an unrepresented party (a non-client), the licensee may give only general information, help complete forms, and pass on offers, and must not advise or negotiate. Dual agency is prohibited in principle (s.63). It is allowed only in a remote area underserved by licensees where engaging another licensee is not objectively feasible (s.64), and the managing broker must sign the disclosure form, an agreement must be signed, and the disclosure must be sent to BCFSA.
Six common-law fiduciary duties and Rules s.30 to s.34	fiduciary duties / s.30 duties to clients / s.33 honesty & s.34 reasonable care and skill	To a client, the licensee owes six common-law fiduciary duties: loyalty, avoiding conflicts, full disclosure, confidentiality, obeying lawful instructions, and personal performance, plus the ten statutory duties in s.30 (in a fiduciary-duty claim the licensee bears the burden of proof). To everyone in the trade, the licensee also owes honesty under s.33 and reasonable care and skill under s.34.
Written separate disclosure of a conflict of interest, and the s.65 response when clients collide	conflict of interest disclosure (s.30(j)) / conflict between clients (s.65)	Every conflict of interest must be disclosed to the client in writing and separate from the service agreement and the contract of purchase and sale (in force from 2024-02-01). When current clients conflict, the only choices are to stop service for all of them (one party must not be converted into an unrepresented party) or, when the conflict arises, to represent only one party under a three-party agreement signed with the written consent of each party.
Eight mandatory disclosures and how to handle a material latent defect	mandatory disclosures (s.52—s.59) / material latent defect (s.59) / assignment terms (Reg. s.8.2)	Except for s.56(1)(a) and s.57.1, every mandatory disclosure must be in writing and separate from the contract. Each time an offer is presented to the seller, expected remuneration must be disclosed under s.57 in a specific dollar amount. A known material latent defect must be disclosed in writing before an agreement is entered into. If the client instructs the licensee to conceal it, the licensee must stop providing services to that client under s.59(3).
Remuneration bans, forfeiture of commission,	net listing ban (s.60) / forfeiture of commission	A net listing (s.60) and paying an unlicensed person (s.66) are strictly prohibited. A licensee may receive remuneration only from the licensee's own

and the maximum discipline penalties	/ disciplinary penalties (RESA s.43)	brokerage (RESA s.7(3)(b)). A breach of fiduciary duty can cause forfeiture of commission. Under RESA s.43(2), each contravention may draw a penalty of up to $500,000 for a brokerage and up to $250,000 for an individual, plus an additional penalty not exceeding the remuneration received.

Self–test cues (Cornell left column)

1. Why, by default, can a licensee in BC not sign a contract of purchase and sale for a client? If the licensee is to sign, which two acts does s.45 require?
2. What are the four ways an agency relationship is created? Which three elements must all be present for estoppel?
3. With an unrepresented party (unrepresented party / non–client), which actions are allowed, and which actions, once taken, trigger implied agency?
4. When two existing clients want the same property, which two ways out does s.65 allow? Why can one of them not be downgraded to an unrepresented party?
5. When a client demands that a known material latent defect be concealed, how does the licensee keep both the duty of confidentiality and the floor set by s.59?

Summary: In three sentences, summarize how the core of fiduciary duty (the duty of loyalty) determines the dual agency ban, the boundary for an unrepresented party, and the rules for disclosing or withdrawing in a conflict of interest or a material latent defect.

Chapter 13 · Introduction to Mortgage Finance: Why a Trade Cannot Do Without Debt

mortgage-finance | P2 Hold steady | Mortgage Finance Intro · 4 mock questions

Read with these questions: Can the monthly rate on a semi-annually compounded j_2 be found by dividing by 12?; Does a quote with a lower nominal rate always have a lower true annual cost?; With a 25-year amortization and a 5-year term, is the principal paid off when the term ends?; After five years, may a company prepay in full by adding only three months' interest?; When the exam asks about private mortgage insurance, do you answer with the category or with the old brand?

How it is tested

- Conversion questions give a nominal rate together with its compounding frequency. They test whether you divide a semi-annually compounded j_2 by 12 and treat the result as the monthly rate, and whether two quotes with different compounding frequencies must first be converted to effective annual rates before you compare which one costs more.
- Repayment-structure questions give a cash flow (nothing paid during the term, interest only each period, equal principal plus declining interest, or a fixed total each period). They test which repayment plan you place it in, and whether the amortization period and the term pay the loan off on the same day or leave a balance owing at maturity.
- Statutory-boundary questions use an individual or a corporate borrower, whether the contract runs longer than five years, and whether the rate is stated as compounded annually or semi-annually. They test Interest Act s.6 (no interest at all may be collected if the compounding disclosure is missing) and s.10 (after five years an individual may prepay in full by adding three months' interest), and in both cases where the section's boundary lies.
- Market-mechanism questions put a saver, a lending institution, or a small investor in a situation. They test the primary market and the secondary market, the five features of a mortgage as an investment, and that the rate is set from opportunity cost, a risk premium, and administration cost together.
- Exam-scope and role questions use a company name from old materials, a client who presses for an exact monthly payment, or whether a developer's project is safe. They test that the paper wants the category rather than the current brand, and that a licensee only explains the concept and does not issue a loan calculation for the client.

Traps (watch for the signal)

Dividing the annual rate by twelve: The stem says compounded semi-annually or j_2, and also monthly payments, and an option contains divide by 12 or 0.5%.

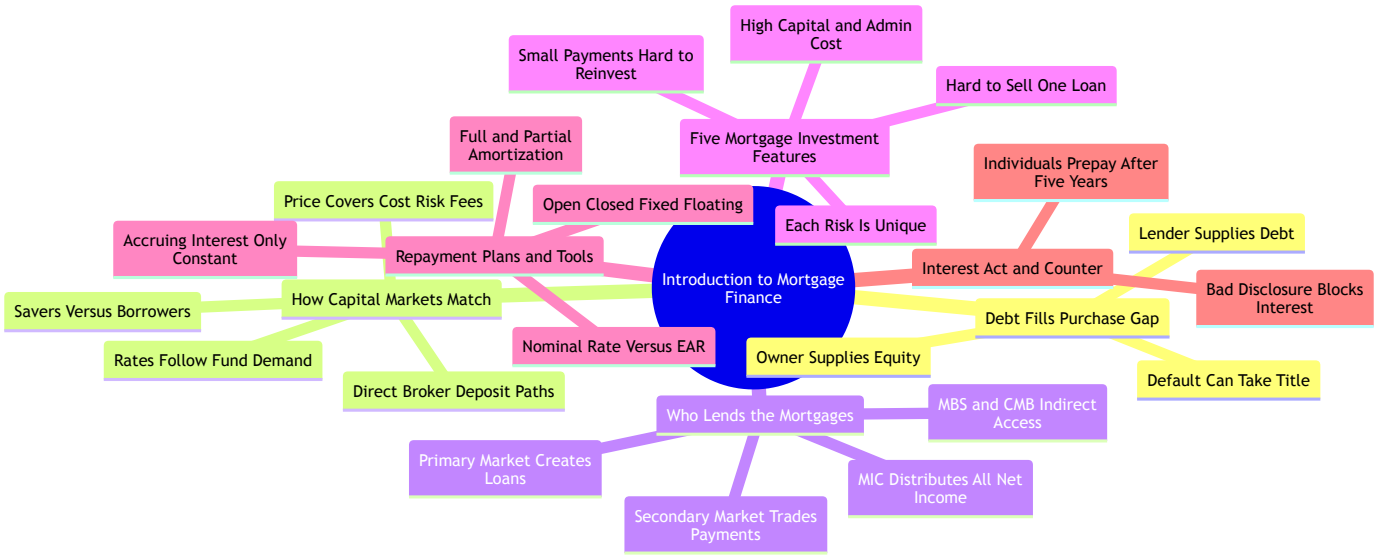
Comparing the nominal figures directly: Two percentages sit close together. One says semi-annually and the other says monthly, and the question asks which one has the lower true annual cost.

Treating the amortization period as the payoff date: The same item contains both amortization period and term, and asks whether a balance must still be paid when the contract ends, or whether the loan must be renewed or moved to another lender.

Applying the Interest Act too widely: The borrower is a corporation, or an option rewrites how many years have passed, whether what is charged is principal or interest, and whether what is missing is the compounding disclosure or the prepayment right.

Treating an old name as the current category: The stem says a firm used as an example in the course materials was later renamed or acquired, or it asks whether the paper wants the category or the current brand.

Mind map


Introduction to Mortgage Finance
Five Mortgage Investment Features
High Capital and Admin Cost
Small Payments Hard to Reinvest
Hard to Sell One Loan
Each Risk Is Unique
Open Closed Fixed Floating
Repayment Plans and Tools
Full and Partial Amortization
Price Covers Cost Risk Fees
Accruing Interest Only Constant
Nominal Rate Versus EAR
How Capital Markets Match
Savers Versus Borrowers
Rates Follow Fund Demand
Direct Broker Deposit Paths
Interest Act and Counter
Individuals Prepay After Five Years
Bad Disclosure Blocks Interest
Debt Fills Purchase Gap
Lender Supplies Debt
Default Can Take Title
Owner Supplies Equity
Who Lends the Mortgages
MBS and CMB Indirect Access
Primary Market Creates Loans
MIC Distributes All Net Income
Secondary Market Trades Payments

Chapter 13Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Debt fills the purchase gap, and a mortgage is security on title	equity investor / debt investor / mortgage	Buyers rarely pay the whole price at once, and sellers rarely want to wait, so debt fills the gap. To recover the principal, the lender takes a right on the borrower's title and, after default, may take over the property once charges that rank ahead have been paid. That borrowing is called a mortgage.
The interest rate is the price that guides savings to borrowers	capital market / deposit intermediary	Savers pass money to borrowers by direct lending, by a broker match, or through a deposit intermediary, and the deposit intermediary is the dominant path today. Rising mortgage demand pushes the rate up and draws funds over from other markets, such as bonds and stocks.
Pricing uses three items, and most institutions do not change the rate on a single loan	opportunity cost / risk premium / administration cost	A lender prices from the opportunity cost of the funds, the risk premium for this specific risk, and the administration cost. A high-quality first mortgage of the same term usually carries a higher rate than a government bond, but most institutions keep one market rate and absorb differences in risk through the term, the amortization period, and whether insurance is required.
The primary market creates new loans, and the secondary market trades the right to payments	primary mortgage market / secondary mortgage market / MBS / CMBs	In the primary mortgage market the lender lends directly to the home buyer and creates a new mortgage. The secondary mortgage market buys and sells mortgages that already exist, and the buyer acquires the right to collect future payments. MBS and CMBs let a small investor take part indirectly without servicing one whole mortgage.
An MIC must distribute all of its net income to investors	Mortgage Investment Corporation (MIC)	A Mortgage Investment Corporation (MIC) operates under the qualification rules of the Income Tax Act, on the condition that it distributes 100% of net income to investors. It serves borrowers shut out by mainstream institutions, and its rate is higher, because default risk is higher and the security or the borrower is usually more marginal.
Taken together, the five features leave large institutions dominating the market	unique / illiquid / reinvestment problem	A mortgage is unique, illiquid if it must be sold on its own, subject to a reinvestment problem on small payments, carries administration costs that do not shrink in proportion as the loan gets smaller, and has a high capital threshold. A small investor therefore finds it hard to hold one whole mortgage directly, and enters indirectly through MBS, CMB, or an MIC.
Four repayment plans, plus full amortization and partial amortization	interest accruing / interest only / straight-line / constant payment / balloon payment	Interest accruing carries the highest risk, and the term is usually one year or less. Interest only is common during construction. Straight-line principal reduction puts the heaviest pressure on the borrower first and is not popular for homes. Constant payment is the usual home loan. When the amortization period is longer than the term, the loan is partially amortized and a balloon payment is due at the end. The longer the amortization, the lighter the monthly payment and the more the total interest costs.
Open or closed, and fixed or floating, are two separate choices	open mortgage / closed mortgage / variable rate / policy interest rate	An open mortgage can usually be prepaid at any time, and its rate is higher. A closed mortgage has a lower rate, and prepayment carries a penalty unless it falls within a contractual privilege or an opening in the Interest Act. A variable rate moves with the prime rate, and the prime rate follows the Bank of Canada's policy interest rate. The materials do not lock in a specific figure.
j_2 cannot be divided by 12, and a comparison must first be converted to an EAR	nominal rate (j_m) / periodic rate (i) / effective annual rate (EAR)	The periodic rate i equals j_m divided by m, and the effective annual rate (EAR) equals (1 + i) raised to the power of m, minus 1. The materials state that a j_2 of 6.00% is not a monthly rate of 0.5%. When j_2 is 5.90%, dividing by 12 gives about 0.4917%, while the equivalent monthly rate is about 0.4857%. The EAR of a j_2 of 5.90% is about 5.9870%, which is lower than the EAR of a j_{12} of 5.85%, about 6.0094%.
Interest Act s.6 governs disclosure, and s.10 governs an individual's prepayment in full	Interest Act s.6 / Interest Act s.10	Section 6 requires a mortgage rate to be disclosed as compounded annually or semi-annually. If it is not, no interest at all may be collected. Where the mortgage is on real property and is not payable for more than five years, from the day those five years are up an individual borrower may prepay the whole amount owing by paying only an extra three months' interest. A corporation does not qualify. The exam wording matches the current section.

Self-test cues (Cornell left column)

1. What does the equity investor put in, and what does that person want? What does the debt investor put in, and what does that person want? Why is the lender's right on title called a mortgage?
2. What are the three paths by which the capital market matches savers with borrowers? Which three things does a lender combine when pricing one mortgage?
3. For interest accruing, interest only, straight-line principal reduction, and constant payment, who bears the pressure in each? What is the extra amount due at the end of a partially amortized loan called?
4. What is the formula for the nominal annual rate, the periodic rate, and the effective annual rate? Why can j_2 not be divided directly by 12?
5. What does Interest Act s.6 allow or forbid, and what does s.10 allow or forbid? From which day does s.10 take effect, and which class of borrower does it leave out?

Summary: In five sentences, set out how savings reach a mortgage, why large institutions dominate lending, how the repayment and rate tools allocate risk, and the boundary set by the two Interest Act sections and by the rule that a licensee at the counter does not calculate an exact monthly payment for the client.

Chapter 14 · Interest Rates and Mortgages: Monthly Payment, Outstanding Balance, and Prepayment

mortgage-finance | P2 Hold steady | Interest Rates Mortgages · 4 mock questions

Read with these questions: Given four, is the fifth unique or only an estimate?; After three years of payments, is the balance already much lower?; On a non-residential property, after five years, may an individual prepay by adding only three months' interest?; With a 25-year amortization and a 5-year term, must the contract be renegotiated when the term ends?; When the paper asks for the amortization maximum, which sentence in the manual is the answer?

How it is tested

- Five-variable questions give four of the loan amount, the interest rate, the number of payments, the payment, and the balance at maturity. They test whether the fifth is uniquely determined, and that when the rate rises the loan the same payment can support becomes smaller, while a longer amortization makes the payment lighter but total interest more expensive.
- Outstanding-balance and repayment-structure questions use a sale to check how much is still owed, how much principal is gone after three years, or a last instalment that is slightly smaller. They test that the outstanding balance is the present value of the remaining payments discounted at the contract rate, that interest is the larger share early on, that the final payment on a fully amortized loan is not a large balance due at maturity, and that paying extra as an accelerated payment shortens the amortization and saves interest.
- Statutory prepayment questions use an individual or a corporation, a house or a non-residential property, whether the term is longer than five years, how many years have passed, and whether the extra amount is interest or principal. They test the boundary of Interest Act s.10. On this layer the exam wording matches the current section.
- Amortization-and-term questions put both in the same item: how many years the payment is calculated over, and in which year the contract is renegotiated. They test that the amortization period only sets the payment rhythm, that the term is what decides when the contract is renegotiated, and that a balance usually remains when the term ends.
- Wording-comparison questions state that the answer must follow the course manual or the exam wording. They test whether you restate that an insured mortgage has a maximum of 25 years, and that a down payment of 20 percent or more is written as a government allowance of 30 to 35 years. Replacing that with the current lender-set maximum, or with 30 years for a first-time buyer or a new build, is where this item is lost.

Traps (watch for the signal)

Calculating the balance by subtraction: The stem asks how much is still owed to the lender when the property is sold, or it says that after three years of payments a large share of principal must already be gone, and an option subtracts the payments already made from the loan amount.

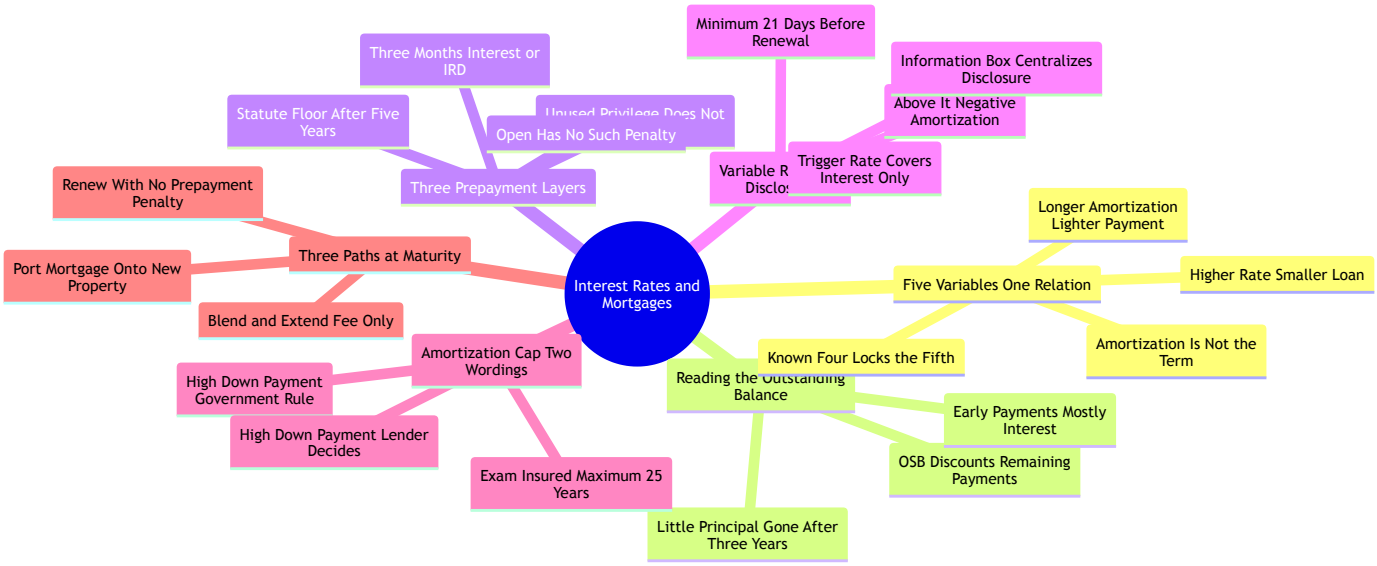
Treating the amortization rhythm as the renegotiation date: The same item contains both amortization and term, and asks whether anything is still owed when the contract ends, whether the rate must be renegotiated, and which of the two periods the payment is calculated on.

Reading the Interest Act's protected class too widely: The borrower is a company, the term is written as five years exactly or shorter, fewer than five years have passed, the property is not a house, or an option writes the extra charge as three months of principal.

Treating the old cap as current law: The stem says course manual, exam wording, or ©2020, and an option contains 25 years, 30 to 35 years, or a government rule, or answers the paper by saying the lender sets its own cap.

Treating the final payment as a balloon: The stem says fully amortized, or that the balance at maturity is zero, and the last instalment is slightly smaller than a regular payment, but an option calls that instalment a large balloon, or says a fully amortized loan must leave a large balance at the end.

Mind map


Interest Rates and Mortgages
Three Paths at Maturity
Renew With No Prepayment Penalty
Port Mortgage Onto New Property
Blend and Extend Fee Only
Three Prepayment Layers
Three Months Interest or IRD
Statute Floor After Five Years
Open Has No Such Penalty
Variable R Disclo
Minimum 21 Days Before Renewal
Trigger Rate Covers Interest Only
Information Box Centralizes Disclosure
Above It Negative Amortization
Amortization Cap Two Wordings
High Down Payment Government Rule
High Down Payment Lender Decides
Exam Insured Maximum 25 Years
Five Variables One Relation
Longer Amortization Lighter Payment
Higher Rate Smaller Loan
Amortization Is Not the Term
Known Four Locks the Fifth
Reading the Outstanding Balance
Early Payments Mostly Interest
OSB Discounts Remaining Payments
Little Principal Gone After Three Years

Chapter 14Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Given four, the fifth is uniquely determined	constant payment mortgage / PV / PMT / FV	On a constant payment mortgage, the loan amount (PV), the periodic rate that matches the payment frequency, the number of payments, the payment each period (PMT), and the balance at maturity (FV) are locked together. Given four, the fifth is uniquely determined. On a fully amortized mortgage the balance at maturity is zero, and 25 years of monthly payments equals 300 payments.
A higher rate means the same payment supports a smaller loan	payment capacity	When payment capacity is fixed, a higher rate leaves less of each payment for principal, so the loan that payment can support is smaller. A longer amortization makes the payment lighter, but total interest costs more.
The outstanding balance is the present value of the remaining payments	outstanding balance (OSB)	The outstanding balance (OSB) is not a simple subtraction of amounts already paid from principal. It is the value today of the remaining payments, discounted at the contract rate. On a constant payment mortgage, interest is the larger share early on, and after three years the balance is often only a single-digit percentage below the original loan.
The amortization period only sets the rhythm, and the term is when the contract is renegotiated	amortization period / term	The amortization period only sets the payment rhythm. It does not decide how often the contract is renegotiated. The term is a completely separate variable.
The Interest Act gives an individual one floor after five years	Interest Act s.10	On a mortgage that is not payable until more than five years have passed, and not limited to houses, from the fifth anniversary of the mortgage date an individual borrower may prepay the entire amount owing by paying only an extra three months' interest. A corporation does not qualify, and a term of five years or less does not qualify. The section has not changed since the amendment of 2008-06-18, and the exam wording matches the current statute. This is Interest Act s.10.
On a closed mortgage, an excess prepayment takes the higher of two calculations	three months' interest / Interest Rate Differential (IRD)	An open mortgage may be prepaid at any time, for at most a small administration fee. A closed mortgage first uses the contractual penalty-free amount, and what is unused usually cannot be carried forward. The excess usually takes the higher of three months' interest, which is the outstanding balance times the contract annual rate divided by four, and the Interest Rate Differential (IRD). There is no single federal formula for the interest rate differential.
The trigger rate is the point where the payment covers only interest	trigger rate / negative amortization	On a variable rate with the payment fixed first, the trigger rate is the point where the payment is exactly enough to cover the interest then owing and no longer retires principal. Above that point there is negative amortization. The exam wording has no such concept. Federally regulated institutions must now disclose it, and the point rises slightly as the outstanding balance falls.
The information box and the notice periods cover federal institutions only	information box / Financial Consumer Protection Framework	The Financial Consumer Protection Framework Regulations, SOR/2021-181, took effect on 2022-06-30 and replaced the Cost of Borrowing (Banks) Regulations, repealed on 2022-06-29. They require a federal institution to disclose in an information box the principal, the term, the amortization, the penalty calculation, and similar items. A written notice is required within 30 days after a mid-term change, and both a renewal and a non-renewal require at least 21 days' notice. The exam wording states only Interest Act s.6. Those information-box and notice rules do not cover a credit union local to British Columbia, a private lender, or an MIC.
The sentence on the paper about the amortization maximum is no longer current	amortization maximum	The exam wording states that an insured mortgage has a maximum amortization of 25 years, and that an uninsured mortgage with a down payment of 20 percent or more is allowed 30 to 35 years by government rules. Currently, a down payment below 20 percent is still generally 25 years, a qualifying first-time buyer and/or a new build can go to 30 years, and a down payment of 20 percent or more has no federal statutory maximum. The lender sets it.
Before maturity and at maturity are not the same path	renew / blend-and-extend / porting	A renewal at maturity is re-signed at the current market rate, with no prepayment penalty, and the borrower may also move to another institution. To change the rate before the term ends, blend-and-extend blends the rates by time and lengthens the term. It does not

trigger a penalty and charges only an administration fee. To keep the old terms when changing homes, porting moves the mortgage to the new property, if the institution agrees and the valuation lines up with the loan amount.

Self-test cues (Cornell left column)

1. What are the five variables on a constant payment mortgage? Given four, why is the fifth not an estimate? How many payments is 25 years of monthly payments?
2. Why can the outstanding balance not be found by subtracting payments already made from the original loan? After three years, how little has the principal usually fallen?
3. Whom does Interest Act s.10 cover, from which day, and what extra amount is paid? Does a term of exactly five years qualify? What about a corporation?
4. What is a final payment, and what is an accelerated payment? What does the amortization period govern, and what does the term govern?
5. How does the exam wording state the amortization maximum for an insured mortgage, and for a down payment of 20 percent or more? What is the current rule for each of those two bands?

Summary: In five sentences, set out how the five variables lock the payment and the outstanding balance, which single layer of paying off early the paper states, what a final payment changes and what an accelerated payment changes, which sentence the exam wants for the amortization maximum and for federal disclosure, and which set of time limits must not be applied at the counter to every lender.

Chapter 15 · Introduction to Mortgage Law: Charge, Liability, and Foreclosure

mortgage-finance | P2 Hold steady | Mortgage Law · 4 mock questions

Read with these questions: Can the difference still be claimed after a final order of foreclosure?; Is the original borrower released after the buyer assumes?; Whom does a successful foreclosure by a later mortgagee wipe out?; Is an option to purchase taken when the loan was made valid?; What criminal interest-rate ceiling does the paper state?

How it is tested

- Characterisation questions ask whether a mortgage is a loan, a conveyance of title, or a transfer at common law. On the paper, follow the manual's mainstream view and answer that it still retains the character of a transfer, while keeping clear that current law first writes it as a charge and that the lender is not the registered owner.
- Clause-effect questions place in one item an option to purchase taken when the loan was made, a separate option signed later, and a ban on prepayment or on assumption. They test which one clogs the final redemption and which one can still be enforced.
- Liability questions ask whether the original borrower is still liable after the buyer assumes, whether a demand fell inside three months, and whether the property is a home or a business. They test that the implied personal covenant remains, that the three release paths are limited to a residential mortgage, and that a commercial mortgage depends on whether a novation is made out.
- Priority-direction questions give the registration order of several mortgages and ask whom a foreclosure at one rank wipes out, and which mortgage the borrower must pay first when the money is enough for only one. They test that priority follows the order of registration rather than the signing date, and that the direction is redeem up, foreclose down.
- Procedure and ceiling questions place an out-of-province sale without a court, a final order of foreclosure, and a court-approved sale in one item. They test that in BC the proceeding must be started by petition, that a final order extinguishes the personal covenant, and that the difference is pursued only when the sale price is not enough. A rate question must be answered with the manual's effective annual rate of 60%, and the current annual percentage rate of 35% must not be entered on the paper.

Traps (watch for the signal)

Swapping the results of the two foreclosure routes: The stem mentions another province, a power of sale, or a sale without a court, or it asks whether the difference can still be claimed after the lender becomes the owner.

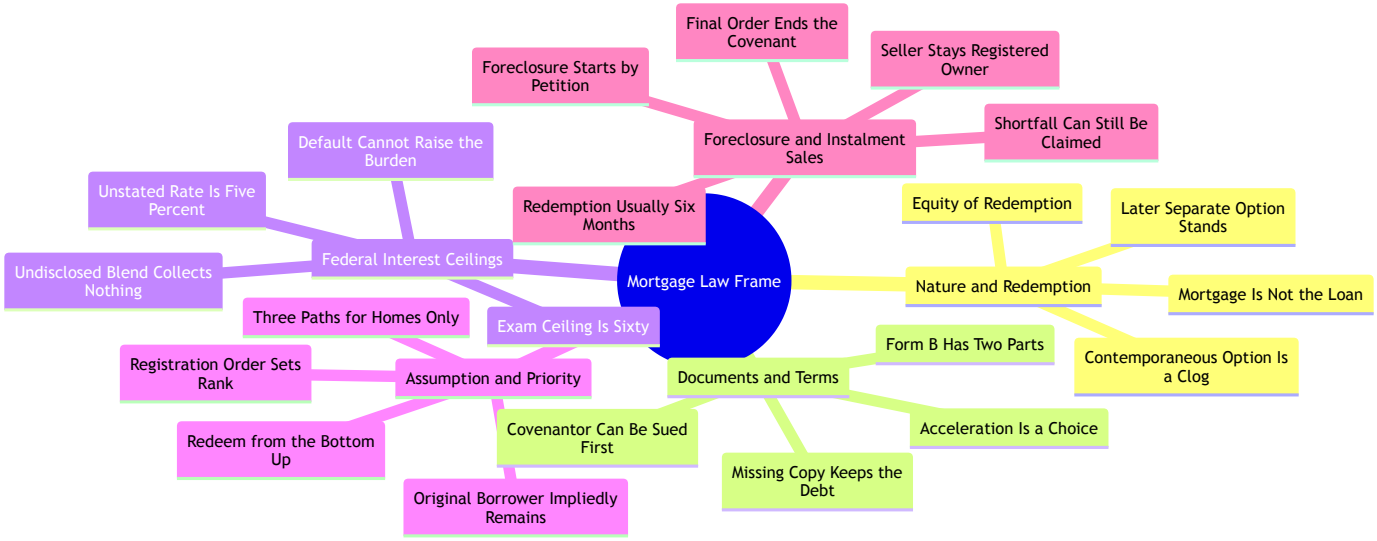
Treating assumption as a release: The stem says the buyer has already assumed, the seller did not apply for written approval, or the demand came within three months after expiry, while an option says the seller was released automatically on completion or on the expiry date.

Reversing priority and the direction of redemption: The stem gives the registration order from first to fourth and asks whom a final order at one rank removes, or which mortgage the borrower must touch first when the money is enough for only one.

Aiming the clog rule at the wrong clause: The stem contains an option to purchase, a ban on prepayment, and a ban on assumption together, asks which document is void, and states whether the option was in the same negotiation or a later independent transaction.

Answering the paper with the current rate ceiling: The stem says course manual or exam wording, and the options include an effective annual rate of 60%, an annual percentage rate of 35%, a business band of 48%, or no ceiling on a larger principal.

Mind map


Mortgage Law Frame
Foreclosure and Instalment Sales
Final Order Ends the Covenant
Seller Stays Registered Owner
Foreclosure Starts by Petition
Shortfall Can Still Be Claimed
Redemption Usually Six Months
Federal Interest Ceilings
Default Cannot Raise the Burden
Unstated Rate Is Five Percent
Undisclosed Blend Collects Nothing
Exam Ceiling Is Sixty
Assumption and Priority
Three Paths for Homes Only
Registration Order Sets Rank
Redeem from the Bottom Up
Original Borrower Impliedly Remains
Nature and Redemption
Equity of Redemption
Later Separate Option Stands
Mortgage Is Not the Loan
Contemporaneous Option Is a Clog
Documents and Terms
Form B Has Two Parts
Acceleration Is a Choice
Covenantor Can Be Sued First
Missing Copy Keeps the Debt

Chapter 15Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
The paper says transfer; current law characterises it as a charge	mortgage / charge	In law a mortgage is not the loan itself. It is security over an interest in land. The mainstream view on the exam is that a mortgage still retains the common-law character of a transfer. Section 231(1) of the current Land Title Act states that a registered mortgage is first a charge. Section 231(2) only deems the rights and obligations to be those of a transfer. The mortgagee is not the registered owner.
A clause that blocks final redemption is void	no clog on the equity of redemption	The borrower must in the end be able to redeem the land without conditions. An option to purchase tied in when the loan was negotiated, and a redemption date that is absurdly remote, are void. An option negotiated later as an independent transaction, after the loan exists, is valid. A limit on prepayment or a ban on assumption is not a clog on the equity of redemption.
Failing to deliver the standard terms does not void the mortgage	Form B / Land Title Act s.229	The land title office accepts only Form B. Part 2 may be the registrar's standard terms, the lender's filed terms, or express terms. If a copy of the standard terms was not given to the borrower at or before signing, Part 2 is treated as the default version approved by the registrar. The debt, the court's power to foreclose, and the other common-law remedies do not disappear because of that. This is Land Title Act s.229.
Acceleration is a choice, and a covenantor can be pursued first	acceleration clause / covenantor / guarantor	An acceleration clause lets the lender, on default, choose to demand immediate repayment of the whole balance that is not yet due. It does not trigger by itself. A covenantor is a primary debtor, and the lender may claim against that person before pursuing the borrower. A guarantor is a secondary debtor, and the lender must first exhaust the remedies against the borrower. The court looks at the substance of the contract, not the title on the signature line.
Four Interest Act rules, and the exam wording is still accurate	Interest Act	If interest is payable but no rate is stated, it is 5% per year. If principal and interest are blended and the rate is not stated as one calculated yearly or half-yearly (not in advance), no interest at all can be collected; if a lower rate is stated, only that stated lower rate may be collected. Arrears must not create a real burden higher than the rate on principal that is not in arrears. Cancelling a discount on default also offends that rule. A rate that rises only because time has passed does not. Only for an individual, and only for a mortgage agreed not to come due within five years, after five years the borrower may pay off the principal and interest plus three months' interest.
The criminal rate on the paper is still over sixty	criminal interest rate	The exam wording states that an effective annual rate over 60% is a criminal offence. Section 347(2) of the current Criminal Code, from 2025-01-01, changes this to an annual percentage rate over 35%. Where the borrower is not a natural person and the loan is for a business purpose, a principal over $10,000 and not over $500,000 is relaxed to 48%, and a principal over $500,000 has no ceiling.
After assumption the original borrower is still impliedly liable	assumption / novation	After the buyer assumes, the original borrower remains impliedly liable on the personal covenant. Only a residential mortgage has three release paths: apply for written approval within three months after completion, and the lender must not refuse unreasonably; no written demand within three months after expiry; or, on a demand mortgage, no demand within three months after the lender receives notice of the assumption. A commercial mortgage depends on a novation. The conditions are that the new borrower assumes the whole liability, is accepted as the primary debtor, and the new agreement fully replaces the old one.
Priority follows registration, and the direction is redeem up, foreclose down	priority / redeem up, foreclose down	As between mortgagees, priority follows who registered first, not the signing date or the date of the advance. Foreclosure can wipe out only interests that rank behind. The borrower must redeem from the lowest rank upward. A later advance keeps the earlier priority if any one of these is true: no written notice of the later registration was received, the later interest is not yet registered, the mortgage requires that the advance be made, or a written priority agreement is already in place. Oral notice does not count. Property taxes have priority even without registration.
BC foreclosure must go to court, and the two routes differ	foreclosure / final order of	BC has no non-court power of sale. Foreclosure must be started by petition in the Supreme Court, and the redemption period is usually six months. A final order of foreclosure makes the lender the owner and extinguishes the equity of redemption and the personal covenant,

	foreclosure / judicial sale	so the difference cannot be claimed. If a judicial sale price is not enough, the respondent remains liable. The proceeds pay property taxes and utilities, strata arrears, and commission first, then the lender's principal, interest, and legal costs, and the balance is paid into court.
Under an agreement for sale the seller remains the registered owner throughout	agreement for sale / vendor take-back mortgage	An agreement for sale and a vendor take-back mortgage are equivalent in finance. Under the first, the seller keeps registered ownership, the buyer's right to purchase is registered as a charge on Form C, and title transfers only when payment is complete. Under the second, the buyer first receives the fee simple and the seller then registers a mortgage.

Self-test cues (Cornell left column)

1. What character does the exam give a mortgage? What does section 231 of the current Land Title Act call a registered mortgage, and who is the registered owner?
2. What does no clog on the equity of redemption mean? What is the result of an option to purchase taken when the loan was made, of a later independent option, and of a ban on prepayment?
3. After a residential mortgage is assumed, what does each of the original borrower's three release paths require? Can a commercial mortgage use those three paths?
4. What direction is redeem up, and what direction is foreclose down? How do a final order of foreclosure and a judicial sale differ in their results for the shortfall and the personal covenant?
5. How does the course manual state the criminal interest rate? From what date does the current rule change, and to what? If principal and interest are blended but no rate is stated, can any interest be collected?

Summary: In six sentences, state what character the paper gives a mortgage, which clause counts as a clog, who remains liable after assumption, which direction priority follows and which direction redemption follows, which court procedure BC requires after default and how the two outcomes differ on a shortfall, and which sentence to write for the criminal interest rate in the exam.

Chapter 16 · Mortgage Analysis in Real Estate Practice

mortgage-finance | P2 Hold steady | Mortgage Analysis · 4 mock questions

Read with these questions: When the rate is below the market, which way does the cash equivalent sit?; Are the discount periods entered in months or in years?; Is the face amount of an old low-rate loan cash?; When the rate has fallen, which penalty is taken?; Which body does the footnote tell the candidate to consult?

How it is tested

- Direction questions give a contract rate below, above, or equal to the current market rate, and ask whether the cash-equivalent price is below, above, or equal to the stated price. What they test is that the rate and the present value move in opposite directions: below the market is a discount, and only above the market is a bonus.
- Period-count traps put the contractual term, the amortization, and the time already passed in the same item, ask for the N used in discounting, and sometimes also ask what is still owing at the end. What they test is the number of months left in the contractual term, and that the balance due at the end of a partial amortization is discounted together with the payments.
- Financing-split questions place a vendor take-back mortgage or an assumable mortgage inside a full-price offer, and ask which single figure the second step changes, whether the outstanding face amount counts as cash, and whether a low rate can be taken over directly. What they test is that only the discount rate is changed, that an assumption copies the original payments, and that qualification and a price advantage are two separate things.
- Cost-and-disclosure questions deduct points on a private loan, or add a charge to the face amount, and ask what the true rate is called, which figure the law requires to be written into the disclosure, and whether the statement must still be given in advance when there is no extra fee. What they test is that the cost of funds advanced is only a comparison tool, that the Annual Percentage Rate is what must be disclosed, and that it is given at least two business days ahead.
- Penalty and footnote questions set a closed contract that has not yet ended, with the market rate already below or above the contract rate, and ask which of three months' interest and the Interest Rate Differential is taken. Another kind asks which body the manual footnote tells the reader to consult. What they test is that the greater of the two is taken, and that the footnote on the paper names the old body while the current name to use with a client is BCFSA.

Traps (watch for the signal)

Reversing discount and bonus: The stem states which of the contract rate and the market rate is higher, but an option says that both kinds of departure raise the cash-equivalent price, or that both lower it.

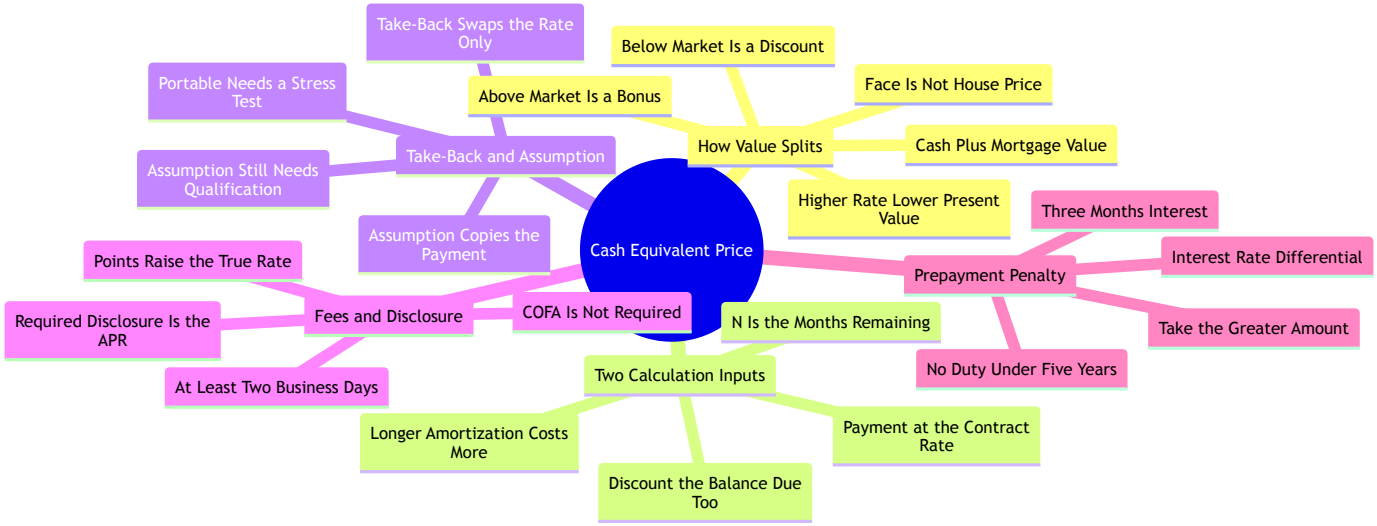
Using the amortization as N: The stem states the contractual term, the amortization, and the time already passed, and asks what N is for the discounting.

Treating face amount as the cash equivalent: The stem describes assuming an outstanding balance, a sale at the full price, or a monthly payment already fixed in the contract, but an option says the balance itself is the cash value of that financing.

Treating the cost of funds advanced as the required disclosure: The stem mentions points, a brokerage fee, or a lender's bonus, and asks which rate the law requires to be disclosed, or whether there is a written disclosure.

Picking the wrong penalty: The stem says the mortgage is closed and the term has not ended, compares the contract rate with the current market rate, and asks which penalty is actually charged.

Mind map


Cash Equivalent Price
Take-Back and Assumption
Take-Back Swaps the Rate Only
Portable Needs a Stress Test
Assumption Still Needs Qualification
Assumption Copies the Payment
How Value Splits
Below Market Is a Discount
Above Market Is a Bonus
Face Is Not House Price
Cash Plus Mortgage Value
Higher Rate Lower Present Value
Prepayment Penalty
Three Months Interest
Interest Rate Differential
Take the Greater Amount
No Duty Under Five Years
Fees and Disclosure
Points Raise the True Rate
Required Disclosure Is the APR
At Least Two Business Days
COFA Is Not Required
Two Calculation Inputs
N Is the Months Remaining
Payment at the Contract Rate
Discount the Balance Due Too
Longer Amortization Costs More

Chapter 16Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
The cash-equivalent price is cash plus the market value of the mortgage	cash-equivalent price	The market value of the offer equals the cash down payment plus the market value of the mortgage. The market value of the mortgage is the present value of the future payment stream and the balance due at the end, discounted at the market rate.
A lower rate is a discount and a higher rate is a bonus	discount / bonus	When the contract rate equals the market rate, market value equals the stated price. When the contract rate is lower, market value is lower, and that is a discount. When the contract rate is higher, market value is higher, and that is a bonus.
Discount over the contract months still left, including the balloon payment	balloon payment	A partial amortization delivers the outstanding balance at the end of the term, the balloon payment, and not zero. In the lecture example, a loan of $500,000 has a balance of $442,537.54 at the end of five years, and principal repaid of $57,462.46. When discounting, the remaining monthly payments and that balloon payment are discounted together over the number of contract months remaining.
A vendor take-back mortgage changes only the rate between the two steps	vendor take-back mortgage	A vendor take-back mortgage first uses the contract rate to obtain the monthly payment and the balance due at the end, then discounts that same stream of cash flows at the market rate. Only the rate changes between the two steps. Neither a discount nor a bonus, by itself, means the offer is invalid.
An assumable mortgage is discounted, and qualification cannot be skipped	assumable mortgage	An assumable mortgage uses the same present value, but the number of periods is the periods remaining in the contractual term, and the monthly payment and the balance due are usually copied from the original contract. When the rate is below the market, market value is below the outstanding face amount. The difference is only a starting point for negotiation. The buyer must still requalify with the original lender.
A portable mortgage is still tested under today's stress test	portable mortgage	A portable mortgage moves the existing rate and terms to the next home, and that weakens the appeal of using an assumption as a selling point. Even on the day after signing, it must be retested under the current stress test. If the qualified amount is not enough, only part can be moved. This chapter does not give a single percentage for a breakage penalty.
Points raise the cost of funds advanced	cost of funds advanced	Whether a brokerage fee or a lender's bonus is deducted from principal or added to the face amount, the borrower receives less cash while the repayment obligation stays the same. The cost of funds advanced is above the contract rate, and the shorter the term, the more the effect is magnified. In the lecture, $300,000 with 2 points deducted leaves $294,000 advanced. The contract rate is 5.50% compounded semi-annually, and the equivalent semi-annual rate worked back is about 5.7130%.
The required disclosure is the Annual Percentage Rate, not the cost of funds advanced	Annual Percentage Rate	A loan for personal, family, or household use must disclose the Annual Percentage Rate in writing. The mortgage disclosure statement must be given at least two business days before the borrower becomes bound or makes a payment. The borrower may waive that period on the terms the regulation allows. The cost of funds advanced is not a required disclosure item.
The penalty is the greater of three months' interest and the Interest Rate Differential	Interest Rate Differential	When the mortgage is closed and the term is less than five years, the lender has no duty to allow the whole loan to be paid off early. If the lender allows it, the penalty is the greater of three months' interest and the Interest Rate Differential. When the market rate is below the contract rate and many periods remain, the Interest Rate Differential is usually the larger one.
The footnote names the Financial Institutions Commission of BC, and the list is not out of date	Financial Institutions Commission of BC	The exam footnote tells the reader to consult the Financial Institutions Commission of BC. The current body is BCFSA, which on 2019-11-01 took over regulation of financial institutions, pensions, and mortgage brokers, and on 2021-08-01 integrated real estate regulation. In the same table, the initial disclosure list and the Interest Act points (mortgage interest is disclosed as compounded annually or semi-annually, and after five years an individual borrower may prepay by adding three months' interest) do not conflict in substance with the current text.

Self-test cues (Cornell left column)

1. Which two amounts add up to the market value of the offer? When the contract rate is below, above, or equal to the market rate, what is each result relative to the stated price?
2. Is N for the discounting the number of months left in the contractual term, or the years of amortization still left? When a partial amortization comes due, is the outstanding balance discounted as well?
3. Which single input is changed in the two-step calculation of a vendor take-back mortgage? For an assumable mortgage, what two things differ in the number of periods and in the payment, and can the buyer skip qualification?
4. After points are deducted or a bonus is added, how does the true rate move relative to the contract rate? Which figure does the law require to be disclosed, and how far ahead must the mortgage disclosure be given at a minimum?
5. On a closed term of less than five years, does the lender have a duty to allow an early payout in full? If it is allowed, how are the two penalties taken? Which body does the manual footnote name, and which body is named to a client now?

Summary: In five sentences, write how an offer is split into cash and the market value of the mortgage, under which rate relationship a discount appears and under which a bonus appears, how the number of discount periods and the balance due at the end are taken, which rate must by law be disclosed after points are deducted, and, when the prepayment penalty takes the greater of the two, which one is usually larger, together with the body named in the footnote on the paper and the name of the current body.

Chapter 17 · Mortgage Underwriting and Borrower Qualification

mortgage-finance | P2 Hold steady | Underwriting Qualification · 4 mock questions

Read with these questions: Among the Five Cs, which one asks whether the person will pay and which one asks whether the person can pay?; Can the purchase price stand as the lending value?; Which ruler binds, and does that decide how the loan is adjusted?; Once the premium is added to the loan, does it count in the ratio?; Which two figures does the exam qualifying rate take?

How it is tested

- Concept-matching questions give a passage on employment, residence, an income ratio, or the credit report, and ask which of the Five Cs it falls under. What they test is that character asks whether the person will pay and capacity asks whether the person can pay, and that the two cannot stand in for each other.
- Term-distinction questions state the purchase price, the purchase cost, the market value, and the lending value of the same house, and ask which figure the loan-to-value ratio multiplies. What they test is that the lender takes the lower of market value and lending value, and does not recognize the part paid above that figure.
- Two-ruler questions set the amount income can support above or below the 80% ceiling, and ask where the loan is stuck and whether to move the down payment or the other debt. What they test is to see which ruler binds first, then choose the matching adjustment.
- Three-rule premium questions add the premium to the face amount of the loan, and ask whether the loan-to-value ratio changes, whether the debt-service ratios change, and whether a premium is charged again at renewal. What they test is that the premium stays out of the ratio, goes into the debt-service ratios, and that the insurance covers the whole amortization.
- Standard-comparison questions say to answer from the course manual, and the options place the exam figures beside the 2026 figures. What they test is that the exam standard still uses the Bank of Canada five-year posted rate, a gross debt service ratio of 35% and a total debt service ratio of 42% on an insured mortgage, and a price ceiling of $1,000,000, with one sentence in the explanation naming the current figures.

Traps (watch for the signal)

Mixing up character and capacity: The stem gives employment or residence stability on one side and whether the income ratios fit on the other, and an option writes the two as the same C.

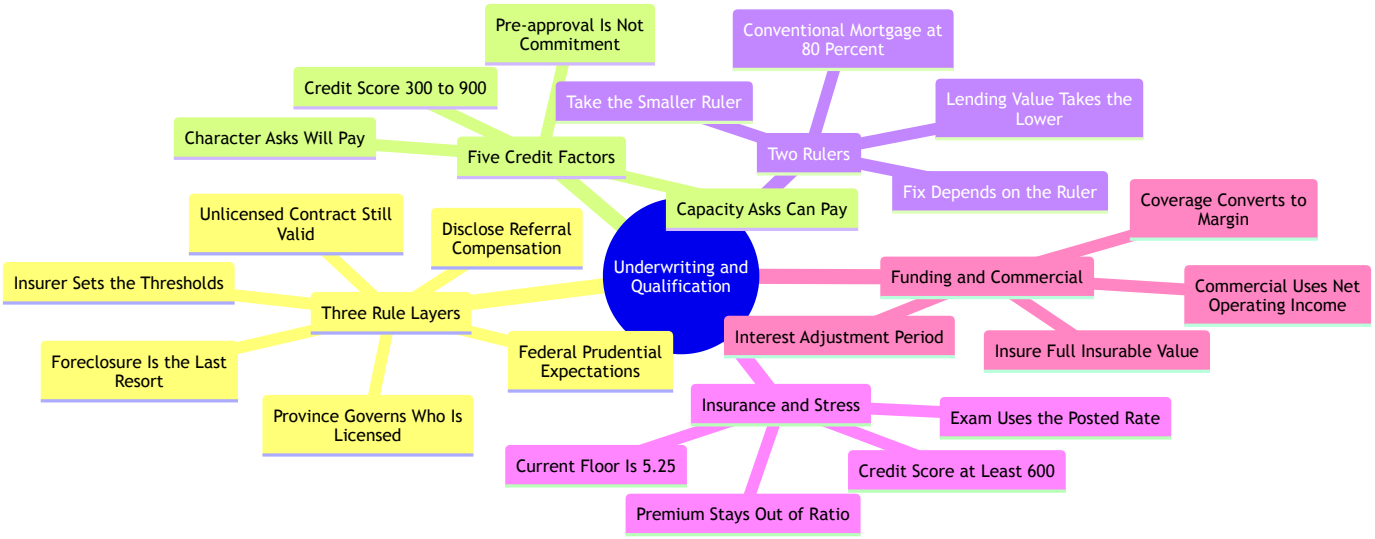
Treating the offer price as lending value: The stem says the buyer's offer is above the appraisal, or states the purchase price, market value, and lending value together, and an option still multiplies the loan-to-value ratio by the purchase price or the purchase cost.

Using the fix for the wrong ruler: The stem already says the 80% ceiling is below the loan the income can support, and an option says paying off other debt or lengthening the amortization will raise this advance.

Putting the premium into the loan-to-value ratio: The stem says the premium is added to the loan and that later payments are on the face amount including the premium, and an option discusses the ratio, the debt-service ratios, or whether a premium is charged again at renewal.

Using current figures as the exam answer: The stem says to answer from the course manual or on the exam standard, and an option shows 5.25%, 39%, 44%, or $1,500,000.

Mind map


Underwriting and Qualification
Five Credit Factors
Pre-approval Is Not Commitment
Credit Score 300 to 900
Character Asks Will Pay
Capacity Asks Can Pay
Two Rulers
Conventional Mortgage at 80 Percent
Take the Smaller Ruler
Lending Value Takes the Lower
Fix Depends on the Ruler
Three Rule Layers
Unlicensed Contract Still Valid
Disclose Referral Compensation
Insurer Sets the Thresholds
Foreclosure Is the Last Resort
Federal Prudential Expectations
Province Governs Who Is Licensed
Funding and Commercial
Coverage Converts to Margin
Commercial Uses Net Operating Income
Interest Adjustment Period
Insure Full Insurable Value
Insurance and Stress
Exam Uses the Posted Rate
Current Floor Is 5.25
Credit Score at Least 600
Premium Stays Out of Ratio

Chapter 17Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Character asks whether the person will pay, and capacity asks whether the person can pay	Character / Capacity	Character is a behavioural forecast. Its materials are employment stability, length of residence, and industry experience. Capacity is a financial forecast, measured with gross annual income and the debt-service ratios. Underwriting makes both forecasts at the same time.
The score is only part of the credit report	credit report	The score range at both credit bureaus is 300 to 900. Revolving-credit codes run from R1 to R9, and installment-loan codes from I1 to I9. R1 or I1 means paid on time. R9 or I9 means the account is in collection. Bankruptcy, a consumer proposal, and the number of inquiries are read separately.
The lender takes the lower of market value and lending value	lending value	The lender underwrites on the lower of market value and lending value. When two appraisals differ by 3% to 5%, the lower one is taken. Purchase cost is the purchase price plus fees and any bonus, and it is always higher than the purchase price.
The statutory ceiling on an uninsured mortgage is 80%	conventional mortgage	A federally chartered financial institution making an uninsured mortgage is capped at a loan-to-value ratio of 80%. A loan secured only by the personal promise plus the property is a conventional mortgage. Above 80% it must be insured, and it can go to 95%. A private lender is not bound by that 80% cap.
The two rulers take the smaller one	loan-to-value ratio	When the collateral ruler binds, increase the down payment or choose a less expensive house. When the income ruler binds, lengthen the amortization, lower the rate, pay off other debt, or add a guarantor. Confirm which ruler binds before moving a variable.
The exam qualifying rate is the higher of the two	qualifying rate	On the exam, the qualifying rate is the higher of the Bank of Canada five-year posted rate and the contract rate plus 2%. The current minimum qualifying rate is the higher of the contract rate plus 2% and 5.25%.
The premium stays out of the ratio but goes into the debt-service ratios	mortgage loan insurance	The premium may be added to the loan amount. Once added, it is not included in the loan-to-value ratio, but payments that include the premium are included in the debt-service ratios. The insurance covers the whole amortization. No further premium is charged at renewal or at the end of the term.
The 35% self-employed down payment is used on neither side	self-employed borrower	The exam text says a self-employed borrower applying to a federally regulated institution needs a minimum down payment of 35%. The lecture marks that statement as wrong, and it is not to be used on the exam or in practice. Current self-employed products can go as high as a 95% loan-to-value ratio with no extra charge, and sole-proprietorship or partnership income may be grossed up by 15%.
The safety margin and the debt coverage ratio convert into each other	debt coverage ratio	An income property is measured from net operating income. The debt coverage ratio equals 1 divided by (1 minus the safety margin). A safety margin of 20% equals a debt coverage ratio of 1.25. A debt coverage ratio of 1.30 equals a safety margin of about 23.08%.
Property insurance is placed for the full insurable value	full insurable value	The borrower must place property insurance for the full insurable value, with the proceeds payable to the mortgagee. If only the loan amount is insured and the rest is insured for the borrower alone, a loss is shared by the two insurers, and the lender may receive only part of the proceeds.

Self-test cues (Cornell left column)

1. What does each of the Five Cs ask? How do character and capacity differ? What is the range of the credit score, and what do 1 and 9 mean in the R codes and the I codes?
2. How are purchase price, purchase cost, market value, and lending value distinguished? Which one does the lender use for the loan-to-value ratio? What is the statutory ceiling on an uninsured mortgage from a federally chartered institution?
3. When each of the two rulers binds, which variable is moved? If income still has room and the ratio is already at its ceiling, does paying off other debt first raise this advance?
4. What are the exam qualifying rate, the insured-mortgage debt-service ratios, and the price ceiling? What are the current floor, debt-service ratios, and price ceiling? On what conditions is a straight switch exempt from the prescribed qualifying rate, and by how much at most may the outstanding principal increase?
5. After the premium is added to the loan, does it enter the loan-to-value ratio, does it enter the debt-service ratios, and is it charged again at renewal? Which debt coverage ratio equals a safety margin of 20%? Why must property insurance be placed

for the full insurable value?

Summary: In six sentences, write what character and capacity each ask, which of the four values the lender takes, what to move when each of the two rulers binds, what the exam standard and the current standard each use for the qualifying rate and the insured debt-service ratios, how the premium affects the ratio and the debt-service ratios at the same time, and which income an income property uses and to which value the property insurance must be placed.

Chapter 18 · Local Government Law and Land Use

gov-tax P2 Hold steady Local Government Law · 4 mock questions

Read with these questions: Does an OCP designation mean it can be built today?; After how long a vacancy is a non-conforming use lost?; Can a variance permit change use or density?; Does the municipality pay for a drop caused by rezoning?; Does the exam still require a hearing?

How it is tested

- Tool-tense questions give both the official community plan map designation and the zoning that is still in force, and ask whether construction can proceed today for the use on the plan. What they test is that the plan is policy for the future and zoning is the rule for the present, and that a use which does not match the plan must amend the plan first.
- Number-threshold questions set a legal non-conforming use vacant for a period, or a building damaged to some percentage, and ask whether the old use is still there. What they test is six continuous months of discontinuance province-wide and 75 percent of the value above the foundation. Applying Vancouver's 90 days and 60 percent to the whole province picks the wrong answer.
- Authority-boundary questions have an applicant who wants to change the use or raise the floor space ratio, but who goes to a development variance permit or the board of variance. What they test is that neither route may change use or density, and that a temporary use permit cannot make the use permanent.
- Sequence-and-compensation questions ask between which readings the hearing sits, or whether the owner can claim after land value falls because of a plan or zoning. What they test is that the hearing is after first reading and before third reading, that third reading and adoption are at least one day apart, and that a drop in value is in principle not compensated.
- Standard-comparison questions say to answer from the course manual, and the options place a hearing generally being required, most old contracts still being in effect, adding a dwelling being decided by the municipality, an amenity contribution only being negotiated, and housing need of at least five years, beside the current rules after 2023. What they test is to choose the exam standard on the answer sheet, and to state the current rule in one sentence in the explanation.

Traps (watch for the signal)

Treating the OCP as what can be built now: The stem gives both an official community plan designation and zoning that is still in force, the two do not match, and an option says construction can proceed under the plan.

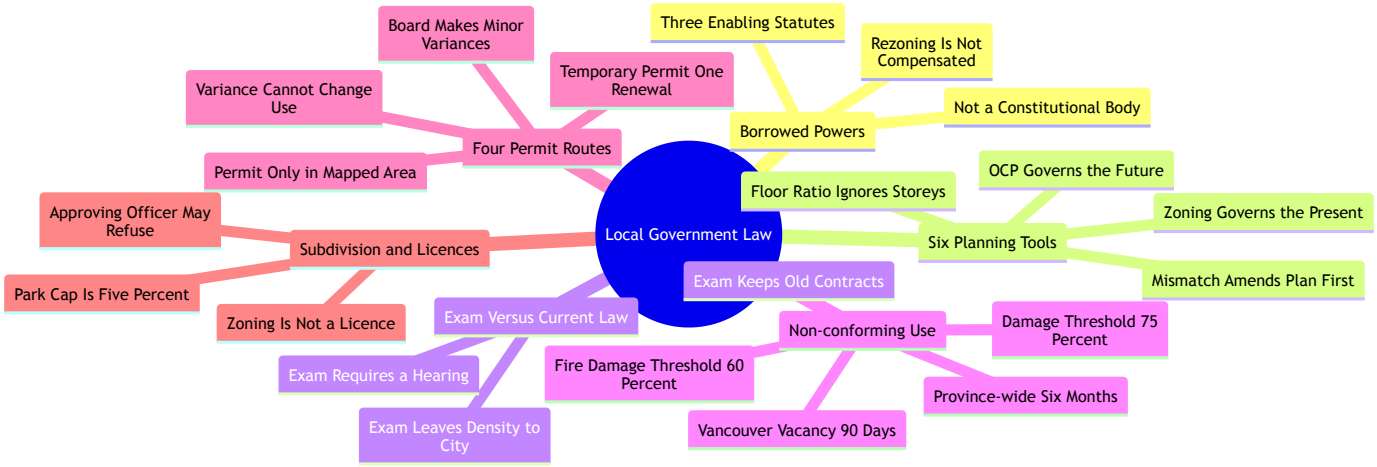
Thinking a variance can change the use: The applicant wants to add dwellings, change to an apartment, or raise the floor space ratio, and an option says a variance permit or a board order can approve it.

Using current law as the exam answer: The stem says to answer from the course manual or for the licensing exam, and an option shows a ban on a hearing, a provincially set unit count, or that all of them had already ended on 30 June 2024.

Mixing up the two sets of numbers: The stem states whether the property is inside the City of Vancouver, or asks about the vacancy period and the damage percentage together, and an option uses the other set of numbers.

Treating zoning approval as a licence to open: The stem says zoning allows a broad class of use, and then a licence bylaw prohibits this particular business, and an option says zoning is already enough.

Mind map


Local Government Law
Four Permit Routes
Board Makes Minor Variances
Variance Cannot Change Use
Temporary Permit One Renewal
Permit Only in Mapped Area
Borrowed Powers
Three Enabling Statutes
Rezoning Is Not Compensated
Not a Constitutional Body
Six Planning Tools
OCP Governs the Future
Zoning Governs the Present
Mismatch Amends Plan First
Floor Ratio Ignores Storeys
Subdivision and Licences
Approving Officer May Refuse
Park Cap Is Five Percent
Zoning Is Not a Licence
Exam Versus Current Law
Exam Requires a Hearing
Exam Leaves Density to City
Exam Keeps Old Contracts
Non-conforming Use
Damage Threshold 75 Percent
Province-wide Six Months
Vancouver Vacancy 90 Days
Fire Damage Threshold 60 Percent

Chapter 18Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
A municipality's power is borrowed from the province	enabling legislation	A municipality is not a constitutional body. Its powers come from provincial enabling legislation, and the province can take them back or enlarge them by amending the statute.
A drop from rezoning is in principle not compensated	no compensation	No compensation is payable for a drop in value caused by adopting an official community plan, passing a zoning bylaw, issuing a land use permit, or terminating a land use contract. The only exception is a bylaw that limits the land to a public use.
The plan is policy and zoning is the rule	official community plan	The official community plan governs long-term direction. The zoning bylaw governs the present use, density, setbacks, height, parking, and signs. A use that does not conform to the plan must amend the plan first.
Floor space ratio does not depend on the number of storeys	floor space ratio	Floor space ratio equals total floor area divided by lot area. A ratio of 0.5 on a 1,000 square metre lot is 500 square metres of total floor area. Adding a storey does not increase that total.
On the exam, adding a dwelling is still decided by the municipality	zoning bylaw	The exam standard is that whether a detached-house zone may add a dwelling or have a secondary suite is decided by the local government through its zoning power. Current provincial law already sets a minimum number of dwellings for many single-detached and duplex zones.
The exam writes housing need as five years	official community plan	The exam standard requires an official community plan to state housing need for at least the next five years. Current law changes that to at least 20 years, and the plan must cover the 20-year total in the housing needs report.
Province-wide, discontinuance is six months and damage is 75 percent	legal non-conforming use	A legal non-conforming use is lost after six continuous months of discontinuance. If damage reaches 75 percent or more of the value above the foundation, it may not be rebuilt for the former use. The current Vancouver figures are 90 days of discontinuance and 60 percent fire damage.
Neither route changes use or density	development variance permit	A development variance permit and a board of variance order must not change use or density. A temporary use permit runs for at most three years and may be renewed only once.
On the exam standard, most old contracts are still in effect	land use contract	The exam standard says land use contracts from 1971 to 1978 are mostly still in effect unless the parties agree to end them, and it notes that a 2014 amendment required termination before 2024. Current law is that all of them ended on 2024-06-30 with no compensation.
Zoning approval is not licence approval	business licensing bylaw	Zoning may allow a class of use, and the business licensing bylaw may still prohibit one particular business within that class. A licence application must not be refused unreasonably, and a refusal must give written reasons on request.

Self-test cues (Cornell left column)

1. Is a municipality a level of government under the constitution? Which three provincial statutes do planning powers come from? When is a drop in land value from rezoning, or from adopting an official community plan, compensated?
2. Which time does the official community plan govern, and which does the zoning bylaw govern? At a floor space ratio of 0.5 on a 1,000 square metre lot, what is the total floor area? Does that area depend on the number of storeys?
3. Under the exam manual, who decides whether to add a dwelling, must a rezoning hold a hearing, how many years of housing need does an official community plan state, can a community amenity contribution be imposed unilaterally, and are land use contracts still in effect? What has current law changed each of those into?
4. For a legal non-conforming use, how long of continuous discontinuance province-wide ends it, and at what level of damage may it not be rebuilt for the former use? What are Vancouver's two numbers? May a use that occupies part of a building extend through the whole building, and may a use of land be extended over a larger area?
5. Can a development variance permit or the board of variance change use or density? What is the longest term of a temporary use permit, and how many times may it be renewed? What is the cap on park land at subdivision, and does the exemption for fewer than three lots still apply to a parcel that was subdivided within the past five years?

Summary: In six sentences, write that the power comes from provincial statutes, what the plan and the zoning each govern, how the exam chooses on the hearing, the unit count, the housing-need period, the amenity contribution, and old contracts,

the two sets of numbers for a non-conforming use, which two kinds of variance cannot change use and density, and why a zoning approval still does not mean this business can open.

Chapter 19 · Taxes on Real Property

gov-tax P2 Hold steady Property Taxes · 3 mock questions

Read with these questions: Who pays the property transfer tax, and is it triggered only by registration?; Does going over three million add the further tax to the whole price?; How far does the first-time exemption go in the manual?; Does a used owner-occupied home bear GST?; How does the exam treat a missing empty homes tax declaration?

How it is tested

- Payer-swap questions put property transfer tax and GST in the same completion and ask who pays, who collects, and what event triggers the tax. What they test is that the transfer tax is paid by the buyer directly to the government when an interest is registered at the land title office, that GST is generally collected by the seller, and that the buyer handles GST only when the buyer is already registered or the seller is a non-resident.
- Bracket questions give a fair market value and ask which slice a bracket falls into, especially the further 2% on a residence above $3,000,000, and that a pre-sold strata unit is taxed on the total actually paid rather than on fair market value on the registration day. What they test is that only the amount above the line is charged, that the whole price does not jump into a higher bracket, and that the commercial portion does not bear that further rate.
- Standard-comparison questions say to answer from the course manual, and they set the first-time full exemption at $500,000 with a partial exemption to $525,000, the new-housing lines of $750,000 and $800,000, the empty homes tax at 1%, the speculation and vacancy tax at 0.5% and 2%, and deferment written only as supporting a child plus 15% equity, beside the current figures after 2024. What they test is to choose the exam standard on the answer sheet and to state the current rule in one sentence in the explanation. The manual does not contain the foreign buyer ban, the federal underused housing tax, the first-time buyer GST rebate, or the home flipping tax.
- Three-tax questions put one house where it may face both the provincial speculation and vacancy tax and Vancouver's empty homes tax, and ask what happens if nothing is filed, whether a filing or a credit under one tax covers the other, and whether the manual treats Lions Bay as a taxable area. What they test is that each tax is filed on its own, and that failing to file a property status declaration means the property is deemed vacant.
- Sale-character questions ask whether a gain is a capital gain or business income, which years and what area the principal residence exemption covers, and whether the buyer must withhold 25% of the gross price. What they test is that the exemption does not automatically cover the whole holding period, that the withholding duty sits

Traps (watch for the signal)

Applying GST collection to the transfer tax: The stem puts property transfer tax and GST in the same completion, or it says the seller agrees to collect the transfer tax, or that signing the contract is what triggers it.

Adding 2% to the whole amount over three million: Fair market value is above $3,000,000, and an option says the whole amount bears a further 2%, or it puts the commercial portion into that bracket too.

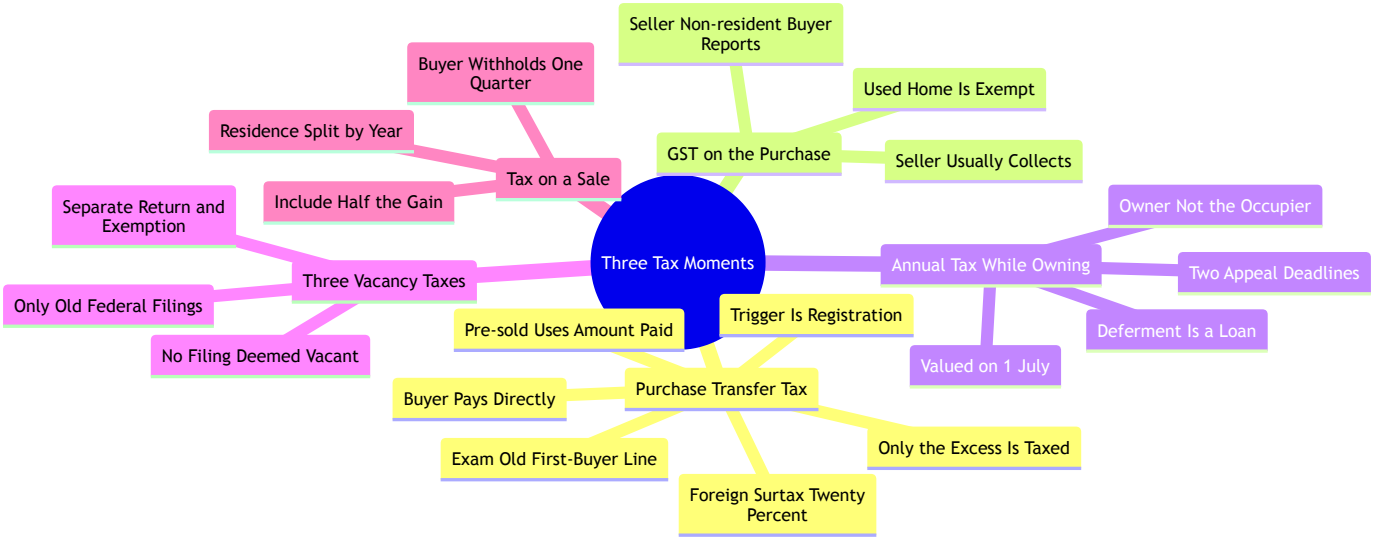
Using a current threshold as the exam answer: The stem says to answer from the course manual or for the licensing exam, and an option shows $835,000, $1,100,000, an empty homes tax of 3%, a 3% speculation and vacancy tax for a foreign owner, or regular deferment at 25% equity.

One exemption covers every tax: The owner says the provincial tax has already been filed or a credit has already been claimed, but the City's property status declaration was not filed, or the property sits both inside the City of Vancouver and inside a provincial taxable area.

Treating withholding as the seller's job: The seller's status as a tax resident has not been checked, or the price has already been paid in full, and an option says the buyer has no duty, or it replaces 25% with some other percentage.

with the buyer, and that the home flipping tax on a hold of fewer than 730 days is not in the exam standard.

Mind map



Chapter 19Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
The buyer pays the transfer tax at registration	Property Transfer Tax	Property transfer tax is triggered only when an interest in land is registered at the land title office. The buyer must pay it in full before registration can be completed. The seller has no duty to collect it.
The four rates apply only to the excess	fair market value	The first $200,000 is at 1%, the amount above that up to $2,000,000 is at 2%, the amount above $2,000,000 is at 3%, and the part of the residential portion above $3,000,000 bears a further 2%.
A pre-sold strata unit is taxed on the total paid	pre-sold strata unit	A pre-sold strata unit contracted before the strata plan is filed is taxed on the total amount actually paid, including upgrades and an assignment premium, not on fair market value on the registration day.
The exam first-buyer line is $500,000	First Time Home Buyers' Program	The exam standard is a full exemption at a fair market value of $500,000 or less, and a partial exemption up to $525,000. From 2024-04-01 the current lines are $835,000 and $860,000, and what is exempt is the tax on the first $500,000 of the price.
The foreign-entity additional tax is 20 percent	additional property transfer tax	A foreign national, a foreign corporation, or a taxable trustee pays a further 20%, in proportion to the interest registered to that person, on the residential fair market value in the five specified areas. It does not apply on Tsawwassen First Nation treaty land.
Used owner-occupied housing usually bears no GST	exempt supply	GST is 5%. Previously occupied housing used as a residence is usually an exempt supply. New housing is usually taxable, and the seller generally collects and remits it.
Actual value is not today's market price	actual value	1 July is the valuation date for the following year's roll, 31 October fixes the state, 30 November fixes ownership, and 31 December completes the roll. A notice seen in January shows market conditions on 1 July of the previous year.
Exempting one vacancy tax does not clear the others	Property Status Declaration	The provincial speculation and vacancy tax, Vancouver's empty homes tax, and the federal underused housing tax are each decided on their own. Failing to file an empty homes tax property status declaration means the property is deemed vacant. The exam-standard rate is 1%.
The principal residence exemption runs by year and by area	principal residence exemption	Under the exam standard a capital gain is generally included in taxable income at 50%. A principal residence is usually exempt, but only for the years and the area that were designated. A gain that has the character of a business is taxed in full as income.
Non-resident withholding falls on the buyer	non-resident withholding	When the seller is not a Canadian tax resident, the buyer must withhold 25% of the gross price and remit it. That amount is a temporary withholding. When the seller is a resident, the buyer has no withholding duty.

Self-test cues (Cornell left column)

1. At what point is property transfer tax triggered, and who pays it to the government? Does the seller have a duty to collect it? How is that the opposite of the direction in which GST is collected? Among interests that can be registered, does a life estate count?
2. What is each of the four general transfer-tax rates? Is the further 2% on a residence above $3,000,000 charged on the whole value or only on the excess? Does the commercial portion of a mixed-use property bear it? Is a pre-sold strata unit taxed on the total actually paid, or on fair market value on the registration day?
3. Under the exam manual, what are the full line and the partial line for the first-time exemption? What are the two lines for the new-housing exemption? From 2024-04-01, which two lines did each current rule change to, and which slice of the price does the first-time mechanism now exempt?
4. What does each of the four annual-assessment dates fix? What is the 2026 home owner grant threshold, and by how much does the grant fall for each $1,000 over it? Which class of person and what equity does the exam manual alone write for deferment, and is deferment a cancellation of the tax or a loan registered on title?
5. When the seller is a non-resident, what share of the gross price must the buyer withhold? Which two designation conditions must the principal residence exemption meet at the same time? What is Vancouver's empty homes tax in the exam manual, and what happens if the property status declaration is not filed? Can a provincial filing stand in for the City tax?

Summary: In six sentences, write who pays which taxes at each of the three moments, why the four transfer-tax rates apply only to the excess, the old first-time and new-housing thresholds in the exam manual, why the three vacancy taxes must be filed separately, and what non-resident withholding and the principal residence exemption each look at.

Chapter 20 · Building Design and Construction

practice-misc P3 Skim Building Construction · 3 mock questions

Read with these questions: What do the two-year, five-year, and ten-year covers each protect?; Which low figure is taken for common-property coverage?; Why can a coastal exterior wall not rely only on sealing?; If an owner-builder has no warranty, must it still be disclosed?; Which edition of the building code is written on the exam?

How it is tested

- Duration-matching questions ask how many years cover materials and labour, the building envelope, and structural defects. What is really tested is whether 2, 5, and 10 are put in the wrong places, rather than treating new-home warranty as one unbroken ten-year block.
- Coverage-amount questions give a purchase price, a unit count, or the total original purchase price, and ask you to take the minimum warranty coverage from the lower amount or from the lowest of three. What is tested is that the three formulas, for fee simple, a strata unit, and common property, must not be mixed, and that the lower figure is taken rather than the higher one.
- Counter-intuitive principle questions use details such as an older coastal apartment, face sealing, caulking, and no cavity, to test whether you still hold that a tighter seal is more waterproof. A paired question asks whether the sill is read by the flashing or only by the caulking.
- Qualification and percentage questions cover the 75% and 50% tests for substantial reconstruction, the 12 months after an owner-builder completes the home, warranty commencement, wiring from before 1950, and pipe material from before 1955. What is tested is judgment by percentage and date, not by appearance or by how many times the home has changed hands.
- Exam-text and conduct-boundary questions: when the stem says course manual or exam wording, the code edition, the Vancouver bylaw, and the green ratings must be answered from the course text. Inspection questions test at least three names, not advancing the fee, disclosing the referral fee, and that the licensee does not decide for the client whether the wiring is safe.

Traps (watch for the signal)

Years swapped: The stem asks which item is five years and which is ten, or it only asks whether the new home still has a warranty without saying which kind.

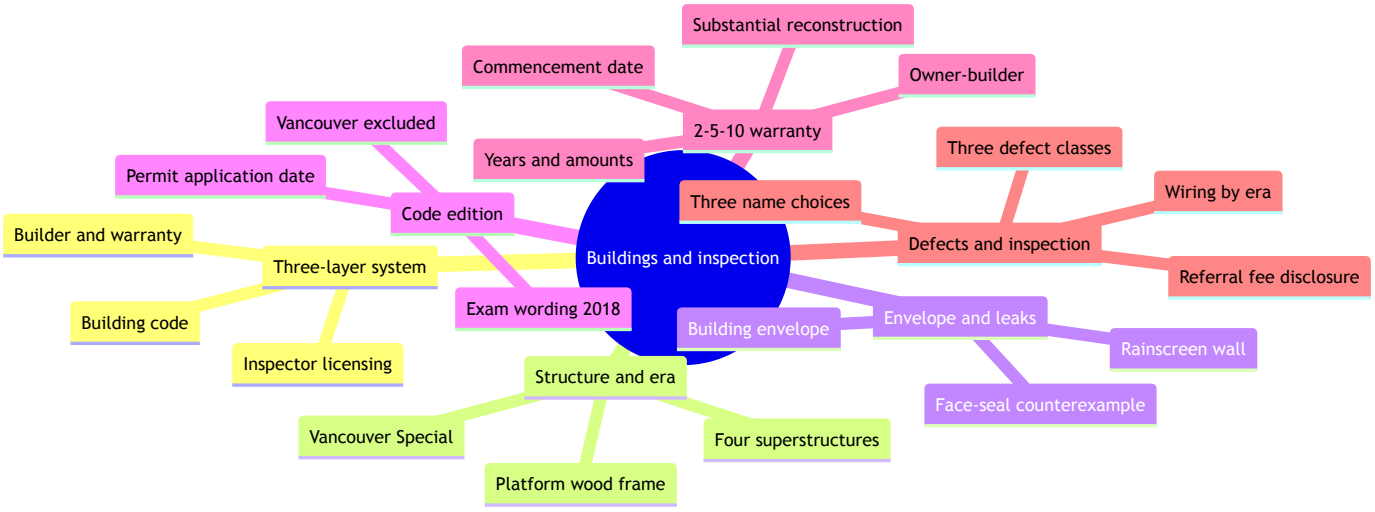
Taking the higher amount: Two or more of these appear: purchase price, unit count, total original purchase price, $200,000, $100,000, and $2,500,000, and the question asks for the minimum.

A tighter seal is more waterproof: The stem mentions the coast, a low-rise strata, face sealing, removing the air space, relying only on caulking, or a sill that mentions only caulking.

Old-looking means not a new home: The old foundation or the old cladding is kept, most of the superstructure is removed, the home has already changed hands, or the seller calls it a character home or a renovation.

Answering with today's code: The stem contains course manual, licensing exam, or according to the course. When those words appear, stop at the course text. Do not answer with the 2024 edition or the Step Code.

Mind map


Buildings and inspection
2-5-10 warranty
Substantial reconstruction
Commencement date
Owner-builder
Years and amounts
Code edition
Vancouver excluded
Permit application date
Exam wording 2018
Three-layer system
Builder and warranty
Building code
Inspector licensing
Defects and inspection
Three defect classes
Three name choices
Wiring by era
Referral fee disclosure
Envelope and leaks
Building envelope
Rainscreen wall
Face-seal counterexample
Structure and era
Vancouver Special
Platform wood frame
Four superstructures

Chapter 20Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
2–5–10 covers different parts	2–5–10 warranty	Materials and labour are covered for 2 years, the building envelope including water penetration for 5 years, and structural defects for 10 years.
Minimum coverage takes the lower or lowest figure	minimum warranty coverage	Fee simple takes the lower of the purchase price and $200,000. A strata unit takes the lower of the purchase price and $100,000. Common property takes the lowest of the total original purchase price, $100,000 per unit multiplied by the number of units, and $2,500,000.
Warranty is counted from commencement	warranty commencement	Fee simple takes the earliest of actual occupancy, issuance of the occupancy permit, and readiness for occupancy. A strata unit takes the earlier of actual occupancy and transfer of title. How many times the home later changes hands does not matter.
Substantial reconstruction is treated as a new home	substantial reconstruction	If more than 75% of the structure above the foundation is removed or replaced, or a new foundation is built and the new structural components, including the foundation, reach 50% of the finished building, either test brings it within new homes.
An owner–builder resale must be disclosed	owner–builder	An owner–builder may be exempt from the builder licence and the mandatory warranty, but the home must not be sold or listed during construction or within 12 months after completion, unless the registrar allows it for undue hardship. On resale an owner–builder disclosure notice must be given. If there is no warranty, the owner is personally liable.
A coastal envelope needs a drainage path	rainscreen	An exterior wall cannot rely only on face sealing. A rainscreen must leave an air space behind the cladding so water that enters can drain and dry. At the sill, flashing must lead the water out of the wall.
The exam code stops at the 2018 edition	BC Building Code	The exam wording states the 2018 edition, based on the National Building Code 2015. For Vancouver it states the 2014 Vancouver Building Bylaw, based on the 2012 BC Building Code. Which edition applies depends on the building–permit application date.
A home inspector referral has three limits	home inspector referral	Give at least three independent names, do not advance the inspection fee for the buyer, and do not disparage the home inspector's judgment. If a referral fee is received, disclose the source, the amount, and the related facts. The provision in the exam wording is Rules 5–11.
Defects fall into three classes, and wiring follows the era	invisible defects	A design defect is a layout problem. A visible defect is a problem of installation, materials, use, or maintenance that can be seen. An invisible defect is an omission or a discontinuity that cannot be seen. Knob–and–tube is common before 1950. Aluminum wiring is common in the 1960s and 1970s.
Voluntary green ratings are not a permit threshold	EnerGuide	The exam wording names only EnerGuide, Built Green Canada, LEED, and R–2000 as voluntary ratings. Not using them is not a breach.

Self–test cues (Cornell left column)

1. Which three coverages do 2, 5, and 10 each match?
2. The common–property minimum is the lowest of which three figures?
3. Why can a coastal wall not rely only on face sealing?
4. Which two percentages make a rebuilt house a new home?
5. The exam wording of the BC Building Code is based on which national code edition?

Summary: In six sentences, cover an envelope that relies on drainage, the 2–5–10 warranty and the three minimum–coverage formulas, substantial reconstruction and the owner–builder, and the three limits on a home inspector referral. State that the code edition on the exam and the voluntary green ratings stay with the course text, and that the current code is distinguished by the permit application date.

Chapter 21 · Introduction to Real Estate Appraisal

valuation P2 Hold steady Appraisal Intro · 4 mock questions

Read with these questions: Between which two ends must the sale price fall?; How is the opinion closed when the three approaches disagree?; Where does a short comparison differ from a formal report?; Does the exam say that appraisal work needs a licence?; Does the lack of a contract mean there is no duty?

How it is tested

- Concept–sorting questions: the stem gives a price, or one question from a client, and you must decide whether it is the floor price, the ceiling price, value in exchange, value to the owner, market value, or investment value. What is really tested is that these words cannot stand in for one another.
- Method–fit questions: which approach is used for a house, for rented commercial property, and for a special–purpose property with few sales, and how the opinion is closed when the three figures disagree. What is tested is the setting each approach fits, and that to reconcile is not to take an average. Adjustment grids, and how a capitalization rate is calculated, are not tested.
- Document–type questions: a few pages of qualitative comparison, a checkbox form used by a bank, a long report for an expropriation hearing, or an oral statement in court. You must say whether it is a comparative market analysis or which kind of appraisal report. What is tested is scope of work and formality, not who knows the field better.
- Standard–of–care questions: a later sale price does not match, the borrower has no contract, the report contains a disclaimer, or the licensee produced only a short comparison. What is tested is the reasonable appraiser test, that a duty of care can exist without a contract, and that a disclaimer can only limit the scope.
- Exam–wording mismatch questions: when the stem says according to the course or licensing exam, the licence, the definition of market value, why a lender wants an appraisal, and the effective date are all answered from the course text. The current rules belong in the explanation: a licensee cannot rely on the exemption to work privately, Exposure Time and Marketing Time, no reliance on any one method alone, and a property–tax valuation date of July 1 each year.

Traps (watch for the signal)

One price answers every question: The stem gives, together, the lowest price the seller will accept, the highest price the buyer will pay, and the sale price, or the client holds an appraisal and asks whether it is worth buying.

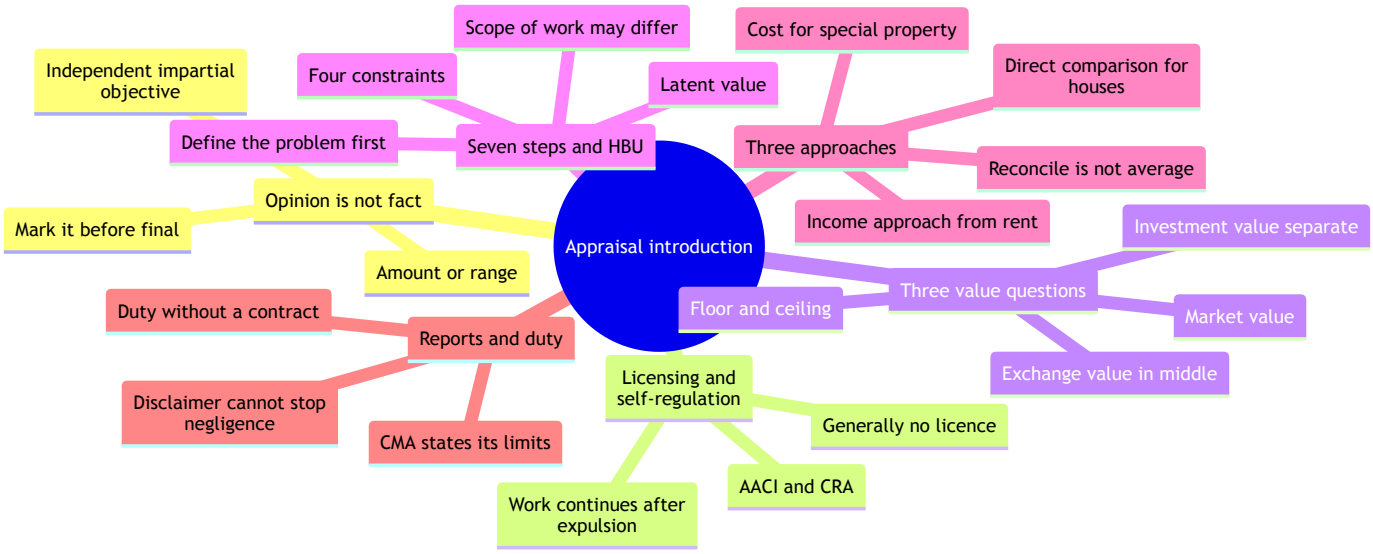
Reconciliation is an average: The stem gives different conclusions from two or three approaches, or it stresses that the cost approach looks the most exact, and asks how the final opinion is set.

A licence is required after the merger: The stem mentions the regulatory merger, who may call themselves an appraiser, expulsion by the association, or whether appraisal work in BC needs a licence.

The existing use locks the land: Zoning has changed, surrounding uses have changed, or the stem asks about highest and best use, latent value, or the residual method.

Duty follows the contract or the result: The stem has a buyer or a borrower who is not the client, a disclaimer, a footer saying this is not an appraisal, or an appraisal figure that does not match a later sale price.

Mind map


Appraisal introduction
Seven steps and HBU
Scope of work may differ
Four constraints
Latent value
Define the problem first
Independent impartial objective
Three approaches
Cost for special property
Direct comparison for houses
Reconcile is not average
Income approach from rent
Opinion is not fact
Mark it before final
Amount or range
Three value questions
Investment value separate
Market value
Exchange value in middle
Floor and ceiling
Reports and duty
Duty without a contract
Disclaimer cannot stop negligence
CMA states its limits
Licensing and self-regulation
Generally no licence
AACI and CRA
Work continues after expulsion

Chapter 21Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
An appraisal is an opinion, final only when signed	appraisal	An appraisal is an expert opinion of the value of real property. It must be stated as a specific amount, a numerical range, or a relationship such as not above or not below a figure. Signing, or making a final statement, is what makes it final. Until then, every communication must say that this is not the final conclusion.
The exam generally requires no licence	Exemption for appraisers	The exam answer is that appraisers in BC generally need no licence, under the exemption for appraisers in Real Estate Services Regulation s.2.8. AACI may cover every property type. CRA is limited to homes of not more than four units. Expulsion from membership still leaves the person free to take assignments. The current rule adds that a person who already holds a licence cannot rely on that exemption to work privately.
The sale price must fall between the two ends	value in exchange	The floor price is the lowest amount the seller will accept. The ceiling price is the highest amount the buyer will pay. Value in exchange must fall between the two, or no transaction can occur. The two together are called value to the owner. The appraiser is responsible for objective market value, not for investment value.
The exam tests only the market-value elements	market value	On the exam, market value is the most probable price on a specified date, after adequate exposure, with both parties prudent and informed, under no undue pressure, in a fair transaction. More than 90% of an appraiser's day-to-day work estimates this. Only the current standard splits exposure into Exposure Time, looking back, and Marketing Time, looking forward.
A matching scope of work can be competent	scope of work	The process is discussed as define the problem, scope of work, collect the data, analyze the data, select the approach, reconcile, and communicate the conclusion. Competence requires only that the scope of work match the use. In the course, a $100 drive-by opinion and a $5,000 narrative report can both be competent if each states honestly what was done.
Highest and best use must pass four tests	Highest and Best Use	Highest and Best Use is the use with the greatest net return that is legally permissible, physically possible, financially feasible, and supported by the market. If the market would not rebuild the same improvement after it was destroyed, the land has latent value. The residual method subtracts demolition cost and development cost from the market value on completion.
Reconcile the three approaches; do not average	reconcile	The Direct Comparison Approach rests on the principle of substitution and is used most often for houses. The Income Approach treats value as the present value of future net income and is used most often for rented commercial property. The Cost Approach is often used for special-purpose property with few sales, and in practice it is often the least precise. When the conclusions disagree, reconcile by professional judgment. Do not take an average.
A CMA differs in scope, not in skill	Comparative Market Analysis	A formal report may be an oral report, a form report, or a narrative report. A Comparative Market Analysis usually uses 3 to 5 comparables and makes a qualitative comparison of better, worse, or similar. It can be as short as one to three pages, and it must state what was done and what was not done.
Fault follows neither the contract nor the result	reasonable appraiser test	Under the reasonable appraiser test, fault asks whether an ordinary peer, with the same information, would have judged the same way. A simple overestimate or underestimate is not fault by itself. A third party with no contract may still claim a duty of care where reliance was foreseeable. A disclaimer cannot waive that duty. A Comparative Market Analysis is held to the same standard.
The effective date need not equal the tax date	effective date	The effective date of an appraisal report may be any date the client specifies. Current property-tax assessed value uses July 1 each year as the valuation date, and physical condition and use are frozen on October 31. The two sets of figures need not match, and a difference does not show that either one is wrong.

Self-test cues (Cornell left column)

1. Before an appraisal is signed or finally stated, what must a communication to the client say?
2. On the exam, do appraisers in BC need a licence, and can a person still take assignments after expulsion by the association?
3. Between which two prices must value in exchange fall, and what does investment value ask?
4. Which four tests must highest and best use pass, and may the three approaches be averaged when they disagree?
5. If there is no contract, or a disclaimer is written, is the professional duty of care gone?

Summary: In six sentences, cover an appraisal as an opinion held to a professional standard, the exam's licence exemption and the two designations, the three prices and the elements of market value, how highest and best use and the three approaches are closed, the line between a comparative market analysis and a formal report, and that a duty may still exist without a contract and that the effective date need not follow the tax-assessment date.

Chapter 22 · Direct Comparison and Cost Approaches of Appraisal

valuation P2 Hold steady Direct Comparison Cost · 4 mock questions

Read with these questions: Which way is the price adjusted when the comparable is inferior?; Which must be adjusted first, the financing or the physical difference?; Why is the gross adjustment still read when the net adjustment is zero?; Can the three indicated values be averaged?; Which cell of depreciation does the straight-line method deduct?

How it is tested

- Direction questions: the stem says which of the subject property and the comparable has the extra garage, bathroom, or lot, and you decide whether to add or subtract, and whose price changes. What is tested is that the subject property stays fixed, and only the comparable is adjusted toward it.
- Sequence questions: the same sale has both below-market vendor financing and a room or lot difference. The question asks which step comes first, or how working the physical percentage first pulls the base off. What is tested is washing the transaction noise out of the sale price first.
- Reliability questions: the stem gives the net adjustment and the gross adjustment, or several indicated values after adjustment. What is tested is that amounts which cancel to a net do not make the sale comparable, that the gross adjustment generally does not exceed 20% of the sale price, and that the close does not average the figures.
- Cost-concept questions: choose between replacement and reproduction, or between current and historic, or place depreciation in the four cells and apply the straight-line method. What is tested is the functionally equivalent cost on the effective date, and that curable looks only at whether the repair is worth the cost.
- Fit questions: a detached house, an income building, a church, an insurance assignment that must split land and building, and a single strata unit, and which path each one takes. For a strata unit, two further questions are added: common property, and how the fees are shared. What is tested is the boundary of each method.

Traps (watch for the signal)

The direction is reversed: The stem states that the subject has an extra item, or that the comparable has an extra item, and asks whose price the money is added to, and whether it is an addition or a subtraction.

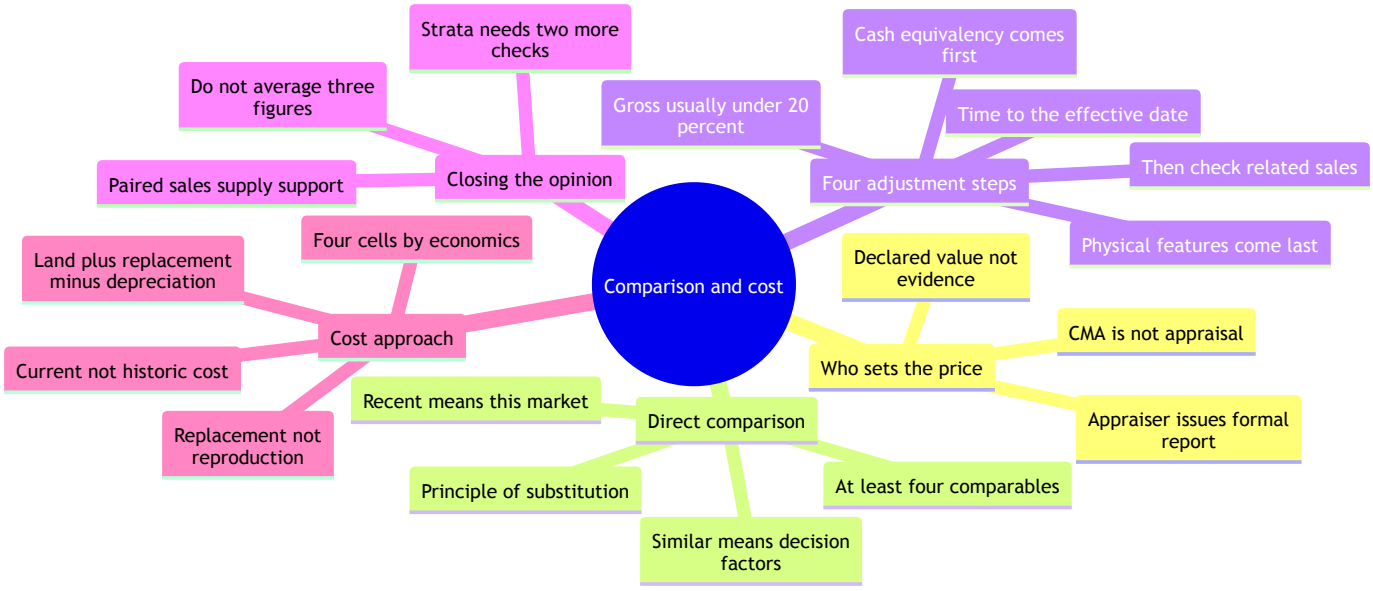
The sequence is reversed: The same comparable has both below-market vendor financing and a bathroom, lot, or finish difference, and the question asks which step comes first.

A zero net means comparable: The stem gives both the net adjustment and the gross adjustment. The net is small or zero, while the gross adjustment is a high share of the sale price.

The invoice is the market: The stem states what a renovation cost, or what it cost to build or to reproduce in that year, and asks for a value based on the invoice or on an exact replica.

Average the three figures: The stem gives two or more indicated values after adjustment, and asks whether the final opinion is the average, the lowest, or the most reliable one.

Mind map


Comparison and cost
Closing the opinion
Strata needs two more checks
Do not average three figures
Paired sales supply support
Four adjustment steps
Cash equivalency comes first
Gross usually under 20 percent
Time to the effective date
Then check related sales
Physical features come last
Cost approach
Four cells by economics
Land plus replacement minus depreciation
Current not historic cost
Replacement not reproduction
Who sets the price
Declared value not evidence
CMA is not appraisal
Appraiser issues formal report
Direct comparison
Recent means this market
Principle of substitution
Similar means decision factors
At least four comparables

Chapter 22Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
A formal appraisal and a Comparative Market Analysis are not the same	Comparative Market Analysis	A practising appraiser is bound by CUSPAP and issues a formal appraisal report. A licensee's Comparative Market Analysis is not bound by that standard and cannot be treated as a formal appraisal. The declared value on a transfer registration is not evidence of a comparable sale.
Recent and similar both have definitions	comparables	Recent is not a fixed number of months. It is the period before the effective date when supply and demand in that market stayed relatively stable. A general price index cannot be used to adjust one house. Similar requires only that the factors which affect the offer be close. Frontage is usually more important than depth. All three tests must be passed before a sale enters adjustment. The exam wording suggests at least four comparables.
Adjust only the comparable's price	subject property	The subject property is the benchmark. Only the comparable's sale price is adjusted. If the subject is better on an item, add that market contribution to the comparable. If the comparable is better on an item, subtract it from the comparable's sale price. The adjustment uses market evidence, not renovation cost.
Remove the noise before comparing physical features	cash equivalency	The adjustment order is cash equivalency of the financing, conditions of sale, market conditions, and physical features last. The gross adjustment generally should not exceed 20% of the sale price. Vendor-financing adjustments can be an exception. A net adjustment of zero can still be only large positive and negative items cancelling each other.
Do not average the indicated values	indicated value	In the first worked example the three indicated values are $852,000, $877,600, and $837,100. The close relies mainly on the one with the lowest gross-adjustment ratio whose key physical adjustment is supported by paired sales, and that figure is rounded to $878,000. It is not the average of the three figures.
A strata comparison needs two extra checks	direct comparison approach	The direct comparison approach fits best for detached houses and apartments with many sales. It is weaker for rare property, a sharply moving market, and income property. Strata units also need similar rights in the common property, and common expenses that are shared in a similar way and cover similar items. Both questions must be answered yes before the units can be comparables for each other.
The cost approach uses current replacement cost	replacement cost	Only when the existing use is the highest and best use does site value plus building replacement cost minus depreciation approximate market value. The cost approach uses current replacement cost on the effective date. It does not use reproduction cost or historic cost. Site value is usually still found by the direct comparison approach.
Curable depreciation looks only at whether the repair pays	curable depreciation	An item is curable depreciation only when the repair cost is not higher than the value the repair adds, and the deduction is the repair cost. If the repair cost is higher, the item is incurable, and the deduction is the appraiser's professional judgment. Incurable physical depreciation is commonly replacement cost divided by economic life, then multiplied by effective age. Effective age need not equal actual age.
Paired sales analysis isolates one difference	paired sales analysis	Two recent sales that match in every other respect, and that need no time adjustment, have a price gap equal to the market contribution of that one feature. In the course example the difference between $718,000 and $700,000, which is $18,000, is used as the garage adjustment.
Give the cost approach less weight on an older house	cost approach	The cost approach fits best for special-purpose buildings that lack comparable sales, and for assignments that must split land and building, such as an insurance claim or a property-tax assessment. For the market value of a house it is usually only a last resort or a cross-check. The older the property, the less reliable it is. It is almost never used for a single strata unit.

Self-test cues (Cornell left column)

1. Where does a licensee's comparative market analysis differ from an appraiser's formal report?
2. In what order must the four adjustments in direct comparison be made?
3. When the net adjustment is zero, which other figure shows whether the sale is comparable?
4. Which kind of cost, and the cost as of which date, does the cost approach use?
5. What standard separates curable from incurable, and which age does the straight-line method multiply by?

Summary: In six sentences, write who issues a formal appraisal, how recent and similar are judged, the direction of adjustment and the four-step order, the gross adjustment and not taking an average, the replacement cost and the four depreciation cells used in the cost approach, and which properties the direct comparison approach and the cost approach are each used for.

Chapter 23 · The Income or Investment Approach of Appraisal

valuation P2 Hold steady Income Approach · 4 mock questions

Read with these questions: Which rent is potential gross revenue when the building is full?; Can the mortgage payment be deducted inside net operating income?; Should the capitalization rate use net income or gross income?; Which way does the gross income multiplier lean when the expense ratio is higher?; Which leverage is it when borrowing costs more than the capitalization rate?

How it is tested

- Calculation questions: the building is already fully leased, but the contract rent is below the area, and the question asks which figure is potential gross revenue and which line the vacancy allowance sits on. What is tested is assuming full occupancy at current market rent, and deducting vacancy from gross revenue on the long-run experience of similar properties, not as an operating expense.
- Exclusion questions: depreciation, capital cost allowance, income tax, mortgage principal and interest, and property tax are written on the same list, and the question asks which of them net operating income subtracts. What is tested is that the first four vary by person and must be excluded, and that net operating income is the return on the whole building before financing.
- Capitalization questions: the stem gives the sale price, effective gross income, and net operating income, or moves the capitalization rate from 7.5% to 7.0%, and asks for the rate and the value. What is tested is deriving the rate by dividing net operating income by the sale price, that a small change in the denominator magnifies the price, and that a comparable has to be judged as a whole.
- Quick-check comparison questions: the gross income multiplier and direct capitalization give two prices. The comparables' multiplier looks tidy, but the subject's expense ratio is higher. What is tested is that the multiplier recognizes only effective gross income, that a higher expense ratio makes the result systematically high, and that the gap is used to go back and check the assumptions.
- Boundary questions: whether the lease is gross or net, whether a one-time roof repair enters this year's expenses, and whether the client takes the figure to a lender or uses it only to list. What is tested is who bears the expenses, that a one-time outlay is deducted once from value, and that a licensee's price opinion is not a formal appraisal.

Traps (watch for the signal)

Full occupancy as the top rent: The stem states that the building is already fully leased, or that the tenants have lived there for many years, and asks whether current market rent must still be used.

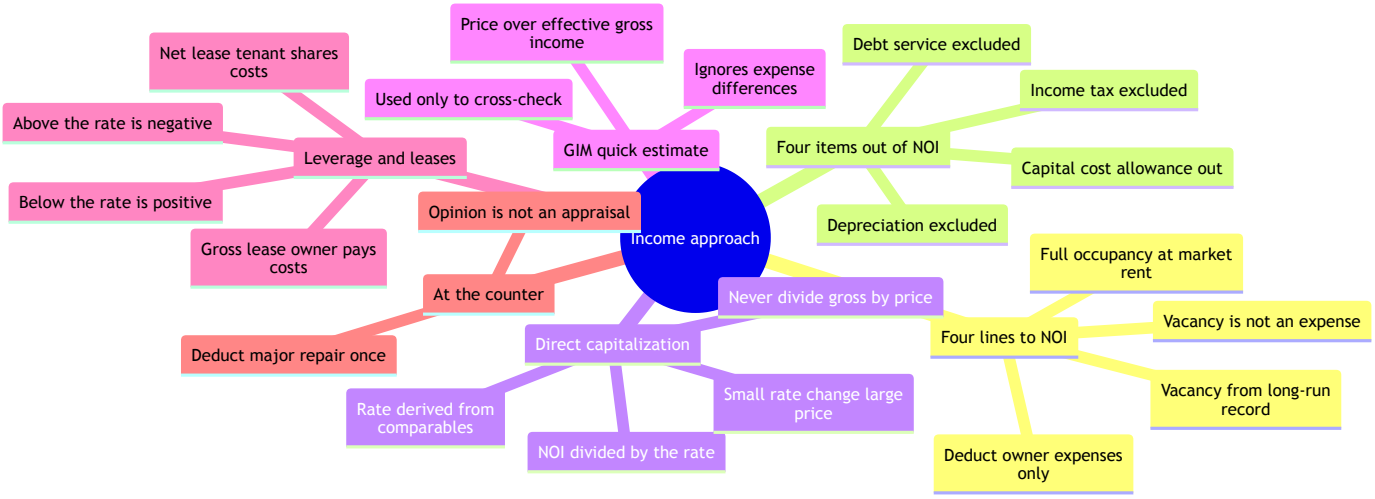
Mortgage stuffed into expenses: The expense list includes mortgage principal and interest, depreciation, income tax, or capital cost allowance, and the question asks whether net operating income subtracts them.

Cap rate from gross income: The stem gives both effective gross income and net operating income, and asks which one is divided by the sale price to get the capitalization rate.

Quick estimate as the final value: Direct capitalization and the gross income multiplier are a long way apart, and the stem also says the subject's expense ratio is higher than the comparables'.

Major repair spread by the year: The stem gives a stated one-time amount and asks whether it enters annual operating expenses or is deducted once from value.

Mind map


Income approach
GIM quick estimate
Price over effective gross income
Ignores expense differences
Used only to cross-check
Leverage and leases
Net lease tenant shares costs
Above the rate is negative
Below the rate is positive
Gross lease owner pays costs
Opinion is not an appraisal
At the counter
Deduct major repair once
Four items out of NOI
Debt service excluded
Income tax excluded
Capital cost allowance out
Depreciation excluded
Never divide gross by price
Direct capitalization
Rate derived from comparables
NOI divided by the rate
Small rate change large price
Four lines to NOI
Full occupancy at market rent
Vacancy is not an expense
Vacancy from long-run record
Deduct owner expenses only

Chapter 23Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
The income approach estimates market value	Income (Investment) Approach	The income (investment) approach is used only for property that can produce rental income. The price is the capital a buyer will pay for that net operating income, not the personal value to one owner.
Potential gross revenue uses market rent	Gross Potential Revenue	Potential gross revenue assumes 100% occupancy at current market rent, plus other income such as parking, storage, or laundry. A full building is still compared with the current market.
The vacancy allowance is not an operating expense	Vacancy and Bad Debt Allowance	The vacancy and bad debt allowance is deducted from potential gross revenue. It is based on the long-run vacancy experience of similar properties. It does not use the subject's actual figure for the past year, and it is not listed as an operating expense.
Net operating income deducts only the owner's expenses	Net Operating Income	Effective gross income minus the operating expenses the owner bears equals net operating income. Property tax and insurance are fixed expenses. Management, utilities, repairs, and similar items are variable expenses. Property tax is usually the largest single item.
Four outflows are excluded	Debt Service	Depreciation, capital cost allowance, income tax, and debt service all vary by owner and must be excluded. Net operating income is the return on the whole property value before financing.
Three measures set the required return	Capitalization Rate	The greater the risk, the heavier the management requirements, and the poorer the liquidity, the higher the required rate of return. A government bond is the lowest, a rental apartment is higher, and an industrial building often has to be higher still.
Value equals net income divided by the rate	Direct Capitalization	The capitalization rate is derived from recent comparable sales of similar risk by dividing net operating income by the sale price. Market value equals net operating income divided by the capitalization rate. Effective gross income must not be divided by the sale price. If the capitalization rate falls by only 0.5 of a percentage point, the same net operating income of $97,050 rises from $1,294,000 to about $1,386,000.
The gross income multiplier ignores expenses	Gross Income Multiplier	The gross income multiplier equals the sale price divided by effective gross income. The quick value equals the subject's effective gross income multiplied by that multiplier. When the expense ratio is higher than the comparables, this quick estimate is systematically high, so it is used only to cross-check the direct capitalization result.
The direction of leverage follows borrowing cost	Positive Leverage	Borrowing cost below the capitalization rate is positive leverage, and the equity yield is above the capitalization rate. A higher borrowing cost is negative leverage. Discounted cash flow is beyond the scope of the course.
The lease decides who bears the expenses	Triple Net Lease	On a gross lease the owner bears the operating expenses. On a triple net lease the tenant bears all operating expenses, and the owner looks after structural repairs only. A licensee's price opinion is not a formal appraisal report.

Self-test cues (Cornell left column)

1. On which rent is potential gross revenue calculated, and from which line is the vacancy allowance deducted?
2. Which four outflows must stay outside net operating income?
3. Which two figures are divided to get the capitalization rate, and why can effective gross income not be used?
4. What does the gross income multiplier ignore, and which way does the price lean when the expense ratio is higher?
5. What is the leverage called when the borrowing cost is higher than the capitalization rate?

Summary: In six sentences, write the four-line calculation, the four exclusions, how the three measures spread the required return, how the capitalization rate is derived and how it magnifies the price, why the gross income multiplier estimates high, and where a gross lease, a net lease, and a price opinion each stop.

Chapter 24 · From Contract to Completion

agency–contracts P2 Hold steady Contract To Completion · 4 mock questions

Read with these questions: Does the seller's statement show a deposit held at the buyer's brokerage?; Does a new bank mortgage the buyer borrows enter the seller's statement?; Which side is charged when the seller has paid the full year's property tax?; What does the exam–wording completion package contain?; Are the deposit and the commission the same money?

How it is tested

- Statement–placement questions: the deposit is stated as paid into the buyer's brokerage trust account, and the question asks which statement of adjustments it enters and whether it is a debit or a credit. What is tested is that money the seller has not received does not enter the seller's statement, and that a deposit the buyer has already paid is a credit.
- Financing–entry questions: a new bank mortgage, the seller paying off an old loan, a loan made by the seller, and the buyer assuming a loan are set out together. What is tested is that the same money appears on both statements only when it changes both parties' cash at the same time.
- Property–tax direction questions: tax paid for the whole year, tax not yet due that the buyer will pay, and tax already due but unpaid are rotated. What is tested is who advanced the money, whose debit or credit carries the buyer's share, and that the buyer bears the adjustment date itself.
- Version questions: the stem says licensing exam or course manual, and asks about the document package, the timeline, or how commission is offset from the deposit. What is tested is answering on the exam wording, and not writing the transparency declaration, the rescission period, or the statutory date commission is earned onto the answer.
- Procedure questions: whether a property transfer tax exemption still requires a return, whether a lived–in house has GST, and whether the keys may be handed over early. What is tested is that an exemption is not an exemption from filing, that a resale of a lived–in home generally has no GST, and that the possession date follows the contract strictly.

Traps (watch for the signal)

Deposit treated as received by the seller: The stem states that the deposit was paid to the buyer's brokerage and is held in the trust account, and asks whether that line appears on the seller's statement of adjustments.

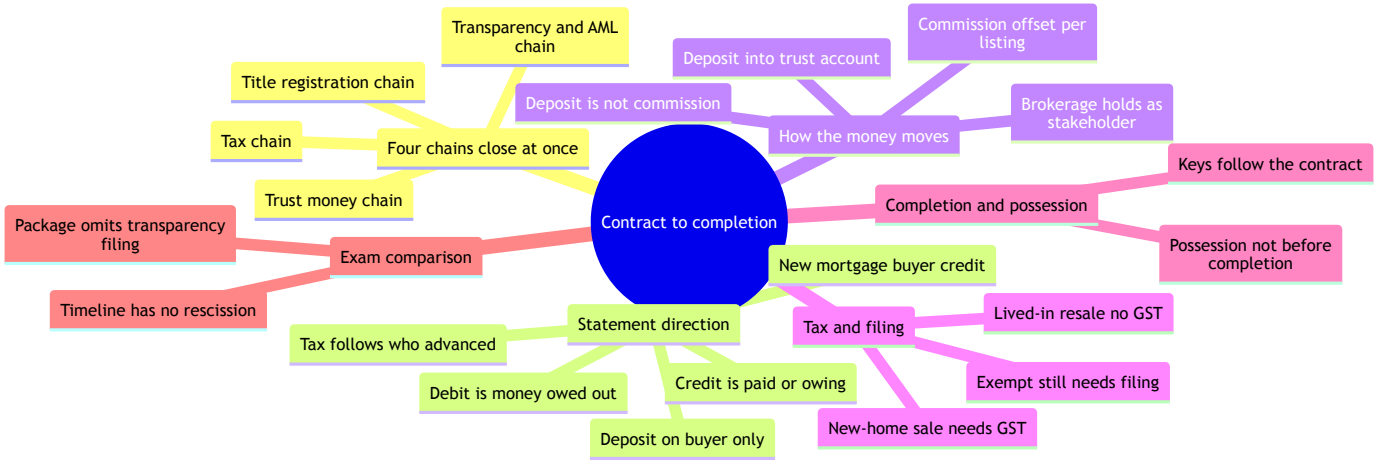
Accounting debit applied to the statement: The stem asks whether an item increases or decreases the cash the buyer must bring, or increases or decreases the cash the seller can receive.

Both statements must show it: The stem is a new mortgage the buyer borrows from a bank, or the seller paying off the seller's own old mortgage from the seller's own proceeds, and asks whether the other statement must show it.

Current law used on an exam question: The stem says licensing exam or course manual, and asks about the document package, the timeline, or what authority lets commission be offset from the deposit.

Exemption treated as no filing: The stem states that the buyer qualifies for a property transfer tax exemption, and asks whether a return must still be filed when the transfer is submitted.

Mind map


Contract to completion
Four chains close at once
Transparency and AML chain
Title registration chain
Tax chain
Trust money chain
How the money moves
Deposit into trust account
Commission offset per listing
Deposit is not commission
Brokerage holds as stakeholder
Completion and possession
Keys follow the contract
Possession not before completion
Exam comparison
Package omits transparency filing
Timeline has no rescission
Statement direction
Tax follows who advanced
Debit is money owed out
Credit is paid or owing
Deposit on buyer only
New mortgage buyer credit
Tax and filing
Lived-in resale no GST
Exempt still needs filing
New-home sale needs GST

Chapter 24Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Completion closes four chains at once	Completion	Title registration, tax, transparency and anti-money laundering, and trust money close at the same time. If any one chain breaks, completion cannot be finished.
A debit is money this party owes out	Debit	On the statement of adjustments, a debit is money this party owes out, and a credit is money already paid or money someone owes this party. A buyer's debit increases the cash due on completion, and a seller's debit reduces the net proceeds. The direction is the opposite of an accounting class.
A held deposit stays off the seller's statement	Deposit	When the deposit is in the buyer's brokerage trust account, it is a credit on the buyer's statement only and does not appear on the seller's statement. Only when the deposit is paid directly to the seller is it a credit to the buyer and a debit to the seller.
A new mortgage is a credit to the buyer only	Statement of Adjustments	A new third-party mortgage the buyer borrows is a credit on the buyer's statement of adjustments only. The seller paying off the seller's own mortgage is a debit on the seller's statement only. An item appears on both statements only when the same money changes both parties' cash at once.
Property tax follows who paid first	Adjustment Date	When the seller has paid the full year, the buyer's share is a debit to the buyer and a credit to the seller. When the tax is not yet due and the buyer will pay it, the direction is reversed. The contract makes the buyer responsible for the adjustment date itself.
The brokerage holds the deposit as stakeholder	Stakeholder	Unless both parties agree otherwise in writing, the brokerage holds the deposit as stakeholder and cannot act on one party's word alone. On the exam wording, the deposit may be paid out only in statutory cases or under both parties' written agreement.
The deposit and the commission are two sums	Commission	The deposit is price the buyer pays under the contract of purchase and sale. Commission is remuneration the seller owes under the listing contract. On the exam wording, the listing contract authorizes offsetting commission from the deposit. Any excess is carried back into the completion figures, and any shortfall is made up from the seller's proceeds.
The exam package has no transparency declaration	Form A Freehold Transfer	On the exam wording, the completion package is the Form A signed by the seller, both statements of adjustments signed by the parties, the buyer's property transfer tax return, Form F and Form B where needed, and the buyer's funds to complete.
An exemption still requires the return	Property Transfer Tax	When registration of a taxable transaction is applied for, a property transfer tax return must be filed whether or not the transaction is exempt. An application submitted electronically must pay the tax electronically and file the return electronically.
The possession date must follow the contract	Possession Date	The possession date should not be the same day as completion, and it should not be written as noon. The keys may be delivered only on the possession date in the contract. Handing them over one day early can be a discipline matter.

Self-test cues (Cornell left column)

1. When the deposit is held at the buyer's brokerage, why is that line absent from the seller's statement of adjustments?
2. On which statement, and in which column, is a new bank mortgage the buyer borrows entered?
3. When the seller has paid the full year's property tax, is the buyer's share a debit or a credit?
4. Does the exam-wording completion package include a transparency declaration?
5. Are the deposit and the commission the same money, and how is an excess or a shortfall handled?

Summary: In six sentences, write the four chains, the direction of a debit on the statement of adjustments, which statement the deposit and a new mortgage each enter, the three property-tax situations, what the exam package omits compared with current rules, and why the keys may be handed over only on the possession date.

Chapter 25 · Introduction to Marketing

practice-misc P3 Skim Marketing · 3 mock questions

Read with these questions: Does the line between advertising and publicity fall on payment or on control?; What does Price mean in the marketing mix?; Which class of goods does the real estate service belong to?; What kind of sentence counts as a SMART goal?; Which advertising-penalty schedule does the exam sheet want?

How it is tested

- Distinction questions give one message sent outward and ask whether it is advertising, publicity, public relations, personal selling, or sales promotion. What they test is whether anyone paid, and whether the licensee can control the content, not who drafted the copy or which channel carried it.
- Classification questions place the real estate service in one of the four shopping-behaviour classes, or place a method of charging a fee inside the marketing mix. What they test is the three features of a shopping good, and that Price means the fee charged for the service.
- Timing questions begin after signing, when the seller or the buyer starts to doubt the decision. What they test is that cognitive dissonance returns at several points, and that one signing does not end it.
- Standard questions give one goal and ask whether it counts as SMART. What they test is that all five conditions must be present at the same time, and that a vague wish does not count.
- Version questions state that the stem is the licensing exam or the course text, and ask how advertising penalties are stepped, or which body a team name is applied to. What they test is answering on the exam standard, and not writing the current schedule or the current approving body on the answer sheet.

Traps (watch for the signal)

Mixing advertising and publicity: The stem says who pays, who approves the final copy, whether the reporting medium is employed by the licensee, and whether the angle favours the licensee or works against the licensee.

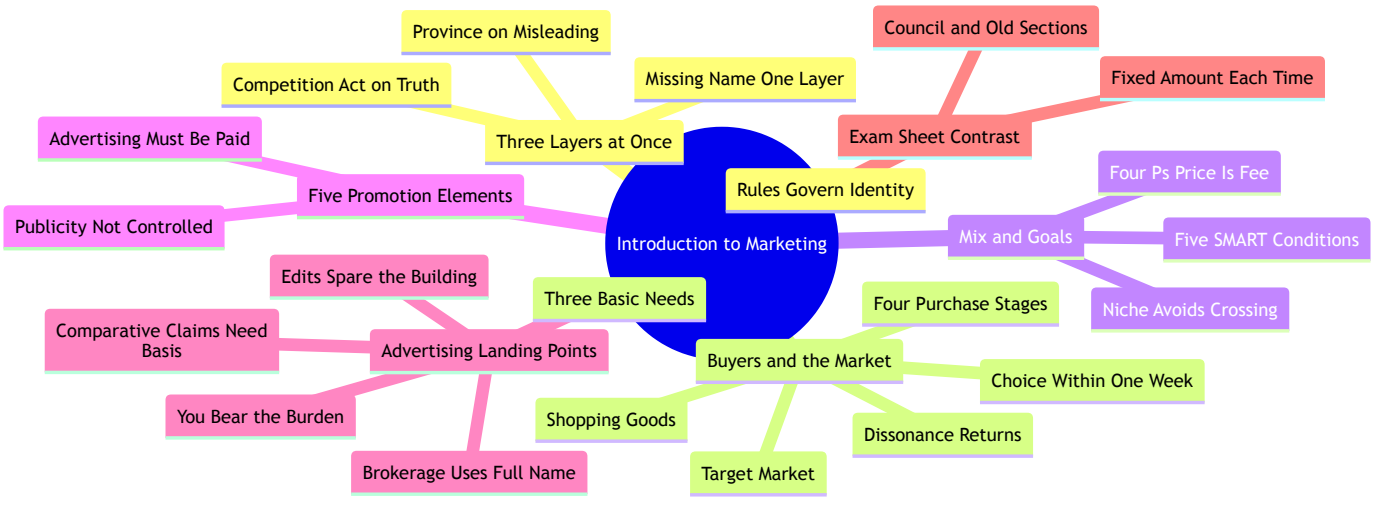
Treating Price as the home price: The stem uses words such as prestige pricing, penetration pricing, or cost-plus, or it asks directly what Price means in the marketing mix.

Forcing it into convenience goods: The stem says the buyer spends time comparing before the purchase, buys rarely, and the unit price is high, and asks which class in the Shopping Behaviour Model it belongs to.

Counting dissonance only once: The stem says the licensee stops contact after signing, or the client starts to doubt again when accepting an offer, when conditions are removed, or before the move.

Answering with the current schedule: The stem says licensing exam, course manual, or the course text, and asks for a penalty amount, an old section number, or which body a team name is applied to.

Mind map



Chapter 25Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
One advertisement can touch all three layers	advertising	The same advertising sentence can fall under the licensing rules, the federal competition statute, and the provincial consumer statute at the same time. It can also hit only the identity layer, simply because the brokerage name is left off.
The burden of proof sits with the advertiser	misleading advertising	A consumer cannot easily check an advertisement on the spot. The consumer does not have to prove that the licensee was deceiving anyone. The party who published the advertisement must prove that it was not deceiving anyone.
The exam penalty is three fixed steps	Council	The exam standard is a fixed $250 the first time, $500 the second time, and $1,000 for a third time or later. Current advertising provisions sit in Category D: $1,000 the first time, $2,000 the next time, plus $250 for each day.
The real estate service is a shopping good	Shopping goods	The real estate service and the housing itself are shopping goods. Buyers compare price and quality beforehand, they buy infrequently, and the unit price is high. The usual case is not classed as a convenience good, a specialty good, or an unsought good.
The licensee is chosen within one week	Pre-Purchase Activity	A consumer usually decides which licensee to hire within one week after pre-purchase activity is finished.
Cognitive dissonance can return	cognitive dissonance	Cognitive dissonance can return at signing, when a conditional offer is accepted, when conditions are removed, and before the move. Ongoing contact matters more than persuading the client once at signing.
Price means the fee for the service	marketing mix	In the marketing mix, Price means the fee charged for the service, not the sale price of the home. Prestige pricing, penetration pricing, and cost-plus all sit under that item.
Advertising is paid and publicity is not controlled	Publicity	Advertising is a paid, non-personal sales presentation. Publicity is a report started by a medium that is not employed by you. It is free, but you do not control the content, and it can be negative.
A vague wish is not SMART	SMART goals	SMART must be specific, measurable, achievable, relevant, and timely, all at the same time. A sentence that only says to take on more new listings is not a SMART goal.
A comparative claim must state its basis	comparative claim	A comparative claim, a volume of business, an honour, or an award must state the source, the date, and the qualifying conditions. Figures in a listing presentation must also be supportable.

Self-test cues (Cornell left column)

1. For advertising and publicity, is the line who pays, or who writes the copy?
2. In the marketing mix, does Price mean the home's price or the service fee?
3. At which points after signing can cognitive dissonance appear again?
4. Under the exam standard, what is each of the three advertising penalties?
5. What must be attached to a comparative claim and to figures in a listing presentation?

Summary: In your own words, put into one paragraph what each of the three layers governs, how to recognize a shopping good, how advertising and publicity are split, the five SMART conditions, why cognitive dissonance returns, and where the exam penalty and the current schedule differ.

Chapter 26 · Technology and the Real Estate Licensee

practice-misc P3 Skim Technology Licensee · 3 mock questions

Read with these questions: Can licensing still pursue a breach of another layer?; May the brokerage name be translated in a Chinese advertisement?; Can a transfer of title be signed on a screen alone?; Does a brokerage inside the province have mandatory breach notification?; How many years of implied consent does the course manual write?

How it is tested

- Layer questions take one act on the same phone and ask whether it belongs to practice regulation, privacy, marketing outreach, or electronic form. What they test is that the four layers each govern one stretch and apply at the same time, and that a breach of any of the other three can still be pursued under honesty and reasonable care and skill.
- Name and edit questions use a Chinese advertisement, a profile page, a joint listing, or an altered photograph. What they test is that the brokerage's licensee name must appear exactly as registered, and whether what was removed is clutter or a real condition of the property.
- Electronic-form questions set a contract of purchase and sale, a listing, or a disclosure form against a transfer of title that must be registered. What they test is that an electronic signature generally counts, that a document creating or transferring an interest in land which must be registered is excluded, and that the seller cannot complete the transfer on a screen alone.
- Consent-window questions ask whether a bulk message is still allowed after an open house or an application. When the stem follows the course manual, what they test is that the exam standard writes an existing relationship as two years, and that only the current law splits a purchase from an inquiry.
- Version questions state that the stem is the licensing exam or the course manual, and ask for the old rule numbers on electronic records, who may demand a printout, or who publishes the Disclosure of Representation form. What they test is answering from the course manual, and not writing the current rule numbers or the current publishing body on the answer sheet.

Traps (watch for the signal)

Treating a translation as the licensee name: The brokerage name on an advertisement, a business card, a radio read, or a social profile page is a translation, a short form, or only an emblem, and not the full name on the licence.

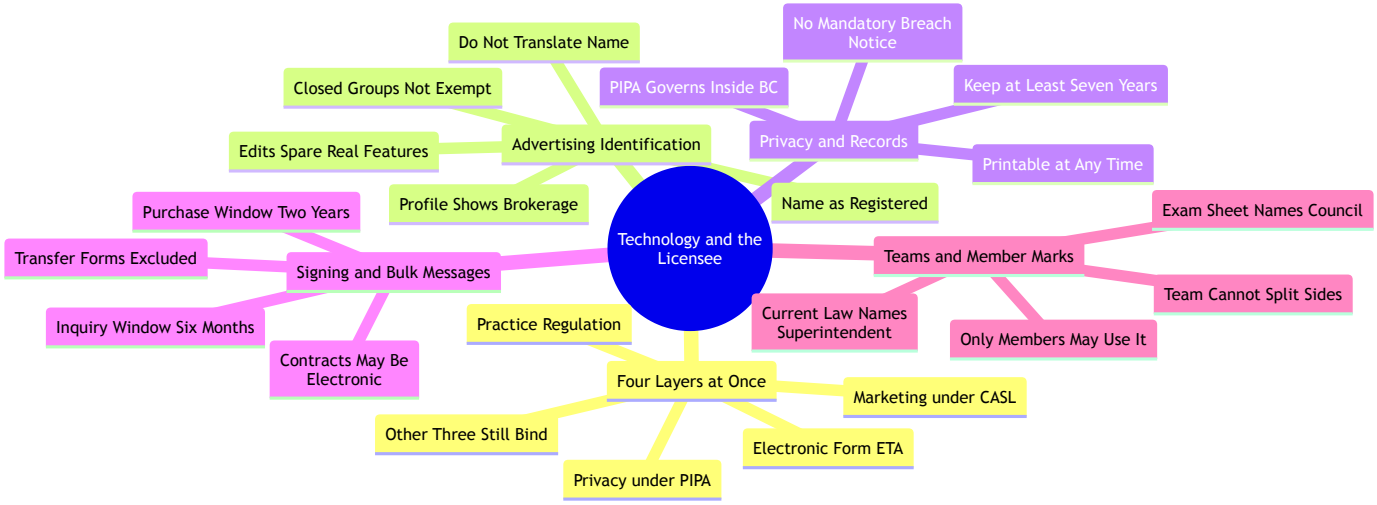
Extending an e-signature to a transfer: The document is a transfer of title, or it creates or transfers an interest in land, and it is to be registered. Or someone says the seller's own signature on a screen is enough to transfer title.

Answering with the current standard: The stem says licensing exam or course manual, or it asks which version the exam wants, or how the course manual puts it.

Treating a closed group as an exception: Confidential client information appears in a non-public group, a private chat, or a personal account, and the speaker stresses that the group is small, that it is set to private, or that it is after hours.

Applying the notice duty under the wrong statute: What was lost is client information a brokerage collected inside the province. The stem asks who must be notified, or it treats the public-sector statute or the federal statute as the main statute.

Mind map


Technology and the Licensee
Advertising Identification
Do Not Translate Name
Closed Groups Not Exempt
Edits Spare Real Features
Profile Shows Brokerage
Privacy and Records
No Mandatory Breach Notice
PIPA Governs Inside BC
Keep at Least Seven Years
Printable at Any Time
Name as Registered
Signing and Bulk Messages
Purchase Window Two Years
Transfer Forms Excluded
Inquiry Window Six Months
Contracts May Be Electronic
Teams and Member Marks
Exam Sheet Names Council
Team Cannot Split Sides
Current Law Names Superintendent
Only Members May Use It
Four Layers at Once
Practice Regulation
Other Three Still Bind
Privacy under PIPA
Marketing under CASL
Electronic Form ETA

Chapter 26Key points (cover the right two columns to self-test)

Key points	Exam term	Rule / number
Four layers apply at once, and the other layers can still be pursued	reasonable care and skill	Practice regulation, privacy, marketing outreach, and electronic form each govern one stretch. When one of the other three goes wrong, it can still be pursued under the duty of honesty in rule 33 and reasonable care and skill in rule 34.
An advertising breach adds a penalty for each day it continues	Category D	Advertising under rules 39 to 42, and electronic records under rule 91, are Category D. The base amount is $1,000 the first time and $2,000 the next time, plus $250 for each day or part of a day the breach continues.
The brokerage name must be the registered form	licensee name	The brokerage's licensee name must be prominent and easy to read in every case, and it must not be translated into another language. The profile page of a business social account must show that name. Not every post has to repeat it.
An edit must not remove a real condition	false or misleading advertising	Removing a garbage bin, or a car in the driveway, can be acceptable. Removing a nearby power line, or changing a physical feature of the property, is false or misleading advertising under rule 41.
A real estate team cannot be split for agency	real estate team	Under the current rules a real estate team must be registered with the superintendent. A person may belong to only one team. Members must be engaged at the same brokerage, and every member must be designated as a designated agent of the same client. On one trade the team cannot act for the seller on one side and the buyer on the other.
Inside the province the main statute is PIPA, and it has no mandatory notice	Personal Information Protection Act	Collection, use, and disclosure that happen inside the province fall under the Personal Information Protection Act, not PIPEDA. FIPPA governs public bodies only. The Personal Information Protection Act has no mandatory breach-notification provision. The maximum penalty is $10,000 for an individual and $100,000 for a person other than an individual.
The statutory seven years overrides early destruction	retention	Rule 92 requires transaction records and similar records to be kept for at least seven years, unless the superintendent approves a shorter period in writing. That legal necessity means retention within the seven years does not breach the destruction requirement under the Personal Information Protection Act.
A transfer document cannot be signed on a screen alone	Electronic Transactions Act	Under the Electronic Transactions Act, a contract of purchase and sale, a listing agreement, and a disclosure form may be signed electronically. A document that creates or transfers an interest in land, and that must be registered before it binds a third party, is excluded. The seller cannot complete a transfer of title on a screen alone.
The answer sheet says two years; the current inquiry window is six months	existing business relationship	The exam standard writes implied consent as an existing business relationship, or an existing non-business relationship, within the past two years. Under the current law a purchase, a lease, or a written contract is two years, and an inquiry or an application is six months.
A licence is not the REALTOR mark	REALTOR	A licence comes from the regulator. The REALTOR mark belongs only to members of the association. Using that mark without membership is a trademark problem, and it may also be misleading advertising under rule 41.

Self-test cues (Cornell left column)

1. Only one of the four layers belongs to the regulator. If one of the other three goes wrong, can it still be pursued?
2. If the brokerage's licensee name is translated into Chinese, does the profile page already count as identified?
3. A contract of purchase and sale can be signed electronically. Why can a transfer of title not be signed on a screen alone?
4. When the stem follows the course manual, how many years does implied consent run? Under the current law, how many months is an inquiry?
5. If a brokerage loses client information inside the province, is there mandatory breach notification?

Summary: In your own words, put into one paragraph what each of the four layers governs, where the line falls for the brokerage name and for photo edits, which documents can be signed electronically, where the course manual and the current law differ on the consent window and on the record section numbers, and why a closed group and artificial intelligence do not escape the existing duties.